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INVESTMENTS

Banking & Advisory Group

NEW ISSUE

S&P: ____

In the opinion of Pierce Atwood LLP, of Portland, Maine, Bond Counsel (“Bond Counsel”), and assuming continuing compliance with certain provisions of the Internal Revenue Code of 1986, as amended (the “Code”) and with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Notes (as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest on the Notes is not an item of tax preference for purposes of calculating the alternative minimum tax under the Section 55 of the Code; however, such interest will be taken into account in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, interest paid on the Notes is exempt from taxation within the State of Maine (the “State. **The Town *will not* designate the Notes as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. See “THE NOTES—TAX MATTERS” and “APPENDIX B” herein.**

TOWN OF CAPE ELIZABETH, MAINE

\$21,000,000 ____%

2026 GENERAL OBLIGATION BOND ANTICIPATION NOTES - SERIES A

DATED, JANUARY 28, 2026; DUE, NOVEMBER 30, 2026,

OFFERED @ _____, TO YIELD _____%

CUSIP®: 139375____

The Town of Cape Elizabeth, Maine 2026 General Obligation Bond Anticipation Notes - Series A (the “Notes” or the “2026A Notes”) will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry form, in the minimum denomination of \$5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Notes purchased. See “THE NOTES—BOOK-ENTRY-ONLY SYSTEM” herein. Principal and interest on the Notes will be paid to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as Paying Agent. Interest on the Notes will be payable at its stated date of maturity on November 30, 2026.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Notes are valid general obligations of the Town of Cape Elizabeth, Maine (the “Town”) and, unless paid from other sources are payable as to both principal and interest from *ad valorem* taxes that may be levied without limit as to rate or amount upon all the property within the territorial limits of the Town and taxable by it, except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the Town establishes or has established development districts either as tax increment financing districts or affordable housing development districts (collectively, “development districts”) pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Notes (see “TOWN FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein). The Town’s Treasurer has certified that the Town has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality. Within the limits established by statute, the Town has the right to designate development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. Bond Counsel’s opinion will indicate that the enforceability of the obligations of the Town, including the Notes, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Notes to the original purchasers.

The Notes are not subject to redemption prior to their stated date of maturity.

The Notes are offered when, as and if issued, subject to the approval of legality by Pierce Atwood LLP, of Portland, Maine, Bond Counsel. It is expected that the Notes in definitive form will be available for delivery to DTC in New York City, New York on or about January 28, 2026.

No dealer, broker, salesman or other person has been authorized by the Town or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Notes, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Town and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the Town. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the Town since the date hereof.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE NOTES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE NOTES HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE NOTES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP® numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Notes. Neither the Town nor the Underwriter makes any representation with respect to the accuracy of such CUSIP® numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP® numbers or their accuracy now or at any time in the future. The Town is not responsible for the selection or uses of the CUSIP® numbers and no representation is made as to their correctness on the Notes or as set forth in this Official Statement. The CUSIP® number for a specific maturity of the Notes is subject to change after the issuance of the Notes and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Notes.

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**CERTIFICATE
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by the Town of Cape Elizabeth, Maine with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the records of the Town and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by the Municipal Advisor, by Pierce Atwood LLP, Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Treasurer of the Town, this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, the Treasurer has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Treasurer and furnished at the closing.

This Official Statement is in a form “deemed final” by the Town for purposes of Securities and Exchange Commission’s Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Patrick W. Fox
Treasurer
Town of Cape Elizabeth, Maine

**OFFICIAL STATEMENT
TOWN OF CAPE ELIZABETH, MAINE
\$21,000,000**

2026 GENERAL OBLIGATION BOND ANTICIPATION NOTES - SERIES A

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Cape Elizabeth, Maine (the “Town” or “Cape Elizabeth”) in connection with the sale of its 2026 General Obligation Bond Anticipation Notes – Series A (the “Notes” or the “2026A Notes”).

THE NOTES

DESCRIPTION OF THE NOTES

The Notes will be issued only as fully-registered securities without coupons, one certificate per CUSIP® assignment, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Notes. Purchases of the Notes will be made in book-entry form, in the minimum denomination of \$5,000, or any integral multiple thereof. The Notes will be dated on the date of delivery and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months), payable on the stated date of maturity.

Principal of and interest on the Notes will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Notes by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE NOTES - BOOK-ENTRY-ONLY SYSTEM” herein.

The Notes will be dated January 28, 2026 and will mature on November 30, 2026. The Notes are not subject to redemption prior to their stated date of maturity. It is expected that the Notes will be available for delivery at DTC on or about January 28, 2026.

RECORD DATE; PAYMENT

The principal of the Notes is payable upon surrender thereof at the designated Corporate Trust Office of the Paying Agent. Payment of the interest on the Notes will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the last day of the month preceding the interest payment date for the Notes, and if such day is not a regular business day of the Paying Agent, the next day preceding which is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person’s address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

AUTHORIZATION AND PURPOSE

Pursuant to Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, Article VII, Sections 2 and 3(8) of the Town Charter, Item #47A-2025, adopted by the Town Council on April 7, 2025, and approved by the voters of the Town at a referendum election on June 10, 2025, the Town authorized expenditures of up to \$86,499,993 (plus bond premium and investment earnings on unspent proceeds, if

any), and issuance of bonds and notes in anticipation thereof, to provide funds (i) to finance a new middle school to replace the current Cape Elizabeth Middle School, and (ii) to make other repairs, renovations, and safety upgrades to Pond Cove Elementary School (the “Projects”).

PLAN OF FINANCING

The Town has structured a plan of financing for the Projects that includes a number of issues of short-term construction bond anticipation notes (“BANs”) and long-term general obligation bonds, to correspond to the currently anticipated cash flow requirements of the Projects. The 2026A Notes are the first of a series of financing tranches that the Town will issue in 2026, 2027 and 2028 to finance the Projects. While subject to change, the anticipated plan of financing is set forth in more detail in the Future Financing section herein. See “INDEBTEDNESS – FUTURE FINANCING – Additional Financing for the Projects” herein. By separating the various long-term bond issues into three separate, approximately equal, tranches, the Town intends to soften the impact of the new debt by incurring the total debt in three incremental steps.

THE PROJECTS

The school improvement plan approved by the Town’s voters on June 10, 2025 is a strategic phased approach to modernize the Town's schools, ensuring they meet current and future educational needs while being fiscally responsible. The scope of the school improvement plan includes (i) replacing the existing middle school with a new Cape Elizabeth Middle School; and (ii) constructing a secure entry & administration addition, making mechanical up-grades, and building a mechanical addition at the Pond Cove Elementary.

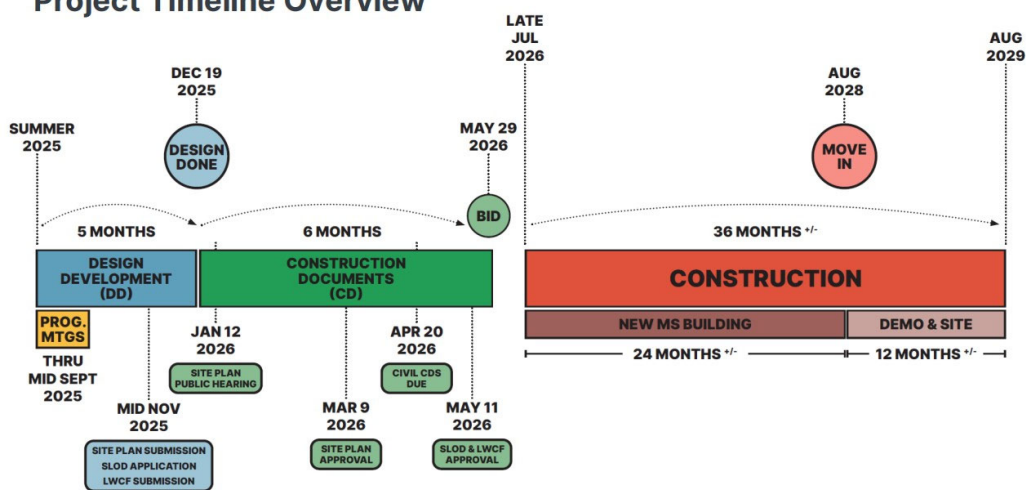


Rendition of Cape Elizabeth Middle School



Rendition of Pond Grove Elementary School

Project Timeline Overview



Current Project Schedule prepared by the Architect

SOURCE OF PAYMENT AND REMEDIES

General

The Notes are general obligations of the Town and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the “State”) have the right to tax their inhabitants to pay municipal indebtedness. The Notes are payable as to both principal and interest from *ad valorem* taxes that that may be levied by the Town without limit as to rate or amount upon all the taxable property within its territorial limits, except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, to share its assessed valuation with another municipality, and except to the extent that the Town establishes or has established development districts as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, the captured tax increment of which may not be available for payment of debt service on the Notes (see “TOWN FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein). The Town Treasurer has certified that no tax base sharing agreement now exists. Within the limits established by statute, the Town has the right to designate development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on the Notes. Title 14, Section 4951 of the Maine Revised Statutes, provides that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, Title 30-A, Section 5701 of the Maine Revised Statutes, as amended, provides that the personal property of the residents and the real estate within the boundaries of a municipality may be taken to pay any debt due from the municipality. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon. There has been no judicial determination as to whether statutory remedies available against towns are applicable to cities and Bond Counsel expresses no opinion thereon.

Funds to meet Town expenses, including debt service, are not included in the tax levy to the extent they are expected to be met with other non-tax revenues. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal of or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. The Notes are not guaranteed by the State.

TAX MATTERS

Exclusion of Interest on the Notes from Gross Income for Federal Income Tax Purposes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal

government. Failure of the Town to comply with such requirements may cause interest on the Notes to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Notes, regardless of when such noncompliance occurs or is ascertained.

The Town will make certain representations with respect to the use of the proceeds of the Notes and the projects and improvements financed by the Notes, and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Notes and (ii) not to take any action or permit any action that would cause the interest paid on the Notes to be included in gross income for purposes of federal income taxation pursuant to Section 103 of the Code.

In the opinion of Bond Counsel and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions interest on the Notes is excludable from the gross income of the owners of the Notes for purposes of federal income tax purposes pursuant to Section 103 of the Code. Interest on the Notes is not an item of tax preference for purposes of calculating the alternative minimum tax under Section 55 of the Code, provided, however, such interest will be taken into account in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel will rely upon the Town’s representations made with respect to the use of the proceeds of the Notes and of the Project and the Town’s covenant that it will comply with the requirements of the Code.

Exemption of Interest on the Notes from Taxation Within the State of Maine

In the opinion of Bond Counsel, interest paid on the Notes is exempt from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. See “PROPOSED FORM OF LEGAL OPINION” in APPENDIX B herein.

Not Designated as Qualified Tax-Exempt Obligations

The Town will not designate the Notes as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

Certain maturities of the Notes (the “Discount Notes”) may be sold at an issue price that is less than the stated redemption price of the Discount Notes at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of the Discount Notes is sold and the stated redemption price at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) of each of the Discount Notes constitutes original issue discount (“OID”). Pursuant to Section 1288 of the Code, OID on the Discount Notes accrues on the basis of economic accrual under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on the Discount Notes, as applicable. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued OID for purposes of determining gain or loss on the sale, exchange, or other disposition of such Bond. Bond Counsel is of the opinion that the appropriate portion of the OID properly allocable to the original and each subsequent owner of the Discount Notes will be treated as interest excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Notes.

Prospective purchasers of the Discount Notes should consult their tax advisors with respect to the determination for federal income tax purposes of the OID properly accruable with respect to the Discount Notes and the tax accounting treatment of accrued interest, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Original Issue Premium

Certain maturities of the Notes may be sold at a purchase price in excess of the amount payable on such Notes after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) (the “Premium Notes”). The excess, if any, of the tax basis of the Premium Notes to a purchaser (other than a purchaser who holds such Premium Notes as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Notes. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Notes under the “constant yield method” described in regulations interpreting Section 1272 of the Code.

Prospective purchasers of the Premium Notes should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Notes.

Additional Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Notes should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Notes will be audited. If an audit is commenced, under current IRS procedures holders of the Notes may not be permitted to participate in the audit process and the value and liquidity of the Notes may be adversely affected.

Changes in Federal Tax Law

From time to time, there are legislative proposals in the United States Congress (“Congress”) and in the states that, if enacted, could alter or amend the federal and State tax matters referred to herein. In addition, such legislation (whether currently proposed, proposed in the future, or enacted) could affect the market value or marketability of the Notes or significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax of interest on the Notes. Future Congressional proposals could also affect the Notes, even if never enacted. It cannot be predicted whether, or in what form, any such proposals might ultimately be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. The introduction or enactment of any such legislative proposals may affect, perhaps

significantly, the market price for, or marketability of, the Notes. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes or the market value thereof would be impacted thereby.

Opinion of Bond Counsel

The legal opinion of Pierce Atwood LLP, Portland, Maine (see APPENDIX B) will be furnished to the original purchaser of the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the original purchaser of the Notes.

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Notes other than its opinion with regard to (a) the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code, (b) interest on Notes constituting an item of tax preference pursuant to Section 57 of the Code; however, such interest will be taken into account included in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code, and (c) the exemption of interest on the Notes from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Notes.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners. The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's

book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

RATING

The Notes are rated “___” by S&P Global Ratings (“S&P”). The Town has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. This rating reflects only the view of S&P at the time such rating is assigned and may be subject to revision or withdrawal, which could affect the market price of the Notes. S&P should be contacted directly for its rating on the Notes and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Notes, and such rating should be evaluated independently. Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX C and referred to under “THE NOTES – CONTINUING DISCLOSURE” herein, the Town has not undertaken any responsibility either to bring to the attention of the owners of the Notes any proposed change in, or withdrawal of, any rating of the Notes or to oppose any such change or withdrawal.

CONTINUING DISCLOSURE

In order to assist the underwriter of the Notes in complying with the Securities and Exchange Commission’s (“SEC”) Rule 15c2-12 (the “Rule”), the Town will enter into a Continuing Disclosure Agreement (the “CDA”), for the benefit of the owners of the Notes to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the “Annual Filing”) and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”). The proposed form of the CDA is provided in APPENDIX C. The CDA will be executed by the Treasurer of the Town, and incorporated by reference in the Notes. Except as discussed below, in the last five years the Town has not failed to comply in all material respects with any previous undertakings to provide financial information, operating data or notices of material events in accordance with the Rule. The following table displays the dates of the Town’s recent Annual Filings:

<u>FYE June 30,</u>	<u>Date of EMMA Filing</u>	<u>Days Following the FYE</u>
2024	03/05/2025	248
2023	07/01/2024	367 ⁽¹⁾
2022	04/14/2023	288 ⁽²⁾
2021	02/23/2022	238
2020	0/22/2021	237

NOTE: ⁽¹⁾ The Town’s prior Finance Director unexpectedly retired in August 2023. The Town appointed a replacement Finance Director that same month. However, while the new Finance Director is acknowledged as experienced in municipal accounting and finance, the sudden changes resulted in the late filing of the FY23 Annual Filing. On December 16, 2025, the Town posted on EMMA an event filing regarding this late filing (the “FY23 Late Filing Event Notice”).

⁽²⁾ On July 12, 2023, the Town filed the Official Statement for its 2023 General Obligation Bond Anticipation Notes to satisfy the FY23 operating data component of its Annual Filing. This late filing was also discussed in the FY23 Late Filing Event Notice posted on EMMA on December 16, 2025.

In addition to filing its annual financial report, the Town also prepared and filed with the financial information, a supplemental “STATISTICAL INFORMATION” report to meet the operating date filing requirement of its Annual Filing. This initial operating data filing was submitted to EMMA with the intent that this, and future submissions, would satisfy the Town’s operating data filing requirement in compliance with that aspect of the CDA. However, in a 2024 review conducted by the Town as part of a transition of personnel, the Town discovered that the operating data supplement still lacked certain operating data necessary to comply with the Rule. To correct this deficiency, the Town will meet the required operating data filing for its FY24 Annual Filing by posting with EMMA this Preliminary Official Statement prepared with respect to the 2026A Notes, when available, on or about mid - January 2026. Furthermore, the Town has established a template for a more comprehensive supplemental “STATISTICAL INFORMATION” report to be prepared and filed annually which will meet the operating date filing requirement of its Annual Filing.

Assurances of Future Compliance

On August 13, 2012, the Town Council adopted a post-issuance compliance policy that, among other items, provides for timely filings with EMMA or its successor repository, if any, with respect to its existing and future continuing disclosure undertakings; and is currently reviewing its procedures that it believes will provide prompt compliance with the undertaking on a going forward basis. Furthermore, the Town has registered with the EMMA reminder system to receive email reminders to help ensure timely filing of disclosure requirements.

CUSIP® IDENTIFICATION NUMBERS

It is anticipated that CUSIP® (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP® numbers on the Notes will be paid for by the Town provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MUNICIPAL ADVISOR

Moors & Cabot, Inc. is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the Town with respect to the issuance of the Notes pursuant to MSRB Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Notes.

STATUTORY REFERENCES

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

CONDITIONS PRECEDENT TO DELIVERY

The following, among other things, are conditions precedent to the delivery of the Notes to the original purchasers thereof.

Upon delivery of the Notes, the Town shall deliver or cause to be delivered a certificate of the Treasurer, and attested to by the Town Clerk, dated the date of delivery of the Notes, to the effect that there is no litigation pending or, to the knowledge of such official, threatened, affecting the validity of the Notes or the

power of the Town to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the Town, nor the title of any of said officers to their respective offices, is being contested.

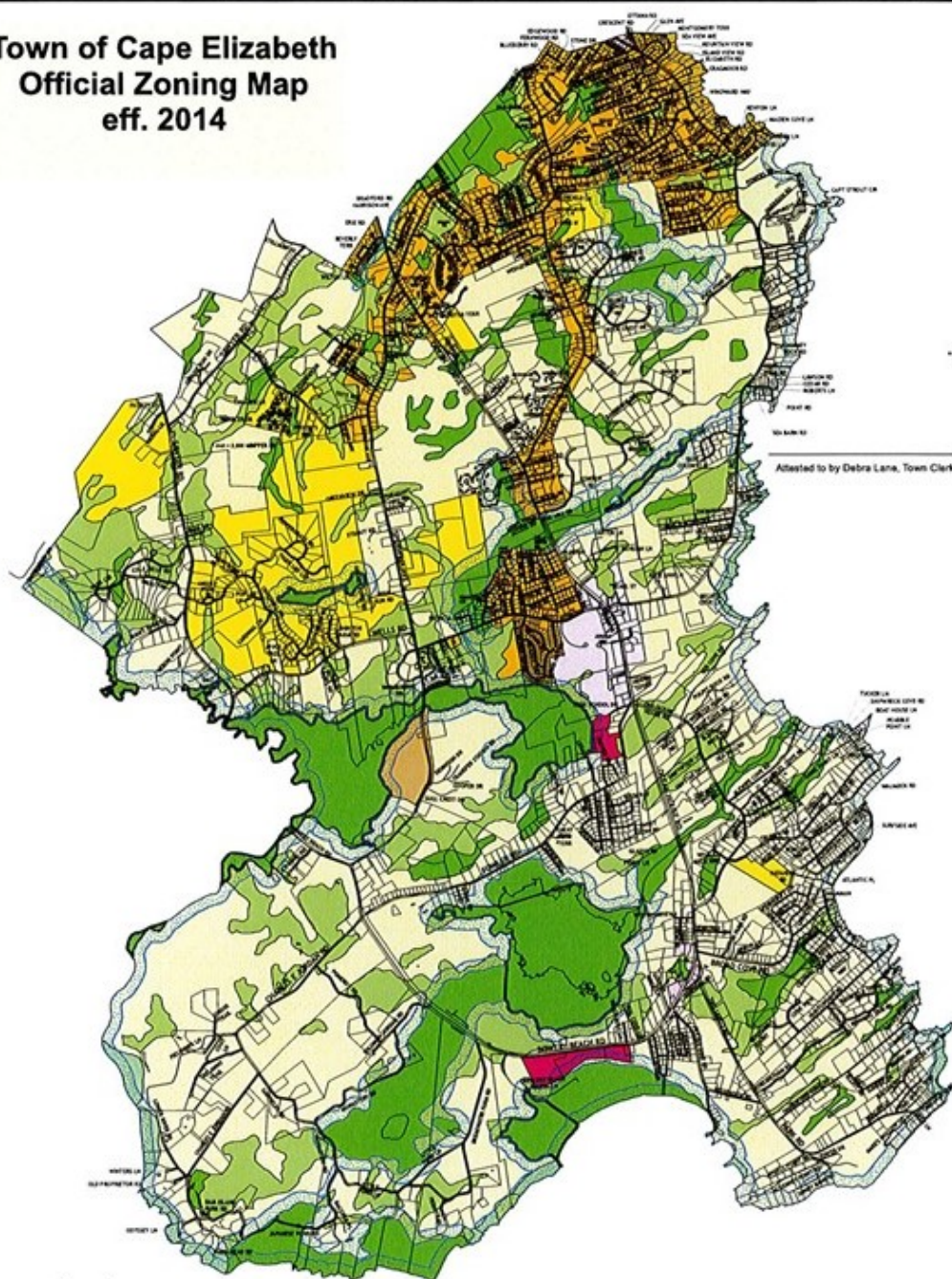
Approval of Legality

The legality of the Notes will be approved by Bond Counsel. The approving opinion of such counsel with respect to the Notes in substantially the form attached to this Official Statement as APPENDIX B will be delivered at the time of original delivery of the Notes and a copy of the opinion will be provided to the original purchasers. Bond Counsel are not passing upon, and do not assume responsibility for, the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also “PROPOSED FORM OF LEGAL OPINION” in APPENDIX B herein.

Certificate With Respect to Official Statement

At the time of the original delivery of, and payment for, the Notes, the Town will deliver a certificate of the Treasurer to the effect that the Treasurer has examined this Official Statement and the financial and other data contained therein and that, to the best of the Treasurer’s knowledge and belief, both as of its date and as of the date of delivery of the Notes, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, the Treasurer has no reason to believe that such information is materially inaccurate or misleading.

**Town of Cape Elizabeth
Official Zoning Map
eff. 2014**



Attested to by Debra Lane, Town Clerk

- Legend**
- Shoreland Zoning
 - Land Use Zones**
 - BASE**
 - BA
 - BB
 - FW
 - RA
 - RB
 - RC
 - RP1
 - RP1MAN
 - RP2
 - RP3
 - TC
 - TCCS
 - TFD
 - WATER

The Zoning Map suggests the location of each Resource Protection District zone, the actual boundary of which is subject to field verification.



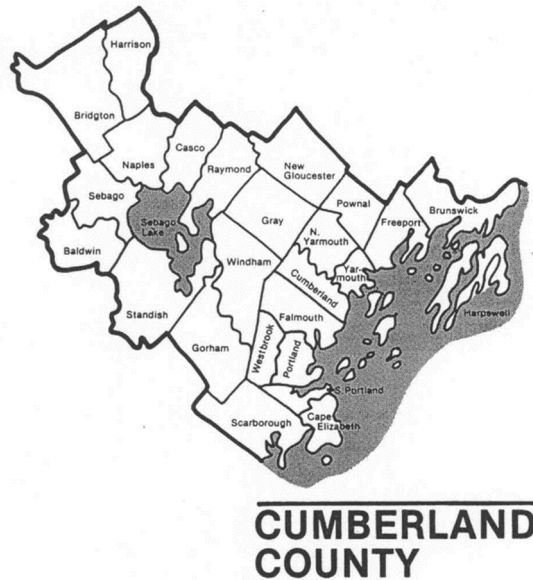
Prepared by the Planning Office 2/26/2014

TOWN OF CAPE ELIZABETH

GENERAL

The Town of Cape Elizabeth is located on the southern coast of the State of Maine in the southeastern section of the County of Cumberland, the State's most populous county, and is approximately five miles southeast of the City of Portland, the State's largest city. Cape Elizabeth is bordered by the City of South Portland on the northwest, and the Town of Scarborough on its southwest with the Spurwink River separating the Town from Scarborough for a major portion of the southwestern border. The Atlantic Ocean forms the Town's eastern border as the Gulf of Maine. Access to Cape Elizabeth is provided by State Route 77 which intersects the Town throughout its interior. The Portland International Jetport, located in Portland, provides convenient air travel for the region. Bus transit, by major carriers operating from two terminals in Portland, provides regularly scheduled inter-state and intra-state transportation.

The Pan Am Railways, AMTRAK and the St. Lawrence & Atlantic Railroad Company provide the greater Portland area with rail links to all of Maine, the continental United States and Canada.



Richmond Island, off the southern shores of Cape Elizabeth, was first visited by the French explorer Champlain in 1605, naming it "L'Isle de Baccus" in honor of its lavish supply of wild grapes. In 1615 Captain John Smith of England urged Prince Charles (later King Charles I of England) to change the names of various places on the New England coast. Thus, the area embracing the Cape was named in honor of Charles' sister, Princess Elizabeth, daughter of King James I and ancestress of the present Queen Elizabeth II. A grant for the area that includes the Town was bestowed in England by the Plymouth Council in 1622 with the "Province of Maine" then being divided between Sir Ferdinando Gorges and Captain John Mason in 1629. Gorges' share included Cape Elizabeth and retained the name, Province of Maine. A trading station was established on Richmond Island in 1627 with the first settlement being established there three years later. A patent on the mainland near the Spurwink River was conveyed in 1631 with development of the Spurwink settlements beginning in 1632. The French and Indian War forced abandonment of the area for several lengthy periods from 1675 to 1715. The Massachusetts General Court established a boundary formed of the area now encompassing the cities of Portland, South Portland and Westbrook and the towns of Cape Elizabeth and Falmouth, which incorporated as the Town of Falmouth in July of 1718. Due to the inconvenience of crossing the Fore River, Cape Elizabeth became established as the Second Parish of Falmouth in 1733. The parish separated from Falmouth on November 1, 1765 incorporating as Cape Elizabeth. The Town was initially established with only "District" privileges in that it was not allowed its own representative to the General Court, instead having to join Falmouth in the choice of representatives until August 25, 1775. On March 15, 1895 the Town divided and set off its northern portion which became South Portland, a town and then, in 1898, a city.

Cape Elizabeth is an affluent suburban coastal community beautifully situated on the Maine Coast. Two State parks, Crescent Beach and Two Lights, are located in Cape Elizabeth as well as two lighthouses, both of which are designated as National Landmarks. The Cape Elizabeth Light, adjacent to Two Lights State Park, marks the entrance to Casco Bay. The Portland Head Light, located in the town-owned Fort Williams Park, was commissioned in 1791 by President George Washington and enjoys the distinction of being

Maine's first lighthouse. The Town has primarily single-family, owner-occupied dwellings. The land area of the Town is comprised of residential, local business, industrial, commercial and resource protection zones, as well as recreation, oceanfront, open space, farmland and woodland areas. The Town enjoys many coves and inlets and embraces two islands: Ram Island and Richmond Island. The area of the Town totals approximately 14.59 square miles.

GOVERNMENT

There are two basic forms of local government in Maine: the "Direct" form, often referred to as town meeting government, in which the town meeting serves as the legislative body, passing laws and approving the spending of monies; and the "Representational" form, in which an elected council serves as the legislative body. There are several variations of these two forms. Variations of the Direct form are: *Selectmen/Town Meeting* (169 towns), the most common form of local government in Maine; *Selectmen/Town Meeting/ Manager* (141 towns), the second most common form of local government in Maine; *Council/Town Meeting/Manager* (18 towns), where the legislative functions of government are shared between the town meeting and an elected council and *Selectmen/Town Meeting Administrative Assistant* or *Administrator* (80 towns). Variations of the Representational form are: *Council/Mayor/Administrator* (three cities), *Council/Mayor/Manager* (18 cities) and *Council/Manager* (26 towns).

The Town operates under a Charter initially adopted November 7, 1967 as amended, most recently on November 6, 2012. The Charter provides for a *Council/Manager* form of government with a seven-member Town Council, each of whom is elected by voters of the entire Town for three-year staggered terms. The Charter grants to the Town Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the Town's property, affairs and government, to preserve the public peace, health and safety, to establish personnel policies and give effect to any vote of the Town and to authorize the issuance of debt. The entire Town Council, working as the Finance Committee, adopts an annual budget and provides for an annual audit. The Town Manager is the administrative head of the Town.

MUNICIPAL SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, maintenance of highways, streets and sidewalks, parks, recreation and coastal areas, and a library. Public education is provided for grades Kindergarten ("K") through 12.

The Town owns and maintains its own sewer collector system and is responsible for the costs of maintenance, improvements and expansion of the system to provide transmission of sewage to the Portland Water District's ("PWD") sewer interceptors. PWD provides a sewer interceptor system, pump stations and a treatment plant, the use for which is contracted for by the Town (see "INDEBTEDNESS - OVERLAPPING DEBT - Portland Water District (Wastewater System)" herein). PWD also provides water service to the Town's inhabitants (see "INDEBTEDNESS - CONTINGENT DEBT - Portland Water District (Water System)" herein).

Public Safety

The police department is staffed by 14 full time positions comprised of the Chief of Police, one Captain, four Sergeants, five Patrol Officers, a School Resource Officer, a Detective and a Community Liaison Officer. Two Reserve Officers and one part time clerk work when full-timers are unavailable. The Chief also oversees two crossing guards that work when schools are in session. Since July 1, 2009, the Town has contracted with the City of Portland, as has South Portland, to regionalize dispatching services to Portland. The Town also contracts with South Portland for Animal Control services, and a Harbor Master with Town of Scarborough. Currently, 12 of the full-time officers and all two reserves are certified Emergency Medical Technicians. The department maintains eight vehicles, which are in good repair.

The Fire Department is staffed by employees who include one full-time Fire Chief, one Deputy Chief, four Captains, six Lieutenants, one administrative assistant and approximately 80 per diem employees with a call force of 30 people. The Fire Department operates from two fire stations and maintains approximately nine vehicles or pieces of equipment, all of which are in good repair.

The Water Extrication Team (“WETeam”) exists as a specially-trained group of volunteers, organized in 1988, to provide land and sea-based rescue of an emergency nature along the Maine coast. The WETeam is part of the Fire Department, under the administrative direction of the Fire Chief who oversees 20 regular volunteer members and two boats.

Public Works

The Public Works Department is comprised of four divisions that provide winter and summer road maintenance, refuse & recycling, parks & public lands grounds maintenance, vehicle maintenance for all town-owned vehicles and maintenance of the Town’s sewer collector system. The Department is comprised of 18 full-time personnel supplemented by seasonal workers who assist with grounds maintenance and snow plowing. The department is led by the Director of Public Works, with assistance from the Public Works Supervisor, the Parks Foreman, the Equipment Maintenance Foreman and other subordinate staff such as Equipment Operators, Recycling Center Attendants, a Mechanic and a Clerk. Most department personnel work out of the Public Works Facility on Cooper Drive and the Parks Maintenance personnel work out of a two-story building in Fort Williams Park.

Municipal Solid Waste (“MSW”), Single-Stream Recyclables (“SSR”), Bulky Waste, Construction Debris, Demolition Wood, Brush and Yard Waste are brought by residents to the Town’s Recycling Center located on Dennison Drive. The Town contracts with a third-party vendor for the removal and transport of all MSW and SSR to the ecomaine waste-to-energy plant in Portland. See “INDEBTEDNESS - CONTINGENT DEBT -ecomaine” herein. The Town continues to operate a materials transfer site. However, the State of Maine Department of Environmental Protection (the “DEP”) had previously informed all Maine communities with construction or demolition debris sites to either cease operation, or move to higher standards under new licenses. The Town ceased operations of its demolition disposal site in 1994 and closed the site in conformance with DEP procedures in effect at the time.

The Town owns, operates and maintains a sanitary collector sewer system which provides transmission of sewage to interceptor lines which traverse the Town. The interceptors are owned and operated by the PWD. PWD also owns, operates and maintains 27 wastewater pumping stations in the Town and a treatment plant at the Thomas Jordan Trust land site, the use for which the Town pays a monthly fee (see “INDEBTEDNESS - OVERLAPPING DEBT - Portland Water District (Wastewater System)” herein). The treatment plant accepts and treats wastewater for a portion of the Town’s inhabitants. Wastewater from the northern portion of the Town is transmitted through PWD’s interceptor lines to the City of South Portland’s wastewater treatment facility, which facility is owned and operated by the City of South Portland, and for which the Town contracts with the City to treat its wastewater. The original contract was entered into as of September 25, 1974, as amended effective May 24, 1984 and further amended as the current contract, executed on August 11, 1993, and extended to 30 years whereby the South Portland accepts and treats wastewater from the Town per the following schedule: Average daily flow over any six month period shall not exceed 0.7154 million gallons per day; average daily flow for any consecutive seven-day period shall not exceed an average of 1.25 million gallons per day; and the maximum daily flow shall not exceed 2.5 million gallons per day. The contract expired by its terms in September 2023. The two municipalities are currently involved in negotiating the terms of a new contract. In the meantime, the City of South Portland continues to accept and treat wastewater from the Town substantially in compliance with the terms and conditions of the currently expired agreement.

As noted above, the Town contracts the hauling of its MSW to ecomaine's waste-to-energy facility in Portland. ecomaine, a Maine corporation with 27 member municipalities ("Member Municipalities"), including the Town, maintains a waste-to-energy resource recovery system ("RRS") for which the Member Municipalities are obligated to deliver all of the solid waste produced within each such Member Municipality to ecomaine for processing.

Fort Williams Park and Portland Head Light

The Fort Williams Park is a 92-acre facility owned and maintained for its residents and the public by the Town of Cape Elizabeth through its Parks Division of the Public Works Department. The residents of the Town, and the public, are able to enjoy cross-country skiing, a beach, skating, soccer, picnicking, basketball, softball, four tennis courts and a multi-purpose field. The Park is visited by nearly a million people a year. The Fort Williams Park Committee is comprised of seven members appointed by the Town Council, who serve three-year staggered terms to recommend maintenance needs, review requests for park use to recommend to the Town Council.

The original military installation was established in 1873 as The Battery at Portland Head, a sub post of Fort Preble, until it was renamed by President McKinley, on April 13, 1894, and became a separate independent fort. It was designated Fort Williams in honor of Brevet Major General Seth Williams, a native of Maine and Assistant Adjutant General U.S. Army. The coastal defense installation guarded the entrance to Casco Bay as a U.S. Army coast garrison and was the headquarters for the harbor defenses of Portland. It remained an active military base until it was deactivated and closed and purchased by the Town in 1964.



Fort Williams Park



Portland Head Light

In 1787, the General Court of Massachusetts (then having jurisdiction over the Province of Maine) provided funds to begin construction of a lighthouse at Portland Head, located at Fort Williams Park. In 1790, the United States Congress took responsibility for all lighthouses and appropriated additional monies for completion of the lighthouse. The Portland Head Light was commissioned on January 10, 1791, as Maine's first lighthouse. The United States Coast Guard automated the facility in 1989 and leased

the lighthouse and Keeper's Quarters (as discussed below) to the Town in 1990. Three years later the United States Coast Guard deeded the buildings to the Town. The United States Coast Guard maintains the actual light and the fog signal, but the remainders of the properties are managed by the Town.

A Keepers' Quarters building was constructed alongside the Portland Head Light in 1891 as a two-story duplex. Until 1989, it was home to the head and assistant lighthouse keepers and their families. Upon its acquisition by the Town, the Town established the design and construction of a 1,600 square foot museum with a permanent exhibit and a second-floor apartment at the Keeper's Quarters at Portland Head Light in Fort Williams Park. The Museum at Portland Head Light follows four themes: art and literature; famous

storms and shipwrecks; lighthouse history and technology; and Fort Williams' history. The Town operates this facility with the intent that the Portland Head Light and the Museum is established as an Enterprise Activity as part of the Town's Special Revenue Funds. The intent of the Town is for the facility to provide services and operations, including debt service requirements, on a continuing basis financed entirely through user charges.

Thomas Memorial Library

In 2015 and 2016, the Thomas Memorial Library was substantially renovated and expanded to include 16,000 square feet of floor space. The library contains over 54,000 volumes and includes an art gallery, a local history collection, a special poetry & writing collection, two meeting rooms and three study rooms. The library also provides electronic resources, and cultural, educational and recreational programs for children, young adults and adults, including workshops, artist residencies, lectures, discussion groups, and performances. Total circulation for the fiscal year ended June 30, 2025 was 88,236. The library is managed by the Library Director and Assistant Director, with a staff of nine additional full-time and three part-time personnel.

PUBLIC EDUCATION

The Town operates its educational program for grades K through 12 under its own supervision, as an individual School Administrative Unit ("SAU"). Article IV of the Town's Charter, as amended, provides that the Department of Education for the Town be administered by a Board of Education (the "School Board") comprised of seven members, who are elected by the voters of the Town at-large for three-year staggered terms. No member of the School Board is eligible for re-election for more than two consecutive terms. The School Board performs all duties and functions in regard to the care and management of the public schools of the Town. The School Board prepares and submits its budget to the Town Manager, who includes it in the budget process. See also "TOWN FINANCES - BUDGETARY PROCESS" section herein. The School's staff consists of a Superintendent, an Assistant Superintendent, a Business Manager, a Director of Special Education, a Director of Teaching and Learning, a Technology Coordinator, three full-time principals, three assistant principals, 160.4 full-time equivalent teachers and various other professional and approximately 114 support staff. The Town's school enrollment and enrollment trends are listed below:

<u>October 1,</u>	<u>K – 4</u>	<u>Grades 5 – 8</u>	<u>9 – 12</u>	<u>Total Enrollment</u>
2024	578	448	468	1,494
2023	569	443	512	1,524
2022	557	434	518	1,509
2021	493	453	539	1,485
2020	489	471	540	1,500
2019	517	527	531	1,575
2018	525	517	533	1,575
2017	538	550	515	1,603
2016	572	518	541	1,631
2015	539	517	545	1,601

Portland Arts and Technology High School

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, provides for “career and technical education” or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school curriculum. The programs may be offered via a center (a “Center”), a satellite program (a “Satellite Program”) or a region (a “Region”). A Center is an administrative entity established to provide career and technical education to secondary students. Unless otherwise specifically provided for, a Center is governed, operated and administered by a single SAU and makes its programs available to serve secondary students from SAUs with which it is affiliated.

As a Center, the Portland Arts and Technology High School (“PATHS”) is owned, operated and maintained by the City of Portland, acting by and through its Department of Education. Area students attend the school on a tuition basis set by the State and negotiated by Portland. Starting with the 2018/2019 school year, the Maine Legislature established a new funding model whereby CTE Centers are provided with General Purpose Aid funding directly from the state, using the Essential Programs and Services formula. This means that the sending schools’ assessments of prior years have been eliminated, and there is no current cost-sharing obligation on the part of the sending schools. Of the 390 students enrolled at the Center on October 1, 2025, five are residents of the Town.

LABOR RELATIONS

The Town employs approximately 360 full-time and approximately 513 part-time employees. Town employees working for units not included in the below table are not represented by unions. The following lists the various bargaining units that are represented by a union, and the status of its current contract as follows:

<u>Union ⁽¹⁾</u>	<u>Members</u>	<u>Bargaining Unit</u>	<u>Contract Effective</u>	<u>Contract Expiration</u>
Teamsters	13	Public Works	July 1, 2025	June 30, 2028
CEPBA	10	Police	July 1, 2025	June 30, 2028
CEAA/MEA	9	School Administrators	July 1, 2023	June 30, 2026
CEEA/MEA	151	Teachers	Sept. 1, 2023	Aug. 31, 2026
CEEA/MEA	26	Food Serv, Bus Drivers, Cust & Maint.	July 1, 2025	June 30, 2028
CEEA/MEA	8	Admin Support & Ed. Tech I	July 1, 2025	June 30, 2028
CEEA/MEA	24	Ed. Tech II & III	July 1, 2025	June 30, 2028

NOTE: ⁽¹⁾ “CEPBA” indicates the Cape Elizabeth Police Benevolent Association. “MEA” indicates the Maine Education Association of which the various components of the Cape Elizabeth Administrators Association (“CEAA”) and the Cape Elizabeth Education Association (“CEEA”) are affiliated, as separate bargaining units. “Teamsters” indicates the International Brotherhood of Teamsters.

LOCAL ECONOMY

The U.S. Department of Commerce, Bureau of the Census formerly defined a metropolitan statistical area (“MSA”) as an area that includes at least one city with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 75,000 (in New England). Additional cities and towns were included in the MSA if they met specified requirements of commuting to the central area and other selected requirements of metropolitan character (such as population density and percent urban). A MSA was also considered a labor market area. The map displays the three cities and 19 towns that comprised the former Portland MSA, including the Town.



Retail Sales (\$/000)

Year	Bus/ Oper	Bldg Supply	Food	Genl Mdse	Other Retail	Auto	Rest/ Lodging	Group Total
2024	739.4	4,104.3	7,748.7	892.3	5,097.6	1,060.9	27,951.2	47,594.4
2023	836.3	4,359.0	7,637.0	1,137.0	5,308.0	826.8	27,225.2	47,329.3
2022	671.0	3,065.4	6,884.6	664.2	5,474.8	944.1	28,530.4	46,234.5
2021	673.9	2,738.1	7,316.5	359.1	6,832.4	641.5	25,240.6	43,802.1
2020	562.8	2,461.3	6,207.6	222.6	6,026.0	703.5	13,825.9	30,009.7
2019	NI	NI	5,915.4	167.7	4,474.1	NI	19,268.7	33,751.8
2018	861.5	2,351.7	5,737.2	235.1	4,369.4	897.4	18,124.8	32,577.1
2017	888.8	2,791.4	4,993.3	241.9	4,294.9	894.5	17,242.3	31,347.1
2016	649.9	3,113.8	4,696.4	162.5	4,002.7	879.5	16,890.5	30,395.4
2015	776.5	3,091.9	3,634.7	281.6	3,825.5	951.1	15,689.1	28,250.5

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

NOTE: “Business Operating”, “Building Supply” and “Auto/Transportation” categories for certain years are not itemized (“NI”) whereas the participants in that sector are too few, such that reporting sales could share otherwise proprietary information.

Representative Employers

<u>Name</u>	<u>Business</u>	<u># of Employees</u>
Hidden Court Manor	Assisted Living	54
Inn by the Sea	Resort Hotel	50
Purpoodock Club	Country Club & Golf Course	50
IGA Store	Grocery Store	30

Building Permits

FY Ended June 30,	New Starts				All Other Properties		All Permits Total	
	Single Family		Condo or Apt					
	Permits	Value	Permits	Value	Permits	Value	Permits	Value
2025	7	\$6,013,914	16	\$4,800,000	211	\$23,505,188	234	\$34,319,102
2024	6	6,700,000	0	0	231	17,476,486	237	24,176,486
2023	4	5,360,000	0	0	201	16,847,270	205	22,207,270
2022	10	15,618,009	0	0	192	17,844,700	202	33,463,600
2021	21	10,410,700	16	3,360,000	239	23,144,200	276	36,914,900
2020	11	7,030,500	15	3,090,000	682	16,089,800	711	26,210,300
2019	16	7,728,985	7	1,390,000	189	16,307,907	212	25,426,892
2018	10	10,118,530	8	1,640,000	209	11,906,479	228	23,665,279
2017	11	8,290,487	11	2,310,000	142	19,788,420	164	21,388,907
2016	14	7,713,000	8	1,625,000	170	9,080,625	192	18,418,625

Commuter Trends

People who live in Cape Elizabeth, but commute to:	Number of Commuters	% Cape Elizabeth Commuters	People who commute to Cape Elizabeth, but live in:	Number of Workers	% Cape Elizabeth Workforce
Portland	1,575	33.60%	Cape Elizabeth	1,088	46.68%
Cape Elizabeth	1,088	23.21%	Portland	304	13.04%
South Portland	627	13.37%	South Portland	175	7.51%
Scarborough	355	7.57%	Scarborough	148	6.35%
Westbrook	291	6.21%	Standish	85	3.65%
Falmouth	141	3.01%	Saco	76	3.26%
Brunswick	83	1.77%	Gorham	56	2.40%
Biddeford	63	1.34%	Lyman	52	2.23%
Saco	60	1.28%	Gray	43	1.84%
Freeport	34	0.73%	Cumberland	31	1.33%
North Yarmouth	33	0.70%	Biddeford	24	1.03%
Yarmouth	26	0.55%	Windham	21	0.90%
Harrison	21	0.45%	Limerick	19	0.82%
Standish	20	0.43%	Old Orchard Beach	18	0.77%
Gorham	17	0.36%	Hollis	16	0.69%
Augusta	15	0.32%	Urbana NY	14	0.60%
Brownfield	12	0.26%	Houlton	13	0.56%
New Gloucester	9	0.19%	Waterville	13	0.56%
Raymond	9	0.19%	Bath	12	0.51%
Windham	9	0.19%	Sabattus	11	0.47%
Sanford	9	0.19%	Westbrook	11	0.47%
Georgetown	8	0.17%	Arundel	11	0.47%
Out of State	174	3.71%	Claremont NH	10	0.43%
Outside US	<u>9</u>	<u>0.19%</u>	Other In-State	<u>80</u>	<u>3.43%</u>
Total Workers	4,688	100.00%	Total Workers	2,331	100.00%

SOURCE: 2020 Census, U.S. Department of Commerce, Bureau of the Census.

DEMOGRAPHIC CHARACTERISTICS

Population	Town of <u>Cape Elizabeth</u>	<u>% Change Since Prior Census</u>		
		<u>Town</u>	<u>State</u>	<u>USA</u>
1980	7,838	(0.4)	13.4	11.4
1990	8,854	13.0	9.2	9.8
2000	9,068	2.4	3.8	13.2
2010	9,015	(0.6)	4.2	8.9
2020	9,530	5.7	1.2	6.3

SOURCE: Respective census, U.S. Department of Commerce, Bureau of the Census.

Population Characteristics	Town of <u>Cape Elizabeth</u>	Cumberland <u>County</u>	State of <u>Maine</u>	<u>USA</u>
Median age (years)	47.9	52.1	44.8	38.6
% Under 5 years	4.6%	4.7%	4.7%	6.0%
% Under 18 years	22.4%	18.3%	18.5%	22.3%
% 65 and over	23.1%	19.0%	21.2%	16.5%
Persons/household	2.48	2.32	2.29	2.60

Income	Town of <u>Cape Elizabeth</u>	Cumberland <u>County</u>	State of <u>Maine</u>	<u>USA</u>
Median household income	\$127,363	\$76,014	\$59,489	\$64,994
% below poverty level (individuals)	3.4%	8.6%	10.6%	11.4%
Per capita income	\$61,264	\$41,822	\$33,774	\$35,384

Housing	Town of <u>Cape Elizabeth</u>	Cumberland <u>County</u>	State of <u>Maine</u>	<u>USA</u>
% Owner occupied	89.6%	70.0%	72.9%	64.4%
Owner occupied med. value	\$469,600	\$288,800	\$198,000	\$229,800
Median gross rent	\$1,151	\$1,193	\$873	\$1,096
Households	3,754	123,384	569,551	-

SOURCE: 2020 Census, U.S. Department of Commerce, Bureau of the Census.

Unemployment	Town of <u>Cape Elizabeth</u>	Cumberland <u>County</u>	State of <u>Maine</u>	<u>USA</u>
2024	2.5%	2.5%	3.1%	4.0%
2023	1.9	2.4	2.9	3.6
2022	2.0	2.4	3.0	3.6
2021	3.1	4.0	4.6	5.5
2020	4.2	5.3	5.4	8.1
2019	2.0	2.4	3.0	3.7
2018	2.3	2.7	3.4	3.9
2017	2.1	2.5	3.3	4.4
2016	2.6	2.9	3.9	4.9
2015	3.1	3.4	4.4	5.3

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research.

TOWN FINANCES

BUDGETARY PROCESS

Article V of the Town's Charter provides for a budget process. The fiscal year (or "budget year") of the Town begins on the first day of July and ends on the thirtieth day of June of the following year. The Charter provides that the Town Manager submit a budget to the Council at least 75 days prior to the beginning of each budget year. The budget is compiled from detailed information furnished by the administrative officers and boards designated by the Town Manager. The proposed budget is reviewed by the Council, with the prerogative of amendment, who then orders a public hearing, at its pleasure. The Charter further directs the Council to adopt their budget no later than 30 days prior to the first day of the next budget year. The school budget is voted on by the School Board, then presented to the Town Council at a Budget Meeting and is then subject to referendum by the voters of the Town through a Budget Validation process. Upon adoption of the budget, a property tax levy is then established and filed with the Town Assessor.

Budget for Fiscal Year Ending June 30,

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
REVENUES					
Taxes	\$38,189,667	\$40,528,935	\$43,061,960	\$44,239,740	\$47,396,544
Licenses and permits	262,700	298,350	228,428	243,500	268,500
Intergovernmental	5,264,918	4,924,923	5,309,211	5,669,431	4,892,144
Charges for services	2,452,030	2,507,943	2,664,800	3,005,625	3,010,725
Investment income	45,000	45,000	150,000	225,000	400,000
Othe	<u>218,865</u>	<u>211,500</u>	<u>248,900</u>	<u>218,500</u>	<u>211,000</u>
TOTAL REVENUES	46,433,180	45,516,651	51,663,296	53,601,796	56,178,913
EXPENDITURES					
Current:					
General government	1,612,304	1,847,861	2,161,928	2,309,435	2,046,717
Public works	2,657,628	2,771,760	3,027,153	2,964,000	2,931,946
Facilities	969,614	1,039,111	1,235,580	1,322,182	1,229,881
Public safety	3,669,875	4,184,878	4,721,718	4,838,665	4,646,811
Cultural and parks	2,219,503	2,332,179	2,499,000	2,657,958	2,733,904
Human services	205,200	96,100	231,700	238,700	100,400
Education	29,595,842	31,255,751	34,145,000	35,446,986	36,318,456
Intergovernmental	1,849,874	2,015,150	1,902,915	2,152,018	2,326,857
Insurance and benefits ⁽¹⁾	1,851,590	1,895,435	2,063,334	2,213,100	3,615,315
Unclassified	348,309	131,100	0	0	0
Capital outlay	4,110,926	5,236,241	0	0	0
Debt service	<u>1,586,922</u>	<u>1,671,403</u>	<u>1,291,524</u>	<u>1,255,417</u>	<u>1,023,196</u>
TOTAL EXPENDITURES	50,677,587	54,476,968	53,279,852	55,398,461	56,973,483
EXCESS (DEFICIENCY)	(4,244,407)	(5,960,317)	(1,616,556)	(1,796,665)	(794,570)
OTHER SOURCES (USES)					
Bond or Lease proceeds	1,009,000	1,652,039	487,500	487,500	0
Fund transfers (net)	(520,803)	(695,512)	(1,332,124)	(190,835)	(205,430)
Carry forward	1,312,334	2,791,481	361,180	300,000	0
Prior years' surplus	<u>2,172,676</u>	<u>2,182,309</u>	<u>2,100,000</u>	<u>1,200,000</u>	<u>1,000,000</u>
TOTAL OTHER SOURCES (USES)	\$4,244,407	\$5,960,317	\$1,616,556	\$1,796,665	\$794,570

NOTE: ⁽¹⁾ Budgeted expenditures for insurance and employee benefits in FY26 were significantly higher than FY25, primarily attributable to the collective bargaining agreements for Public Works and Police that were recently settled and an estimate was added to the insurance and benefits expenditures for the wage and benefits increase.

CAPITAL IMPROVEMENT PLAN

The Town's Capital Improvement Plan ("CIP"), included in the annual budget, is a list of anticipated project needs over the next 5-year period that derive from the Town's approach to Asset Management. Each Town-owned asset is assigned to one of the following categories: Facility, Utility, IT Infrastructure, Grounds, or Right-of-Way. Capital Assets are generally items that cost over \$10,000 and last more than 10 years, with the exception of some IT components. Departments managing these capital assets perform regular condition assessments, preventative maintenance and projects including updates, rehabilitation, enhancements, and eventually replacement. The following is a summary of the current 2026 – 2030 Capital Plan:

Asset Type	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Facility	\$815,449	\$823,729	\$645,727	\$793,747	\$535,960
Utility	436,000	550,000	85,000	750,000	0
IT Infrast.	107,000	235,000	235,000	205,000	205,000
Grounds	69,000	178,500	160,000	245,000	60,000
Right-of-Way	<u>105,000</u>	<u>1,340,000</u>	<u>1,430,000</u>	<u>380,000</u>	<u>455,000</u>
Total	\$1,532,449	\$3,127,229	\$2,555,727	\$2,373,747	\$1,255,960

Treatment Type	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Update	\$106,000	\$231,000	\$481,000	\$800,000	\$50,000
Rehabilitate	327,000	1,551,000	1,576,000	1,111,000	751,000
Replace	977,449	1,235,229	498,727	462,747	454,960
Enhance/Grow	22,000	110,000	0	0	0
New Asset	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$1,532,449	\$3,127,229	\$2,555,727	\$2,373,747	\$1,255,960

Funding Type	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Gen. Fund	\$845,000	\$1,718,500	\$1,735,000	\$1,805,000	\$945,000
Grant/Match	0	700,000	0	0	0
Fees/Other	72,000	110,000	400,000	0	0
TIF Funds	0	0	0	0	0
Bond	<u>615,449</u>	<u>598,729</u>	<u>420,727</u>	<u>568,747</u>	<u>310,960</u>
Total	\$1,532,449	\$3,127,229	\$2,555,727	\$2,373,747	\$1,255,960

NOTE: A detailed list of over 75 currently planned capital projects is in the Fiscal Year 2026 budget book <https://cms2.revize.com/revize/capeelizabethme/Documents/Departments/Finance/Annual%20Budgets/FY%202026/Cape%20Elizabeth%202026%20Budget.pdf>, pages 115 *et seq.*

INVESTMENT POLICY

The Town adopted, and follows, a formal Investment Policy since April 13, 1987. Pursuant to the 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 the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. Under its policy, the Town's investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The Town is invested principally in direct obligations of the United States government and its agencies. The Town is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

FUND BALANCE POLICY

On May 10, 2021, the Town Council replaced its previous Fund Balance Policy, adopted on October 12, 2011, to comply with Governmental Accounting Standards Board (“GASB”) Statement 54 (“GASB 54”). The purpose of the policy is to establish a target level of fund balance for the General Fund and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. The policy states that “The General Fund shall seek to have an unassigned municipal (excluding schools) fund balance of 12.5% of annual General Fund operating revenues, equivalent to revenues anticipated in an average one-and-a-half-month period. If the unassigned municipal (excluding schools) fund balance target is exceeded, 100% of any excess funds between 100% and 115% of the target shall be used to reduce the tax commitment in the next budget to be considered by the Town Council. Any amount over 115% of the target may be committed or assigned for any capital need or unanticipated expenditure or may be placed in an assigned fund for future property tax relief. If the unassigned fund balance falls below its target level, an interim objective is to increase as a percentage of operating revenues the unassigned fund balance every year. The balance shall not be used to support the annual budget or for capital needs to a degree that the unassigned fund balance will be a lower percentage of operating revenues than in the previous year.”

	<u>Fiscal Year Ended June 30,</u>				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assigned and Unassigned General					
Fund Balance (excluding schools)	\$6,638,989	\$6,760,866	\$8,056,574	\$5,792,167	\$4,648,837
Total Revenues (Current Year)	44,214,669	46,183,099	49,635,489	52,030,179	55,104,403
Fund Bal as % Revenues	15.02%	14.64%	16.23%	11.13%	8.44%
Unassigned General Fund Balance					
(excluding schools)	\$4,619,889	\$4,494,603	\$3,685,818	\$3,830,987	\$3,102,282
Total Revenues (Current Year)	44,214,669	46,183,099	49,635,489	52,030,179	55,104,403
Fund Balance as % of Revenues	10.45%	9.73%	7.43%	7.36%	5.63%

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Article II, Section 3(6) of the Town’s Charter provide for independent annual audits of the Town’s accounts and establishes procedures for such audits. The Town, in conformance with this statute and its Charter, currently engages the services of Runyon Kersteen Ouellette, Certified Public Accountants. The Town’s fiscal year 2024 Annual Report, audited by Runyon Kersteen Ouellette, is presented as APPENDIX A to this Official Statement. The consent of Runyon Kersteen Ouellette for the incorporation of the Financial Statements included in APPENDIX A has not been requested by the Town, nor has it been received.

FUNDS

The *government-wide financial statements* (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town; the effect of inter-fund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. Separate financial statements are provided for

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

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

The Town reports the following major governmental funds and the following fund type:

- 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.
- **Sewer Rehabilitation** accounts for sewer improvements which were bonded in 2006.

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund types:

- **Agency funds** are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity.
- **Private-purpose trust funds** are used to account for resources legally held in trust for others.

TOWN OF CAPE ELIZABETH
COMPARATIVE BALANCE SHEET
GENERAL FUND
(As of June 30,)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS					
Cash and cash equivalents	\$17,549,233	\$15,668,416	\$16,401,272	\$14,863,189	\$13,526,881
Receivables:					
Accounts	603	574,549	185,621	254,316	354,051
Due from other	107,064	232,108	187,239	296,216	0
Ambulance receivable (net)	59,484	45,619	42,160	58,849	0
Taxes and liens receivable	541,821	260,751	141,052	106,780	250,848
Leases	154,792	180,294	204,423	0	0
Amounts in escrow	177,159	177,159	100,843	0	0
Prepaid expenses	<u>108,400</u>	<u>16,819</u>	<u>77,639</u>	<u>62,909</u>	<u>3,234</u>
TOTAL ASSETS	18,698,556	17,155,715	18,247,836	15,642,259	14,131,783
LIABILITIES					
Accounts payable	1,091,775	461,275	1,358,715	1,111,231	604,787
Accrued payroll	3,591,846	3,650,597	2,774,314	2,998,276	2,937,941
Taxes collected in advance	61,983	20,295	11,942	5,778	720
Unearned revenue	453,221	337,781	867,764	317,885	120,076
Bond Anticipation Note	1,900,000	961,039	0	0	0
Inter-fund loans payable	<u>2,823,145</u>	<u>2,386,610</u>	<u>1,979,404</u>	<u>1,829,553</u>	<u>2,133,770</u>
TOTAL LIABILITIES	9,921,970	7,817,597	6,992,139	6,262,723	5,797,297
DEFERRED					
Unavailable revenue	231,700	106,300	64,000	73,000	151,600
Deferred revenue - leases	<u>150,699</u>	<u>175,950</u>	<u>201,202</u>	<u>0</u>	<u>0</u>
TOTAL DEFERRED	382,399	282,250	265,202	73,000	151,600
EQUITY					
Non-spendable	108,400	16,819	80,860	62,909	3,234
Restricted	3,636,950	3,246,882	2,853,061	2,482,761	1,543,897
Committed	0	0	0	0	0
Assigned	1,546,555	1,961,180	4,370,756	2,266,263	2,019,100
Unassigned	<u>3,102,282</u>	<u>3,830,987</u>	<u>3,685,818</u>	<u>4,494,603</u>	<u>4,619,889</u>
TOTAL FUND EQUITY	8,394,187	9,055,868	10,990,495	9,306,536	8,816,120
TOTAL LIABILITIES AND FUND EQUITY	<u>\$18,698,556</u>	<u>\$17,155,715</u>	<u>\$18,247,836</u>	<u>\$15,642,259</u>	<u>\$14,135,014</u>

Prepared from Audited Financial Statements

TOWN OF CAPE ELIZABETH
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND
(For the Years Ended June 30,)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES					
Taxes	\$42,819,302	\$40,045,199	\$38,101,990	\$37,356,650	\$36,317,611
Licenses and permits	302,297	232,276	318,679	369,885	257,009
Intergovernmental	8,213,508	7,698,145	5,528,670	3,641,305	3,103,389
Charges for services	2,903,683	3,011,367	2,494	1,680,089	1,549,810
Investment income	531,401	308,610	39,045	60,126	185,748
Other revenues	<u>334,212</u>	<u>734,582</u>	<u>354,764</u>	<u>347,102</u>	<u>228,159</u>
TOTAL REVENUES	55,104,403	52,030,179	46,836,993	43,455,157	41,641,726
EXPENDITURES					
Current:					
General government	4,219,152	1,605,005	1,463,302	1,416,546	1,354,325
Insurance and benefits	0	2,067,644	1,848,544	1,646,105	1,638,335
Public safety	4,087,392	3,759,869	3,172,041	3,105,704	2,436,814
Public works	2,765,893	2,581,615	2,369,833	1,877,885	1,908,680
Facilities	1,262,906	1,532,038	933,599	680,200	677,691
Cultural and parks	1,720,221	1,696,856	2,139,233	2,052,604	2,227,422
Library	655,881	644,703			
Human services	199,216	153,378	110,300	62,712	99,089
Education	36,201,182	32,998,153	28,679,792	27,036,788	25,573,027
Intergovernmental assessments	1,976,937	1,717,404	1,607,013	1,566,121	1,530,646
Unclassified	0	0	62,869	337,809	140,318
Capital outlay	101,525	636,253	17,328,922	1,991,499	3,715,173
Debt service	<u>1,283,326</u>	<u>1,630,476</u>	<u>1,579,901</u>	<u>1,573,078</u>	<u>2,750,416</u>
TOTAL EXPENDITURES	54,473,631	51,023,394	45,741,231	43,347,051	44,052,936
EXCESS REVENUES OVER (UNDER) EXPENDITURES	630,772	1,006,785	1,095,762	108,106	(2,411,210)
OTHER FINANCING SOURCES					
Proceeds from lease	101,525	1,357,253	1,109,000	1,035,000	225,000
Refunding Bond and Premium	0	0	0	0	1,044,372
Transfers from other funds	226,015	724,652	438,398	431,267	416,868
Transfers to other funds	<u>(1,619,993)</u>	<u>(5,023,317)</u>	<u>(959,201)</u>	<u>(453,957)</u>	<u>(167,452)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(1,292,453)	(2,941,412)	588,197	1,012,310	1,518,788
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(661,681)	(1,934,627)	1,683,959	1,120,416	(892,422)
FUND BALANCE, BEGINNING	<u>9,055,868</u>	<u>10,990,495</u>	<u>9,306,536</u>	<u>8,186,120</u>	<u>9,084,383</u>
FUND BALANCE, END	<u>\$8,394,187</u>	<u>\$9,055,868</u>	<u>\$10,990,495</u>	<u>\$9,306,536</u>	<u>\$8,186,120</u>

Prepared from Audited Financial Statements

PROPERTY TAXATION

The principal tax of the Town is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The Town's Tax Collector receives the tax commitment from the Town Assessor, with assessed values as of April 1 of each year, after which time the tax bills are mailed. For fiscal 2025/2026 the tax due dates are October 15, 2025 and April 15, 2026. All taxes paid after the due date will be subject to interest established under Title 39, Section 186 of the Maine Revised Statutes, as amended, currently, at the rate of 7.5% per annum, as set by the Town.

Real Estate Taxes

Collection of real estate taxes is ordinarily enforced in the Town by the "tax lien" procedure as provided in the Maine Revised Statutes, as amended, to the collection of delinquent real estate taxes. Real Estate Tax Liens are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the Town.

Business Personal Property Tax

Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended (the "BETE Act") provides for eligible business equipment tax exemption for certain types of tangible business personal property subject to an allowance for depreciation and some specialty types of real property improvements. The exemption does not apply to office furniture; lamps and lighting fixtures used to provide general purpose office or worker lighting; property owned or used by public utilities and persons providing certain television/telecommunications services; Telecommunications personal property subject to the tax imposed by Section 457 of Title 36; gambling machines or devices and associated equipment; property located at a retail sales facility unless such facility is more than 100,000 square feet in size and owned by a business whose Maine-based operations derive less than 30% of their total annual revenue from sales in the State.

Pursuant to the BETE Act, the State reimburses municipalities with respect to the lost property taxes associated with this new exemption through one of two formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town's tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".
3. Municipal Retention TIF Districts – Certain TIF districts that were enacted prior to April 1, 2008 entitle a municipality to receive reimbursement at a rate of up to 100% for exempt

business equipment that is TIF exempt business equipment as defined in Title 36, Section 691(1)(G) of the Maine Revised Statutes, as amended. The increased reimbursement percentage is based on the tax increment percentage allocated to the municipality, as provided in Title 36, Section 694(2)(C) of the Maine Revised Statutes, as amended.

For the purposes of identifying the municipality's valuation for determining the local property tax rate, the value of all property made exempt by this legislation in the municipality must be considered part of that municipality's local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district.

The value of all property made exempt by the BETE Act in the Town is also considered part of that municipality's equalized State Valuation to the extent the Town is being reimbursed for its lost property taxes by the state with an additional adjustment for exempt property in a tax increment financing district. The BETE Act provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State's General Fund, rather than as an annual General Fund appropriation.

Tax Levy and Collections

FYE June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Levy (000)	Collections (after Supplements and Abatements)		
					Year End (000)	% of Levy	% of Levy A/O 8/31/25
2025	\$4,159,600	\$3,826,891	\$11.00	\$42,206	-----In Process-----		
2024	3,841,750	1,804,430	22.34	40,345	39,850	98.77%	99.50%
2023	2,988,250	1,778,361	21.15	37,616	37,367	93.34	99.88
2022	2,598,050	1,758,468	20.26	35,628	35,508	99.96	100.00
2021	2,427,750	1,744,147	19.92	34,773	34,592	99.74	100.00
2020	2,275,600	1,727,964	19.68	34,006	33,647	99.29	100.00
2019	2,125,200	1,716,472	19.02	32,659	32,516	99.56	100.00
2018	1,980,850	1,692,996	18.00	30,474	30,386	99.71	100.00
2017	1,915,450	1,688,318	17.54	29,613	29,498	99.61	100.00
2016	1,840,800	1,682,855	16.88	28,407	28,269	99.52	100.00
2015	1,723,250	1,668,735	16.80	28,035	27,873	99.42	100.00
2014	1,685,300	1,659,033	16.28	27,009	26,818	99.29	100.00

Largest Taxpayers (2025)

<u>Taxpayer</u>	<u>Business</u>	<u>Assessed Total</u>	<u>Property Tax</u>	<u>% of Levy</u>
Sprague Corporation	Land and residence	\$35,678,100	\$392,459	0.93%
Inn by the Sea	Hotel/Resort	14,182,100	156,003	0.37%
Hidden Court Manor	Assisted Living Fac.	10,571,700	116,289	0.28%
Glickman Family Trust	Residential	9,950,500	109,456	0.26%
Rams Head Partners	Residential	7,888,900	86,778	0.21%
L&J Downeast Prop. LLC	Residential	7,712,400	84,836	0.20%
Zachariah-Sprague Trust	Residential	7,595,500	83,551	0.20%
Bush Jr, Jonathan J	Residential	7,278,300	80,061	0.19%
Central Maine Power	Utility	7,267,100	79,938	0.19%
Elephant Rock LLC	Residential	6,946,000	76,406	0.17%
% of Total Levy			\$1,265,777	3.00%

TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS

Chapter 206 and former (now repealed) Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, enable a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing (“TIF”) district or an affordable housing development district (a “housing district”) and adopts a development program (the “Development Program”) stating the means and objectives for the development of that district. The municipality may designate, or “capture”, all or a portion of the increase in assessed value resulting from development within the district and dedicate the increased property taxes it receives in future years generated by the “captured” assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of property of all TIF districts and the aggregate original assessed value of property of all housing districts within the municipality as of the April 1st preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing districts, approves the designation of any such district each cannot exceed 5% of the municipality’s total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality’s total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, Section 3403, Subsection 3 of the Maine Revised Statutes, as amended.

The increase in assessed value captured by the municipality is excluded from the municipality’s equalized just value for each year’s State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating that municipality’s share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended.

The Town has designated a tax increment financing district and may consider proposals for districts in the future. All districts would be evaluated based upon the Town’s comprehensive plan for economic development, which includes tax increment financing as one of its aspects. In no event will the Town’s districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

REVENUES FROM THE STATE

The State provides revenue to the Town in a number of areas including aid to the Town in areas of education and road maintenance, reimbursement for general assistance, homestead exemption and BETE, and revenue sharing. The amount of revenue in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State aid are governed by laws that may be changed by the State Legislature and are subject to appropriation by the State Legislature in its budgetary process.

The State subsidizes most local school administrative units through the Essential Programs and Services (“EPS”) model of calculating and distributing state education aid. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for school administrative units are an annual item in the State’s budgetary process and are subject to legislative appropriation in that process. The following table displays state aid received by the Town for the last five audited fiscal periods:

FYE June 30,	Revenue Sharing	School Subsidy	Reimbursements		Total from State
			Homestead Revenue	BETE	
2025	\$1,200,069	\$3,369,431	\$497,838	\$23,631	\$5,090,969
2024	1,400,228	3,019,211	505,784	15,234	4,940,457
2023	1,525,952	2,019,105	577,302	16,307	2,612,714
2022	1,384,867	2,608,293	601,430	14,899	4,609,489
2021	929,236	1,731,960	616,046	15,504	3,292,746

INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, “No municipality shall incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7 ½% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7 ½% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set.”

Title 30-A, Section 5703 of the Maine Revised Statutes, as amended, provides that the limitations on municipal debt contained in Section 5702 do not apply “... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under Chapter 235 and Title 10, chapter 110, subchapter IV, obligations payable from revenues of the current municipal year or from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt.”

On January 1, 2025 the Town’s equalized state valuation (“ESV”) was \$4,159,600,000. The 15% debt limit is \$623,940,000. At June 30, 2024 the Town’s long term debt outstanding was \$6,330,983 or 0.15% of the equalized State Valuation.

DEBT SUMMARY

General obligation long-term debt payable at fiscal year-end June 30, 2024 (audited) and projected for June 30, 2025 and 2026 (unaudited) is comprised of the following individual issues:

<u>Year</u> <u>Issued</u>	<u>Purpose</u>	<u>Amount</u> <u>Issued</u>	<u>Final</u> <u>Maturity</u>	<u>FYE June 30,</u>		
				<u>2024</u>	<u>2025</u>	<u>2026</u>
2006	Sewer (CWSRF) ⁽¹⁾	3,510,000	4/1/2026	\$407,608	\$205,552	\$0
2006	Sewer (MMBB) ⁽²⁾	1,890,000	11/1/2026	283,500	189,000	94,500
2014	Refunding	4,190,000	4/1/2025	220,000	0	0
2015	Library/School	5,450,000	3/15/2035	2,975,000	2,700,000	2,430,000
2016	Recycle Ctr/Pool	2,100,000	10/15/2036	1,120,000	980,000	840,000
2020	SRRF ⁽³⁾⁽⁴⁾	375,306	8/12/2026	153,394	102,263	51,131
2020	Refunding	1,000,000	4/15/2028	440,000	330,000	220,000
2022	SRRF ⁽³⁾⁽⁵⁾	888,096	10/1/2032	<u>540,392</u>	<u>480,348</u>	<u>420,305</u>
				\$6,139,894	\$4,987,163	\$4,055,936

NOTE: ⁽¹⁾ Indicates Clean Water State Revolving Loan Fund Program (the "CWSRF") administered jointly by the Maine Municipal Bond Bank (the "MMBB") and the State of Maine, acting by and through its Department of Environmental Protection (the "DEP").

⁽²⁾ Indicates MMBB Bonds issued pursuant to its 1973 General Resolution.

⁽³⁾ Indicates the State School Revolving Renovation Fund (the "SRRF") administered by the MMBB.

⁽⁴⁾ Of the original borrowed amount of \$375,305.59, an amount of \$262,713.91 was forgiven.

⁽⁵⁾ Of the original borrowed amount of \$888,096.18, an amount of \$266,428.85 was forgiven.

PROJECTED PRINCIPAL PAYMENTS, BY ISSUE (\$/000)

<u>FYE</u> <u>June 30,</u>	<u>2006</u>	<u>2006</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2020</u>	<u>2020</u>	<u>2022</u>	<u>Total</u>
2024	198.6	94.5	375.0	275.0	140.0	110.0	54.7	81.3	1,329.1
2025	202.1	94.5	220.0	275.0	140.0	110.0	51.1	60.0	1,152.7
2026	205.6	94.5		270.0	140.0	110.0	51.1	60.0	931.2
2027		94.5		270.0	140.0	110.0	51.1	60.0	725.7
2028				270.0	70.0	110.0		60.0	510.0
2029				270.0	70.0			60.0	400.0
2030				270.0	70.0			60.0	400.0
2031				270.0	70.0			60.0	400.0
2032				270.0	70.0			60.0	400.0
2033				270.0	70.0			60.0	400.0
2034				270.0	70.0				340.0
2035				270.0	70.0				340.0
2036					70.0				70.0
2037					70.0				70.0
6/30/2023	606.2	378.0	595.0	3,250.0	1,260.0	550.0	208.1	621.7	7,469.0
pd	<u>(198.6)</u>	<u>(94.5)</u>	<u>(375.0)</u>	<u>(275.0)</u>	<u>(140.0)</u>	<u>(110.0)</u>	<u>(54.7)</u>	<u>(81.3)</u>	<u>(1,329.1)</u>
6/30/2024	407.6	283.5	220.0	2,975.0	1,120.0	440.0	153.4	540.4	6,139.9

PROJECTED DEBT SERVICE REQUIREMENTS

<u>FYE</u> <u>June 30,</u>	<u>Principal</u>	<u>Prior Debt</u> <u>Interest/Fees</u>	<u>Total Prior</u>
2024	\$1,329,056	\$217,743	\$1,546,799
2025	1,152,731	179,649	1,332,380
2026	931,227	143,064	1,074,291
2027	725,675	108,905	834,580
2028	510,044	91,975	602,019
2029	400,044	76,275	476,319
2030	400,044	66,075	466,119
2031	400,044	55,875	455,919
2032	400,044	45,675	445,719
2033	400,044	35,431	435,475
2034	340,000	25,100	365,100
2035	340,000	14,050	354,050
2036	70,000	3,631	73,631
2037	70,000	1,225	71,225
	<u>\$7,468,949</u>	<u>\$1,064,674</u>	<u>\$8,533,623</u>

DEBT SERVICE COMPONENT OF OPERATING EXPENSES

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Current Year Debt Service:	\$2,416,325	\$2,476,579	\$1,497,649	\$1,532,814	\$1,343,158
(less Sewer Debt):	(219,563)	(219,563)	(219,563)	(219,563)	(219,563)
Tax backed Debt Service:	\$2,196,762	\$2,257,016	\$1,278,086	\$1,313,251	\$1,123,595
Budgeted Operating Expense:	47,618,378	50,677,587	54,476,968	53,279,852	55,398,461
Debt Service as % Oper. Exp:	4.74%	4.33%	2.35%	2.46%	2.03%

DEBT RATIOS

<u>Fiscal</u> <u>Yr. End</u> <u>June 30,</u>	<u>Population</u>	<u>Equalized</u> <u>State Val.</u> <u>(000)</u>	<u>Assessed</u> <u>Valuation</u> <u>(000)</u>	<u>Total</u> <u>Debt</u>	<u>Debt</u> <u>as %</u> <u>Eq. Val.</u>	<u>Per</u> <u>Capita</u> <u>Debt</u>
2025	9,535	\$4,159,600	\$3,826,891	\$5,157,020	0.12%	\$540.85
2024	9,535	3,841,750	1,804,430	6,330,983	0.16	663.97
2023	9,535	2,988,250	1,778,361	7,605,379	0.25	797.63
2022	9,535	2,598,050	1,758,468	8,052,610	0.31	844.53
2021	9,535	2,427,750	1,744,147	9,249,032	0.38	970.01
2020	9,535	2,275,600	1,727,964	10,573,550	0.46	1,108.92
2019	9,015	2,125,200	1,716,472	12,458,500	0.59	1,381.97
2018	9,015	1,980,850	1,692,996	14,235,296	0.72	1,579.07
2017	9,015	1,915,450	1,688,318	16,018,993	0.84	1,776.93
2016	9,015	1,840,800	1,682,855	15,569,641	0.85	1,727.08

OVERLAPPING DEBT

County of Cumberland

The Town is subject to an annual assessment of its proportional share of the County of Cumberland's (the "County") expenses, including debt repayment, as determined by the percentage of the Town's equalized State Valuation to the County's equalized State Valuation. At January 1, 2024 the Town's equalized State Valuation of \$3,841,750,000 was 4.58% of the County's equalized State Valuation of \$76,597,050,000. At June 30, 2024, the Town's share is 4.58%, or \$1,367,832, of the County's \$29,875,601 long-term debt projected outstanding.

Portland Water District (Wastewater System)

The Town is served by the Wastewater Division of the Portland Water District (the "PWD") for treatment of its wastewater. PWD is a wholly distinct public municipal corporation and separate quasi-municipal entity whose territory is made up of ten municipalities (the "Member Municipalities") and whose operation is not part of the Town.

The Town owns and maintains the collector sewer lines and is responsible for the cost of their maintenance, improvements, and expansion. The PWD owns and operates a sewer interceptor system, all pumping stations within the Town and a treatment plant in the Town for sewage delivered to the plant by the Town, for which the Town pays a monthly fee. The Town is responsible for the entire debt service required to finance the PWD's treatment plant at the Spurwink Avenue Treatment Plant ("Wastewater Fund Debt"). All Town users of the wastewater system pay monthly fees, based upon water volume, to support expenditures from the Wastewater Fund, which are paid for these services. At June 30, 2024, the Town was responsible for \$3,947,100 of its portion of PWD's Wastewater Fund Debt (or 6.45% of PWD's \$61,217,563 total Wastewater Fund Debt).

CONTINGENT DEBT

Portland Water District (Water System)

The Water Division of the PWD also provides water to the inhabitants of 11 cities and towns and one water district within the Greater Portland Area (the "PWD Municipalities"), including the Town. The Water Division's debt is not a debt or obligation of the PWD Municipalities. However, under Title 35-A, Section 6103 of the Maine Revised Statutes, as amended (previously codified at Title 30, Section 3211 of the Maine Revised Statutes, as amended) (the "Act"), and pursuant to an agreement with ten of the 12 PWD Municipalities, (the "Section 6103 Members"; the exceptions being the Town of Standish and the Yarmouth Water District), in compliance with subsection 6 of the Act, the PWD possesses authority for taxation in the event of default in the payment of the indebtedness of the PWD incurred for water purposes (the "Water Fund Debt").

In the event of a default by PWD in the payment of the principal of, or interest on, its Water System Debt, the Trustees of the PWD have the authority to issue a warrant for payment of amounts necessary to cure the default to the assessors in each Section 6103 Member municipality within the PWD, including the Town. Such assessment is allocated pro-rata, to each Section 6103 Member municipality based upon 100% of its respective equalized State Valuation. On this basis, at June 30, 2024, the Town was contingently responsible for approximately 7.41%, or \$4,849,944, of the PWD's \$65,451,334 Water Fund Debt.

ecomaine

ecomaine (formerly Regional Waste Systems, Inc.), a Maine corporation, is a solid waste management corporation serving participating municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 27 member communities, ecomaine creates electricity through its processing of waste and operates an extensive recycling program. The Town is a member community in ecomaine. An 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 obligations of each municipality as set forth in such agreements are secured by the full faith and credit of the municipality, subject to certain limitations. On June 30, 2025, ecomaine had no debt outstanding.

On December 10, 2025, ecomaine closed on a bond issue in the amount of \$39,455,000 (the “ecomaine debt”) to provide funds to finance a new Materials Recovery Facility (“MRF”); landfills and pump stations; Waste to Energy facilities (“WTE”); and various rolling stock to be used at the facility. For the year ended June 30, 2025, the Town delivered 4.15% of the recycling tonnage and 4.53% of the Total waste tonnage received by ecomaine from participating municipalities.

The Interlocal Agreement requires that the Town pay a proportionate share of the debt of ecomaine based on the percentage of solid waste processed from the Town by ecomaine. Based upon the most recent fiscal year, the Town is contingently liable for \$1,787,310 of the ecomaine debt to be issued by ecomaine. The Town’s share of this debt will be calculated annually based on the percentage of solid waste to be processed and other factors affecting the cost to operate ecomaine, and may be subject to change as a result.

TOTAL GENERAL OBLIGATION, OVERLAPPING AND CONTINGENT DEBT

	<u>Direct Debt</u>	<u>Overlapping</u>	<u>Contingent</u>	<u>Total Debt</u>
Town of Cape Elizabeth (Town)	5,923,375			5,923,375
Town of Cape Elizabeth (Sewer)			407,608	407,608
County of Cumberland		1,367,832		1,367,382
PWD (Wastewater System)		3,947,100		3,947,100
PWD (Water System)			4,849,944	4,849,944
ecomaine (MRF)			1,787,310	1,787,310
Totals as of June 30, 2024	5,923,375	5,314,932	7,044,862	18,282,719
Debt as % 2025 ESV	0.14%	0.13%	0.17%	0.44%
Debt per Capita	\$621.22	\$557.41	\$738.84	\$1,917.43

FUTURE FINANCING

The Town Manager develops a formal Capital Improvement Program which is submitted to the Town Council (see “TOWN FINANCES - CAPITAL IMPROVEMENT PROGRAM” herein). The CIP includes an inventory of possible capital projects, some of which may ultimately be included in the CIP, and is be an indication of future projects that may be financed through the issuance of debt. Article VIII, Section 2 of the Town’s Charter requires that any Town Council order or resolve authorizing \$1,000,000 or more for a single capital expenditure or capital equipment improvement not arising from a fire or other casualty loss, nor arising from a federal or State mandate, be approved by voter referendum.

Additional Financing for the Projects

The Town has authorized bonds in the aggregate amount of \$86,499,993 to finance the Projects. Pursuant to the current plan of financing for the Projects, the Town expects to finance construction of the Projects through issuance of three series of short-term construction bond anticipation notes (designated below as the 2026A Notes being issued as this current issue of Notes, the 2026B Notes and the 2027 Notes) and three series of long-term general obligation bonds to be issued in 2026, 2027 and 2028 (designated below as the 2026 Bonds, the 2027 Bonds and the 2028 Bonds). The architect for the Projects has provided the Town with a proforma monthly construction draw-down schedule as of October 1, 2025, subject to revision as the Projects progress. The timing and amount of each series of notes and bonds, which will provide for a combination of new money and refunding proceeds, is based on this construction draw-down schedule.

While subject to change, the Town currently expects the notes and bonds for the Projects to be issued approximately as set forth in the following table.

<u>Tranche Designation</u>	<u>Issue</u>	<u>Notes</u>	<u>Bonds</u>
2026A Notes ⁽¹⁾	1/28/2026	21,000,000	
2026B Notes ⁽²⁾	11/12/2026	33,300,000	
2026 Bonds	11/12/2026		28,835,000
2027 Notes ⁽³⁾	11/15/2027	28,550,000	
2027 Bonds	11/15/2027		28,834,000
2028 Bonds	11/15/2028		<u>28,830,000</u>
Total Bonds			86,499,000

NOTES:⁽¹⁾ The 2026A Notes, plus capitalized construction period interest, are expected to be refunded on a current basis with a portion of the proceeds (including allocable Bid Premium, if any) of the 2026 Bonds.

⁽²⁾ The 2026B Notes, plus capitalized construction period interest, are expected to be refunded on a current basis with the proceeds (including allocable Bid Premium, if any) of the 2027 Bonds and a portion of the proceeds (including allocable Bid Premium, if any) of the 2027 Notes.

⁽³⁾ The 2027 Notes, plus capitalized construction period interest, are expected to be refunded on a current basis with the proceeds (including allocable Bid Premium, if any) of the 2028 Bonds.

Other than the above discussion, Town has no authorized but unissued debt or obligations that it expects to finance through bond issues over the next year.

RETIREMENT

A. DEFINED BENEFIT PENSION PLAN (CONSOLIDATED PLANS)

Description of the Plan - The Town's police officers and sergeants are provided with pensions through the Maine Public Employees Retirement System ("MainePERS") Consolidated Plan for Participating Local Districts ("PLD Plan") and teaching-certified employees of the Town are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan ("SET Plan") (when collectively with the PLD Plan, "CPPLD"), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System ("MainePERS"). In addition, all Town employees who were previously in the Town's District Group (prior to the Town opting out of MainePERS) are eligible to participate in the system as part of a withdrawn Participating Local District (see "RETIREMENT - B. DEFINED BENEFIT PENSION PLAN (WITHDRAWN PLD)" herein), a single employer agent defined benefit pension plan. New employees not eligible to participate in the Maine Public Employees Retirement System participate in the Town's ICMA Plan.

MainePERS is successor to the Maine State Retirement System (“MSRS”), a cost-sharing multiple-employer defined benefit pension plan. The MSRS was established in 1942, and effective September 20, 2007, by virtue of Chapter 58 of the Public Laws of 2007, MSRS was renamed MainePERS. MainePERS was established and is administered under the Maine State Retirement System Laws, Title 5, Chapters 421, 423 and 425 of the Maine Revised Statutes, as amended. The CPPLD provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the state legislature. MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the CPPLD. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Benefits Provided – The PLD and SET Plans provide defined retirement benefits based on members’ average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of credit service. 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 or 20 or 25 years of service for certain public safety employees; for SET members, normal retirement age is 60, 62 or 65. The normal retirement age is determined by whether a member had certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

The Town reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its Annual Financial Report. Please see “APPENDIX A – TOWN OF CAPE ELIZABETH, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024”, pages 40-44 herein.

B. DEFINED BENEFIT PENSION PLAN (WITHDRAWN PLD)

Plan Description - All Town employees who were previously in the Town’s District Group (prior to the Town opting out of the Maine Public Employees Retirement System) are eligible to participate in the system as part of a withdrawn Participating Local District, a single employer agent defined benefit pension plan. Benefit terms are established in Maine statute. MainePERS issues a publicly available financial report that can be obtained at www.mainebers.org for the PLD and SET plans.

Benefits Provided - The withdrawn PLD Plan provides defined retirement benefits based on members’ average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Employees are eligible for normal retirement upon attaining age 60 with ten or more years of service or after completing 25 or more years of creditable service prior to age 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement.

This plan is not available to any non-participating current employees or new hires. Vested participants are entitled to a retirement benefit equal to a fraction (2%) of the average final compensation multiplied by the years of membership service (discounted for early retirement).

The Town reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its Annual Financial Report. Please see “APPENDIX A – TOWN OF CAPE ELIZABETH, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024”, pages 44-47 herein.

C. DEFINED CONTRIBUTION PLAN

The Town offers its regular employees, and certain school employees not participating in MainePERS, a defined contribution money purchase plan created in accordance with Internal Revenue Code Section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate and are vested from the date of employment. The Town matches the employees' contribution to the plan up to 7% of compensation for the plan year. For the year ended June 30, 2024, the Town and School's contributions to the plan totaled \$462,411.

D. DEFERRED COMPENSATION PLAN

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

E. OTHER

Additionally, the Town participates in the Social Security Retirement Program. The Town's contribution to Social Security (including Medicare) was \$1,111,66 for the year ended June 30, 2024.

F. OTHER POST-EMPLOYMENT BENEFITS

The Town sponsors a post-retirement benefit plan providing healthcare and life insurance benefits to retiring employees (the “OPEB Plan”). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (“MMEHT”). Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the Town makes no actual contributions.

The Town reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its Annual Financial Report. Please see “APPENDIX A – TOWN OF CAPE ELIZABETH, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024”, pages 47-56 herein.

ENVIRONMENTAL MATTERS

The Town is subject to a wide variety of federal and State laws and regulations relating to land use, water resources, sewage disposal, the use, storage, discharge, emission and disposal of wastes and other environmental matters. While the Town believes that its properties and operations are presently in material compliance with all land use and environmental laws, failure to comply with such laws could result in the imposition of severe penalties on operations by government agencies or courts that could adversely affect the Town. The Town is not aware of any environmental conditions or non-compliance, the remediation or correction of which the Town believes would have a material adverse impact on the financial condition of the Town. “The Town is not subject to any pending or threatened proceedings or actions involving environmental matters that, if adversely decided, would have a material adverse impact upon the Town’s financial condition or ability to pay debt service on the Notes as and when due.”

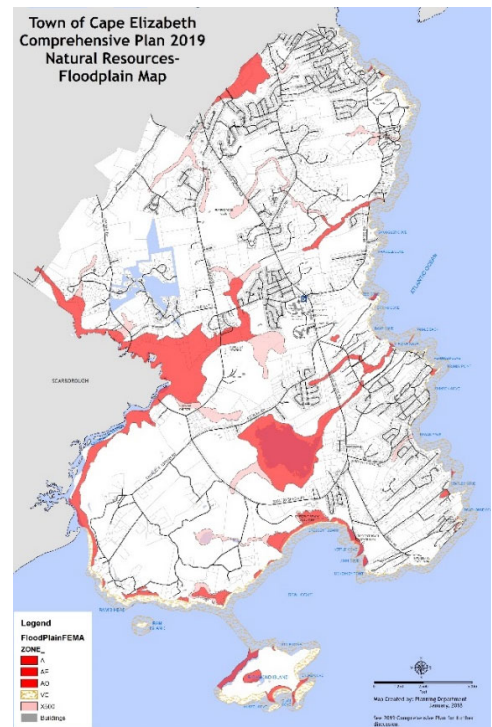
CLIMATE CHANGE

With its expansive ocean and riverfront coastline, Cape Elizabeth has embraced a progressive relationship with the water. Supplementing floodplain regulations (consistent with federal regulations) and shore land zoning (consistent with state regulations), the Town has adopted strict local wetland regulations that minimize wetland alteration and mandate minimum setbacks.

In 2014, existing regulations were revised to prepare for sea level rise by amending the Normal High Water Line definition to add three vertical feet to the Highest Astronomical Tide. This increase was made after reviewing historical sea level rise scenarios and determining that 3' should prepare low-lying portions of town for approximately 100 years.

This comprehensive regulatory foundation supports the conclusions in the 2015 Sea Level Rise Vulnerability Assessment prepared by the Greater Portland Council of Governments which is available for review on the Town’s website: https://www.capeelizabeth.com/planning_board/2015/08-04-2015/Cape%20Elizabeth%20Vulnerability%20Assessment%20copy.pdf

The Vulnerability Assessment documents that most of Cape Elizabeth is already protected from sea level rise by its large stretches of rocky coastline. Existing wetland regulations (cited above) already prohibit development in vulnerable areas. The Vulnerability Assessment also identified vulnerable municipal infrastructure and the Town is working on response options. For example, the towns of Cape Elizabeth and Scarborough are jointly studying options for the portion of Sawyer Road crossing the Sawyer Marsh. The Town has added resilience planning to its ongoing relationship with the PWD, which manages a sewer treatment plant and pump station. The Town has also completed a culvert assessment that identified priority culverts for replacement and has completed design for the replacement of the Willow Brook culvert, upstream of the Spurwink Marsh, and may be impacted by sea level rise.



LITIGATION

In the opinion of Town officials there is no litigation pending against the Town that, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the Town’s financial position or its ability to meet its debt service obligations.

APPENDIX A

**TOWN OF CAPE ELIZABETH, MAINE
ANNUAL FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES
FOR THE
YEAR ENDED JUNE 30, 2024**

(With Report of Independent Auditors' Thereon)

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TOWN OF CAPE ELIZABETH, MAINE

Annual Financial Report

For the Year Ended June 30, 2024

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TOWN OF CAPE ELIZABETH
Annual Financial Report
For the Year Ended June 30, 2024

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TOWN OF CAPE ELIZABETH
Annual Financial Report
For the Year Ended June 30, 2024

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Independent Auditor's Report

To the Town Council
Town of Cape Elizabeth, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cape Elizabeth, Maine as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Cape Elizabeth, Maine's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cape Elizabeth, Maine, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Cape Elizabeth, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Cape Elizabeth, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Cape Elizabeth, Maine's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cape Elizabeth, Maine's basic financial statements. The accompanying combining and individual fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2025 on our consideration of the Town of Cape Elizabeth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Cape Elizabeth, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cape Elizabeth, Maine's internal control over financial reporting and compliance.



January 28, 2025
South Portland, Maine

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024

Introduction

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

Financial Highlights

- The total assets for all governmental activities equal \$70,139,542.
- The total net position is \$46,091,744. Net position includes a \$39,005,355 net investment in capital assets, \$4,702,051 in restricted net position and \$2,384,338 in unrestricted net position.
- For the reporting period, the Town had a decrease in fund balance for total governmental funds (from statement 4) of \$1,361,142.
- The fund balance for the General Fund decreased \$661,681.
- The School General Fund balance increased from \$3,251,937 to \$3,744,097, as education costs were lower than anticipated by \$976,885.
- The Town General Fund unassigned fund balance decreased from \$3,830,987 to \$3,102,282 due to transfers to other funds.

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

Fund Financial Statements

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

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

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024

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

- *Fiduciary Funds* - Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is on a full-accrual basis. The Fiduciary Statement of Net Position is included in this report as Statement 6.

Comparison of Information from Current Year and Prior Year

The Town as a Whole

The following is a condensed version of the Statement of Net Position. The analysis below focuses on the net position of the Town's governmental activities.

Governmental Activities Net Position

	2024	2023	Change
Current and other assets	\$ 22,721,712	22,446,183	275,529
<u>Capital assets</u>	<u>47,417,830</u>	<u>47,406,770</u>	<u>11,060</u>
Total assets	70,139,542	69,852,953	286,589
Deferred outflows related to pensions	1,083,657	1,031,258	52,399
<u>Deferred outflows related to OPEB</u>	<u>636,747</u>	<u>816,269</u>	<u>(179,522)</u>
Total deferred outflows	1,720,404	1,847,527	(127,123)
Other liabilities	7,568,047	6,030,860	1,537,187
<u>Long-term liabilities</u>	<u>17,283,930</u>	<u>18,812,899</u>	<u>(1,528,969)</u>
Total liabilities	24,851,977	24,843,759	8,218
Deferred inflows related to leases	150,699	185,977	(35,278)
Deferred inflows related to pensions	270,017	448,865	(178,848)
<u>Deferred inflows related to OPEB</u>	<u>495,509</u>	<u>678,065</u>	<u>(182,556)</u>
Total deferred inflows	916,225	1,312,907	(396,682)
Net investment in capital assets	39,005,355	37,088,537	1,916,818
Restricted	4,702,051	3,960,266	741,785
<u>Unrestricted</u>	<u>2,384,338</u>	<u>4,495,011</u>	<u>(2,110,673)</u>
Total net position	\$ 46,091,744	45,543,814	547,930

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024

	Change in Net Position		
	2024	2023	Change
Source of Revenues			
Program Revenues			
Charges for services	\$ 7,076,748	6,915,322	161,426
Operating grants and contributions	8,771,506	6,999,005	1,772,501
Capital grants and contributions	271,982	1,898,631	(1,626,649)
Total program revenues	16,120,236	15,812,958	307,278
General Revenues			
Property and other taxes	42,944,702	40,087,499	2,857,203
Grants and contributions not restricted to specific programs	2,020,076	2,259,383	(239,307)
Unrestricted investment income (loss)	747,946	439,247	308,699
Other	291,142	707,130	(415,988)
Total general revenues	46,003,866	43,493,259	2,510,607
Total revenues	62,124,102	59,306,217	2,817,885
Functional Expenses			
General government	7,707,196	5,956,768	1,750,428
Public works	3,716,413	4,018,538	(302,125)
Facilities	1,482,238	1,644,763	(162,525)
Public safety	4,541,667	4,153,518	388,149
Culture and parks	2,504,467	2,579,567	(75,100)
Library	1,063,078	848,999	214,079
Human services	208,464	180,021	28,443
Education	36,819,158	34,385,241	2,433,917
School lunch	1,017,325	920,291	97,034
Sewer	2,410,079	2,215,036	195,043
Interest on debt	106,087	147,148	(41,061)
Total expenses	61,576,172	57,049,890	4,526,282
Change in net position	547,930	2,256,327	(1,708,397)
Net position - beginning of year	45,543,814	43,287,487	2,256,327
Net position - end of year	\$ 46,091,744	45,543,814	547,930

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024

Assets

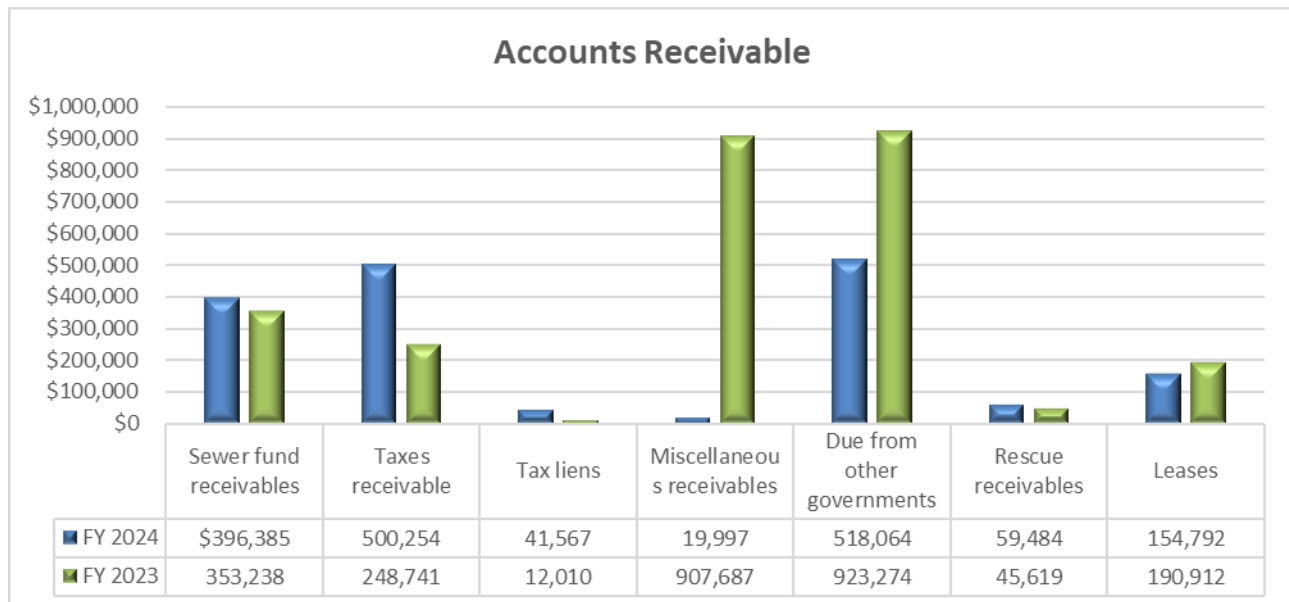
Cash and Cash Equivalents

Cash and cash equivalents increased \$1,778,191, from \$17,197,687 to \$18,975,878. The increase is attributable to the timing of collections of accounts receivable, as well as the payment of accounts payable at year end.

Receivables

The Town continues to have an excellent record of tax receivables, maintaining the collection rate of the levy for the current year at 98.77%. The taxes receivable increased slightly over the prior year's balance due to timing. The amount of deferred revenues increased by \$125,400 due to the timing of collections in the 60 days following year-end. The sewer receivable increased slightly due to the timing of payments from the Portland Water District. The Town places liens on uncollected sewer fees, so eventually the entire receivable is paid. Due from other governments increased due to the timing of grant reimbursements.

	FY 2024	FY 2023	Change
Sewer fund receivables	\$396,385	353,238	43,147
Taxes receivable	500,254	248,741	251,513
Tax liens	41,567	12,010	29,557
Miscellaneous receivables	19,997	907,687	(887,690)
Due from other governments	518,064	923,274	(405,210)
Rescue receivables	59,484	45,619	13,865
Leases	154,792	190,912	(36,120)
Total	\$1,690,543	2,681,481	(990,938)
% Sewer	23%	13%	-4%
% Taxes and other	77%	87%	104%



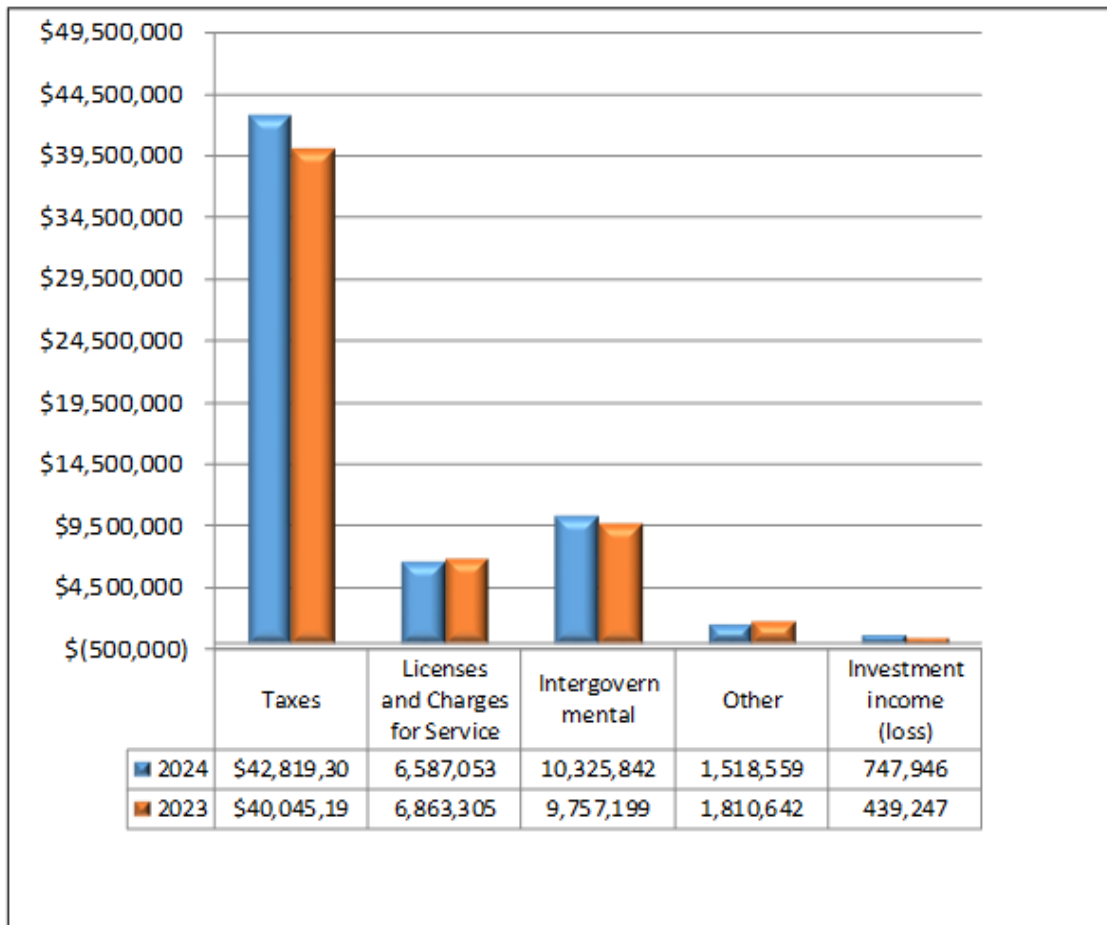
TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024

Governmental Fund Revenues by Major Source

Property and other taxes amounted to 69.0% of revenue in FY 2024. This compares to 68.0% in FY 2023. Intergovernmental revenues increased \$606,526 due to an increase in grants. Overall, revenues were up \$3,120,995 or 5.3%. This compared to an increase the year before of 7.5%. The total increase in revenue from taxes this past year was \$2,774,103 or 6.9% compared with 5.1% the previous year.

Revenues Chart

	2024	2023	\$ Change	% Change
Taxes	\$ 42,819,302	\$ 40,045,199	2,774,103	6.9%
Licenses and Charges for Service	6,587,053	6,863,305	(276,252)	-4.0%
Intergovernmental	10,325,842	9,757,199	568,643	5.8%
Other	1,518,559	1,810,642	(292,083)	-16.1%
Investment income (loss)	747,946	439,247	308,699	-70.3%
	\$ 61,998,702	\$ 58,915,592	3,083,110	5.2%



TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024

Governmental Fund Expenditures

Expenditures changed as follows:

	2024	2023	\$ Change	% Change
General government	\$ 5,412,419	4,202,720	1,209,699	28.8%
Public safety	4,103,913	3,779,642	324,271	8.6%
Public works	2,765,893	2,581,615	184,278	7.1%
Facilities	1,430,976	1,597,301	(166,325)	-10.4%
Cultural and parks	2,367,512	2,311,306	56,206	2.4%
Library	805,575	712,044	93,531	13.1%
Human services	208,464	180,021	28,443	15.8%
Education	37,582,275	34,186,139	3,396,136	9.9%
Intergovernmental assessments	1,976,937	1,717,404	259,533	15.1%
School lunch program	1,017,325	920,291	97,034	10.5%
Sewer	2,410,079	2,215,036	195,043	8.8%
Capital outlay	2,257,193	5,693,058	(3,435,865)	-60.4%
Non-school debt service	1,560,366	1,849,692	(289,326)	-15.6%
Total expenditures	\$63,898,927	\$61,946,269	\$1,952,658	3.2%
 Excluding capital outlay	 \$61,641,734	 \$56,253,211	 \$5,388,523	 9.6%

Total expenditures increased by \$1,952,658 or 3.2%. Education spending increased \$3,396,136, or 9.9%. Spending, excluding capital outlay, increased \$5,388,523 or 9.6% due to increases in general government, public safety, intergovernmental assessments, and the sewer fund. Capital outlay decreased due to the completion of some projects.

Transfers

The General Fund provided budgeted transfers to the following funds:

Land Acquisition Fund	\$ 32,914	TIF fund	142,123
Town Projects	1,319,073	Fort Williams	48,000
Turf Field Fund	40,000		

The General Fund received operating transfers from the following funds:

Sewer Fund	\$ 80,989	Thomas Jordan Trust	36,030
Riverside Cemetery – Perpetual Care	1,705		
Library	2,792		

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

Portland Headlight Fund,	\$ 15,149
Fort Williams Fund	19,350
Infrastructure Improvements	70,000

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024

Significant Changes in Individual Fund Balances

	6/30/2024	6/30/2023	\$ Change	% Change
General Fund	\$ 8,394,187	\$ 9,055,868	(661,681)	-7.3%
Sewer User Fund	1,669,144	2,053,863	(384,719)	-18.7%
School Projects Capital Fund	(662,803)	(625,306)	(37,497)	6.0%
School Grants and Other Programs	36,291	82,345	(46,054)	-55.9%
School Lunch Program	10,353	29,821	(19,468)	-65.3%
Student Activities	174,410	228,992	(54,582)	-23.8%
Town Grants and Other Programs	161,923	8,194	153,729	1876.1%
Portland Head Light	717,700	467,727	249,973	53.4%
Asset Forfeiture	98,641	1,109	97,532	8794.6%
Riverside Perpetual Care	524,530	492,221	32,309	6.6%
Library Fund	200,539	249,252	(48,713)	-19.5%
Fire Department Scholarships	22,697	22,514	183	0.8%
Public Safety Funds	17,685	15,426	2,259	14.6%
PD Donations	3,528	3,463	65	1.9%
Thomas Jordan Fund	1,367,036	1,251,112	115,924	9.3%
Town Capital Projects	643,344	1,565,152	(921,808)	-58.9%
Riverside Cemetery Capital Improvements	281,457	249,430	32,027	12.8%
Tax Increment Financing	225,619	83,496	142,123	170.2%
Land Acquisition Fund	161,277	128,363	32,914	25.6%
Infrastructure Improvement	173,307	163,748	9,559	5.8%
Turf Field	107,970	67,970	40,000	58.8%
Fort Williams Park Fund	490,722	585,939	(95,217)	-16.3%
Total	\$ 14,819,557	\$ 16,180,699	(1,361,142)	-8.4%

The Tax Increment Financing Fund receives annual transfers from the General Fund related to the property tax amounts received from the Town Center TIF District. The Sewer Fund decreased \$384,719. School Projects Capital Fund and Town Capital Projects both decreased due to planned spending on improvements.

Significant Budget Variances

The annual budget had significant budget variances this past year. Excise tax collections were under budget as the purchases of new vehicles continued to decrease. Building permits were over budget by \$75,381. Investment earnings, rescue, and community services all received more revenues than budgeted. Total revenues exceeded the budget by \$408,040.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024

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

Revenues:		Budgeted	Actual	Variance
Excise taxes	\$	2,721,000	2,566,293	(154,707)
Community services programs		1,248,000	1,376,449	128,449
Rescue		285,000	385,597	100,597
Investment earnings		150,000	531,401	381,401
Expenditures:				
General government		2,161,928	1,895,493	266,435
Insurance and benefits		2,063,334	2,323,659	(260,325)
Police department		2,189,129	1,846,701	342,428
Fire department		1,199,896	998,035	201,861
Rescue		772,138	667,348	104,790
General public works		1,637,112	1,542,112	95,000
Parks and grounds		663,855	547,567	116,288
Bond issuance costs		-	189,565	(189,565)
Debt principal		1,154,761	968,040	186,721
School Department:				
Regular Instruction		15,870,599	15,377,285	493,314
Special education instruction		4,772,804	4,626,031	146,773
Student and Staff Support		3,785,499	3,677,310	108,189
Facilities Maintenance		4,820,767	4,642,428	178,339

Capital Improvements

The Town undertook a number of improvements to capital assets during the year. The School Department spent \$145K on technology equipment in all three schools. The Town spent \$43K on a new Police vehicle, \$23K on a Gator and about \$22.6K on a bottle filler with a drinking fountain at Fort Williams Park.

Long-term Debt Activity

Net bonded debt and notes as of June 30, 2024 stood at \$6,330,983 of which \$407,608 is Sewer Fund debt. This equated to 0.35% of assessed value and to \$664 net debt per capita. The ratio of debt service to general governmental expenditures was 2.82% on June 30, 2024, compared to 3.90% on June 30, 2023. Additional information on long-term debt activity can be found in the footnotes to the financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024

The Overall Financial Position of the Town

The overall financial condition continued to be healthy in FY 2024. With an improving economy nationally, the tax collection rate stayed above 98.77% of the current levy. The unassigned General Fund balance at June 30, 2024 was \$3.1 million as the Town used \$2.1 million to support the FY 2024 budget. The ratio of bonded debt to assessed value stayed relatively unchanged. The infrastructure is in good condition with police, fire, public works, library, and community facilities having been built or substantially remodeled since 2000.

The Town's median household income was \$145,107, based on the U.S. Census Bureau. Property values have continued to show stable appreciation. Unemployment in the Portland MSA was at 2.4% in June 2023, compared to a state unemployment rate of 2.8% and a national rate of 3.6%.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact, the Finance Director at the Town of Cape Elizabeth, 320 Ocean House Rd., Cape Elizabeth, Maine 04107, or by phone at 207-799-0881 or by e-mail at kristie.bradbury@capeelizabeth.org.

BASIC FINANCIAL STATEMENTS

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TOWN OF CAPE ELIZABETH, MAINE
Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 18,975,878
Investments	1,316,788
Receivables:	
Accounts	19,997
Due from other governments	518,064
Ambulance receivables, net of allowance of \$32,146	59,484
Taxes and liens	541,821
Sewer fees	396,385
Leases	154,792
Amounts held in escrow	177,159
Amount due from bond bank	272,986
Prepaid expenses	108,400
Inventory	179,958
Capital assets, not being depreciated	3,552,396
Capital assets, being depreciated	43,865,434
Total assets	70,139,542
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	1,083,657
Deferred outflows of resources related to OPEB	636,747
Total deferred outflows of resources	1,720,404
LIABILITIES	
Accounts payable and other current liabilities	1,470,977
Accrued payroll and benefits	3,626,343
Unearned revenues	460,453
Bond anticipation note	1,900,000
Taxes collected in advance	61,983
Accrued interest	48,291
Noncurrent liabilities:	
Due within one year	2,225,603
Due in more than one year	15,058,327
Total liabilities	24,851,977
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	270,017
Deferred inflows of resources related to OPEB	495,509
Deferred inflows of resources related to leases	150,699
Total deferred inflows of resources	916,225
NET POSITION	
Net investment in capital assets	39,005,355
Restricted	4,702,051
Unrestricted	2,384,338
Total net position	\$ 46,091,744

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Activities
For the Year Ended June 30, 2024

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government
					Governmental activities
Governmental activities:					
General government	\$ 7,707,196	329,946	167,841	-	(7,209,409)
Public works	3,716,413	94,343	92,060	263,855	(3,266,155)
Facilities	1,482,238	758,451	-	-	(723,787)
Public safety	4,541,667	1,060,659	118,471	-	(3,362,537)
Culture and parks	2,504,467	2,287,649	29,200	8,127	(179,491)
Library	1,063,078	1,390	87,272	-	(974,416)
Human services	208,464	-	-	-	(208,464)
Education	36,819,158	82,564	7,411,878	-	(29,324,716)
School lunch	1,017,325	146,289	864,784	-	(6,252)
Sewer	2,410,079	2,315,457	-	-	(94,622)
Interest on debt	106,087	-	-	-	(106,087)
Total governmental activities	61,576,172	7,076,748	8,771,506	271,982	(45,455,936)
General revenues:					
Property taxes					40,345,281
Excise taxes					2,566,293
Interest and costs on taxes					33,128
Franchise fees					135,562
Grants and contributions not restricted to specific programs:					
State revenue sharing					1,400,228
Homestead exemption					505,784
Other intergovernmental revenues					114,064
Unrestricted investment earnings (loss)					747,946
Miscellaneous revenues					155,580
Total general revenues					46,003,866
Change in net position					547,930
Net position - beginning					45,543,814
Net position - ending				\$	46,091,744

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE

Balance Sheet
Governmental Funds
June 30, 2024

	General	Sewer User Fund	School Projects Capital Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 17,549,233	-	-	1,426,645	18,975,878
Investments	-	-	-	1,316,788	1,316,788
Receivables:					
Accounts	603	-	-	7,066	7,669
Due from other governments	107,064	-	-	411,000	518,064
Ambulance receivables, net of allowance of \$32,146	59,484	-	-	-	59,484
Taxes and liens receivable	541,821	-	-	-	541,821
Sewer fees	-	396,385	-	-	396,385
Leases	154,792	-	-	-	154,792
Amounts held in escrow	177,159	-	-	-	177,159
Amount due from the bond bank	-	-	272,986	-	272,986
Prepaid expenditures	108,400	-	-	-	108,400
Inventory	-	-	-	179,958	179,958
Interfund loans receivable	-	1,273,695	-	2,959,955	4,233,650
Total assets	18,698,556	1,670,080	272,986	6,301,412	26,943,034
LIABILITIES					
Accounts payable and other current liabilities	1,091,775	-	-	379,202	1,470,977
Accrued payroll and benefits	3,591,846	936	-	33,561	3,626,343
Taxes collected in advance	61,983	-	-	-	61,983
Unearned revenue	453,221	-	-	7,232	460,453
Bond anticipation note	1,900,000	-	-	-	1,900,000
Interfund loans payable	2,823,145	-	935,789	462,388	4,221,322
Total liabilities	9,921,970	936	935,789	882,383	11,741,078
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	231,700	-	-	-	231,700
Deferred inflows related to leases	150,699	-	-	-	150,699
Total deferred inflows of resources	382,399	-	-	-	382,399
FUND BALANCES (DEFICITS)					
Nonspendable	108,400	-	-	150,348	258,748
Restricted	3,636,950	-	-	957,954	4,594,904
Committed	-	1,669,144	-	3,389,950	5,059,094
Assigned	1,546,555	-	-	945,486	2,492,041
Unassigned	3,102,282	-	(662,803)	(24,709)	2,414,770
Total fund balances (deficits)	8,394,187	1,669,144	(662,803)	5,419,029	14,819,557
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 18,698,556	1,670,080	272,986	6,301,412	

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.	47,417,830
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenues in the funds.	
Unavailable taxes	231,700
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:	
Compensated absences payable	(2,504,986)
Accrued interest	(48,291)
Other postemployment benefits liability and related deferred inflows and outflows of resources	(5,093,483)
Net pension liability and related deferred inflows and outflows of resources	(140,949)
Finance purchase and technology agreements	(1,915,443)
Premium on bonds payable	(343,208)
Bonds and notes payable	(6,330,983)
Net position of governmental activities	\$ 46,091,744

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General	Sewer User Fund	School Projects Capital Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 42,819,302	-	-	-	42,819,302
Licenses and permits	302,297	-	-	-	302,297
Intergovernmental	8,213,508	-	-	2,112,334	10,325,842
Rental and fees income	-	-	-	454,752	454,752
Charges for services	2,903,683	2,315,457	-	1,065,616	6,284,756
Local grants and contributions	-	-	-	727,995	727,995
Other	334,212	-	-	1,600	335,812
Investment income (loss)	531,401	-	-	216,545	747,946
Total revenues	55,104,403	2,315,457	-	4,578,842	61,998,702
Expenditures:					
Current:					
General government	4,219,152	-	-	1,193,267	5,412,419
Public safety	4,087,392	-	-	16,521	4,103,913
Public works	2,765,893	-	-	-	2,765,893
Facilities	1,262,906	-	-	168,070	1,430,976
Culture and parks	1,720,221	-	-	647,291	2,367,512
Library	655,881	-	-	149,694	805,575
Human services	199,216	-	-	9,248	208,464
Education	36,201,182	-	-	1,381,093	37,582,275
Intergovernmental assessments	1,976,937	-	-	-	1,976,937
School lunch	-	-	-	1,017,325	1,017,325
Sewer	-	2,410,079	-	-	2,410,079
Capital outlay	101,525	-	329,497	1,826,171	2,257,193
Debt service:					
Principal	968,040	198,620	-	67,932	1,234,592
Interest	315,286	10,488	-	-	325,774
Total expenditures	54,473,631	2,619,187	329,497	6,476,612	63,898,927
Excess (deficiency) of revenues over (under) expenditures	630,772	(303,730)	(329,497)	(1,897,770)	(1,900,225)
Other financing sources (uses):					
Proceeds from financed purchases and agreements	101,525	-	292,000	145,558	539,083
Transfers from other funds	226,015	-	-	1,619,993	1,846,008
Transfers to other funds	(1,619,993)	(80,989)	-	(145,026)	(1,846,008)
Total other financing sources (uses)	(1,292,453)	(80,989)	292,000	1,620,525	539,083
Net change in fund balances	(661,681)	(384,719)	(37,497)	(277,245)	(1,361,142)
Fund balances (deficits), beginning of year	9,055,868	2,053,863	(625,306)	5,696,274	16,180,699
Fund balances (deficits), end of year	\$ 8,394,187	1,669,144	(662,803)	5,419,029	14,819,557

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds (from Statement 4)	\$	(1,361,142)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

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

These are the changes in capital asset-related amounts:

Capital outlays	3,337,172	
Depreciation and amortization	(3,324,904)	
Book value of disposed assets	(1,208)	11,060

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.

125,400

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

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

Accrued interest	9,362	
Accrued compensated absences	(103,885)	
Net pension liability, including related deferred inflows and outflows	70,001	
OPEB liability, including related deferred inflows and outflows	(108,624)	(133,146)

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

Principal payments on bonds and notes	1,274,396	
Amortization of premium on bonds	60,791	1,335,187

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

These are the changes in financed purchases, technology agreements, and related amounts:

Proceeds from financed purchase issuances and technology agreements	(539,083)	
Principal payments on financed purchase and technology agreements	1,109,654	570,571

Change in net position of governmental activities (see Statement 2)	\$	547,930
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See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

		Private- purpose Trust Funds (School - Scholarships)
ASSETS		
Cash and cash equivalents	\$	98,600
Total assets		98,600
LIABILITIES		
Due to the General Fund		12,328
Total liabilities		12,328
NET POSITION		
Held in trust	\$	86,272

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	Private- purpose Trust Funds (Scholarships)
Additions:	
Donations	\$ 12,500
Interest earned	4,896
Total additions	17,396
Deductions:	
School scholarships	20,550
Total deductions	20,550
Change in fiduciary net position	(3,154)
Net position, beginning of year	89,426
Net position, end of year	\$ 86,272

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

The Town reports the following major governmental fund:

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

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

The School Projects Capital Fund accounts for bond, note, and financed purchase proceeds, as well as other sources, used to fund School Department capital projects and asset acquisitions, and the related expenditures.

Additionally, the Town reports the following fund type:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund types:

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

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

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

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

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

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

Subscription-based Information Technology Arrangements - the Town is engaged in a noncancellable subscription for access to cloud-based finance software and data storage. The Town recognizes a subscription liability and an intangible right-to-use asset (subscription asset) in the government-wide financial statements. The Town recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

At the commencement of a subscription, the Town initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line bases over its useful life.

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

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, etc.), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of one year. Assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for subscription based technology, the measurement of which is discussed in the note above). Donated capital assets are recorded at estimated acquisition cost at the date of donation. The following are the Town's thresholds for capitalization of assets:

Land and improvements	\$ 25,000
Buildings and improvements	50,000
Furniture/equipment/vehicles	5,000
Infrastructure	150,000
Subscription based technology	term of agreement

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the government are depreciated/amortized using the straight-line method over the assets' estimated useful lives ranging from three to 60 years.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Other postemployment benefits (OPEB) - For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The five classifications of fund balance for the Governmental Funds are as follows:

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

The Town Council has the responsibility for committing fund balance amounts by vote and likewise would be required to modify or rescind those commitments by a similar vote. The voters have authority to commit school department fund balances as part of the budget process. For assigned fund balance amounts, the Town Manager has the authority to assign unspent budgeted amounts to specific purposes in the General Fund at year-end. The Town Council approves the assigned amounts either before or after year-end.

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

The Town's net investment in capital assets was calculated as follows at June 30, 2024:

Capital assets	\$ 97,774,350
Accumulated depreciation/amortization	(50,356,520)
General obligation bonds	(4,755,000)
Premium on bonds	(343,208)
Notes from direct borrowings	(1,575,983)
Subscription-based technology liability	(317,750)
Financed purchases	(1,597,693)
Unspent debt proceeds	<u>177,159</u>
<u>Net investment in capital assets</u>	<u>\$ 39,005,355</u>

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

Budgets are adopted for the General Fund and several of the special revenue funds, and are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for encumbrances and Maine Public Employees Retirement on-behalf payments. Maine Public Employees Retirement contributions are made by the State of Maine on behalf of the Cape Elizabeth School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under accounting principles generally accepted in the United States of America of \$3,033,067. These amounts have been included as intergovernmental revenue and education expenditures in the General Fund on Statement 4 (GAAP basis) and on the statement of activities. There is no effect on the fund balance or net position at the end of the year.

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

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

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

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

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

Deficit Fund Balances

At June 30, 2024 the following funds had a deficit fund balances:

School projects capital fund	\$ 662,803
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Nonmajor Special Revenue Funds:

School Grants and Other Programs:

Title IIA Supporting Effective Inst.	\$ 5,546
Covid – Literacy grant	399
Covid – PreK grant	77
Athletic equipment	700
Robotics club	388
Other grants and donations	9,662
Catholic charities	76
C.E. education foundation	2,205
School gate receipts	2,548
Flow through grant	3,108

These fund deficits will be covered by future revenue sources or transfers from the General Fund.

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

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does have a deposit policy for custodial credit risk that requires that the FDIC insure the deposit of funds in institutions. Any funds deposited above the \$250,000 insurance limit must be collateralized by the financial institution, or the excess funds be placed with other financial institutions. As of June 30, 2024, the Town had bank balances of \$19,965,970, none of which was exposed to custodial credit risk as it was covered by FDIC or other collateral.

B. Investments

Interest Rate Risk: The Town, in accordance with its investment policy, strives to maximize its return on investments while avoiding assuming unreasonable investment risks.

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

The Town has the following recurring fair value measurements as of June 30, 2024:

Mutual funds and exchange-traded funds (ETFs) of \$1,316,788 are valued using quoted prices (Level 1 input). In addition, mutual funds and ETFs are not considered securities and therefore, are exempt from credit risk disclosures.

PROPERTY TAXES

Property taxes for the current year were committed on September 19, 2023 on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 50% of assumed market value.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$493,102 for the year ended June 30, 2024.

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

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

PROPERTY TAXES, CONTINUED

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

The following summarizes the 2024 and 2023 tax levy:

	<u>2024</u>	<u>2023</u>
Assessed valuation	\$ 1,804,429,700	1,778,360,500
<u>Tax rate (per \$1,000)</u>	<u>22.34</u>	<u>21.15</u>
Commitment	40,310,959	37,612,325
<u>Supplemental taxes assessed</u>	<u>34,321</u>	<u>3,608</u>
Total tax levy	40,345,280	37,615,933
<u>Less: Collections and abatements</u>	<u>39,850,159</u>	<u>37,367,192</u>
 <u>Current year receivables at June 30</u>	 <u>\$ 495,121</u>	 <u>248,741</u>
 Due date(s)	 10/23/2024	 10/15/2022
	4/16/2024	4/15/2023
Interest rate on delinquent taxes	8.00%	4.00%
Collection rate	98.77%	99.34%

LEASE RECEIVABLES

The Town of Cape Elizabeth has a land lease with the Portland Water District to provide land access. The lease has a remaining term of thirty three years and the Town will receive payments of \$4,000 annually until 2025, increasing 2% each year after that. The Town recognized \$784 in lease revenue and \$3,216 in interest during the current year related to this lease.

The Town also has four leases for office space in town-owned buildings. Two of the leases expired in the current year and are now treated on a month-to-month basis. The remaining two leases have remaining terms of one and three years and the Town will receive varying monthly payments. The Town recognized \$35,337 in lease revenue and \$2,292 in interest during the current year related to these leases.

As of June 30, 2024, the Town's receivable for lease payments was \$154,792. Also, the Town has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was \$150,699.

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

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,460,331	-	-	1,460,331
Construction in progress	2,469,969	2,401,340	2,779,244	2,092,065
Total capital assets, not being depreciated	3,930,300	2,401,340	2,779,244	3,552,396
Capital assets, being depreciated/amortized:				
Subscription based technology	636,253	101,525	-	737,778
Artwork	10,000	-	-	10,000
Land improvements	3,772,150	117,710	-	3,889,860
Buildings and building improvements	49,883,042	1,251,522	-	51,134,564
Furniture and equipment	5,364,930	1,140,338	325,504	6,179,764
Vehicles	7,251,587	123,000	104,439	7,270,148
Infrastructure	24,018,859	980,981	-	24,999,840
Total capital assets being depreciated:	90,936,821	3,715,076	429,943	94,221,954
Less accumulated depreciation/amortization for:				
Subscription based technology	212,084	243,152	-	455,236
Artwork	3,250	500	-	3,750
Land improvements	1,325,346	317,891	-	1,643,237
Buildings and building improvements	28,810,540	1,260,988	-	30,071,528
Furniture and equipment	2,379,058	735,463	325,503	2,789,018
Vehicles	4,003,612	380,388	103,232	4,280,768
Infrastructure	10,726,461	386,522	-	11,112,983
Total accumulated depreciation	47,460,351	3,324,904	428,735	50,356,520
Total capital assets being depreciated, net	43,476,470	390,172	1,208	43,865,434
Governmental activities capital assets, net	\$ 47,406,770	2,791,512	2,780,452	47,417,830

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

Governmental activities:

General government, including amortization of subscription based technology	\$ 259,852
Public safety	396,723
Public works, including depreciation of general infrastructure assets	848,995
Facilities	51,262
Education	1,373,614
Library	257,503
Cultural and parks	136,955

Total depreciation/amortization expense – governmental activities **\$ 3,324,904**

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

INTERFUND BALANCES

Individual interfund receivable, payable, and transfer balances at June 30, 2024 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	2,823,145
Sewer Fund	1,273,695	-
School Projects Capital Fund	-	935,789
Nonmajor Special Revenue Funds:		
School grants and other programs	-	253,031
School lunch program	-	45,116
Town grants and programs	155,136	-
Portland Head light	625,821	-
Riverside perpetual care	10,748	-
Library fund	-	101,989
Asset forfeiture	98,641	-
Fire department scholarships	-	2,040
Public safety funds	2,005	-
PD donations	3,528	-
Thomas Jordan	-	60,212
Total nonmajor special revenue funds	895,879	462,388
Nonmajor Capital Project Funds:		
Town projects	787,507	-
Riverside cemetery capital improvements	30,213	-
Tax increment financing	225,619	-
Land acquisition	161,277	-
Infrastructure improvement	173,307	-
Turf field	107,970	-
Fort Williams park	578,183	-
Total nonmajor capital project funds	2,064,076	-
Fiduciary Funds:		
School scholarships	-	12,328
Total fiduciary funds	-	12,328
Total	\$ 2,959,955	2,959,955

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

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

INTERFUND TRANSFERS

During FY 2024, the Town reported the following interfund transfers:

	General Fund	Sewer User Fund	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
\$	226,015	(80,989)	(55,676)	(89,350)	-
	(1,619,993)	-	37,883	1,582,110	-
\$	(1,393,978)	(80,989)	(17,793)	1,492,760	-

In the current year, the Town transferred to the capital projects funds amounts that were budgeted to be spent on specific projects. Other funds transferred amounts to the General Fund to cover shared administrative costs. In addition, the School Department General Fund transferred funds to cover grant deficits that would not be reimbursed by future grant revenues.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2024 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 5,655,000	-	900,000	4,755,000	745,000
Premium	403,999	-	60,791	343,208	60,791
Notes from direct borrowings* (1)	1,950,379	-	374,396	1,575,983	428,963
Subscription liability	428,679	101,525	212,454	317,750	252,888
Financed purchases*	2,057,335	437,558	897,200	1,597,693	737,961
Net pension liability	793,343	161,246	-	954,589	-
Other postemployment benefits	5,123,063	111,658	-	5,234,721	-
Accrued compensated absences	2,401,101	103,885	-	2,504,986	-
Governmental activity					
long-term liabilities	\$ 18,812,899	915,872	2,444,841	17,283,930	2,225,603

*Both notes and financed purchases are considered direct borrowings.

(1) Of this issuance, \$1,161,082 was received in total proceeds, but \$348,325 was forgiven by the State on issuance and \$812,757 was due to be paid back.

STATUTORY DEBT LIMIT

In accordance with Maine law, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2024, the Town complied with these limitations.

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

LONG-TERM DEBT

Long-term debt payable at June 30, 2024 is comprised of the following:

	<u>Amount of Original issue</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
General obligation bonds:				
2014 Refunding bond	\$ 4,190,000	2.00%-4.00%	2025	220,000
2015 General obligation bond	5,450,000	3.00%-3.25%	2035	2,975,000
2016 General obligation bond	2,100,000	3.00%-4.00%	2037	1,120,000
2020 Refunding bond	880,000	5.00%	2028	440,000
Total				\$ 4,755,000

Notes from direct borrowings:

2006 Clean water revolving fund	\$ 3,510,000	1.73%	2026	407,608
2006 Roadway/drainage note	1,890,000	1.90 – 5.50%	2027	283,500
2021 School revolving renovation fund	390,429 (1)	0.00%	2026	153,394
2022 School revolving renovation fund	1,161,082 (2)	0.00%	2033	731,481
Total				\$ 1,575,983

(1) Of the 2021 School revolving renovation fund note principal, \$117,129 was forgiven on issuance.

(2) Of the 2022 School revolving renovation fund note principal, \$348,325 was forgiven on issuance.

	<u>Amount of Original issue</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
Financed purchases:				
2020 Tool carrier	\$ 1,035,000	1.29%	2025	209,647
2022 Equipment	1,109,000	0.00%	2026	446,493
2023 Photocopiers	155,000	3.95%	2027	93,178
2023 Computers and technology	175,063	0.00%	2025	46,680
2023 Equipment, vehicle and improvement	721,000 (3)	4.39%	2027	432,069
2024 LED Lighting	292,000	4.56%	2029	292,000
2024 Computers and technology	145,558	0.00%	2026	77,626
Total				\$ 1,597,693

(3) Of the 2023 equipment financed purchase agreement, \$177,159 was held in escrow as of June 30, 2024 as it had not yet been drawn down.

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

LONG-TERM DEBT, CONTINUED

The annual requirements to amortize all debt outstanding at June 30, 2024 are as follows. Such amounts exclude overlapping debt requirements, but include School debt requirements to be reimbursed by the State of Maine.

	<u>Bonds payable</u>		<u>Notes from direct borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 745,000	156,025	428,963	13,170
2026	520,000	126,525	432,459	6,084
2027	520,000	108,725	226,907	178
2028	450,000	91,975	81,276	-
2029	340,000	76,275	81,276	-
2030-2034	1,700,000	228,155	325,102	-
2035-2037	480,000	18,908	-	-
Totals	\$ 4,755,000	806,588	1,575,983	19,432

	<u>Financed purchases</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 737,961	44,655
2026	494,266	29,305
2027	240,805	16,210
2028	60,942	5,685
2029	63,719	2,906
Totals	\$ 1,597,693	98,761

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

The State of Maine currently reimburses the Town for a portion of financing costs of school building and school bus purchases. Continuation of such reimbursements is dependent upon continued appropriations by the State Legislature

In prior years, the Town defeased school renovation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2024, \$235,000 of defeased bonds remain outstanding.

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

SHORT-TERM DEBT

In FY 2024, the Town paid off the outstanding bond anticipation note from FY 2023 and issued a new bond anticipation note of \$1,900,000. The FY 2024 bond anticipation note will mature on January 18, 2025. Current year activity for the bond anticipation notes is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
2023 bond anticipation note	\$ 950,000	-	950,000	-
2024 bond anticipation note	-	1,900,000	-	1,900,000
<u>Bond Anticipation Notes</u>	<u>\$ 950,000</u>	<u>1,900,000</u>	<u>950,000</u>	<u>1,900,000</u>

SUBSCRIPTIONS

On July 1, 2022, the Town entered into a subscription agreement for cloud based software and data storage, expiring in June 2025. As of June 30, 2024, the value of the subscription liability was \$219,046. The annual payments over the term of the subscription are \$225,125. The value of the right-to-use asset as of the end of the current fiscal year was \$636,253 and had accumulated amortization of \$424,168.

In June 2024, the School entered into subscription agreements for cloud based software for Literacy and Math programs, expiring in June 2027. As of June 30, 2024, the value of the subscription liability was \$98,704. The value of the right-to-use assets as of the end of the current fiscal year was \$101,525 and had accumulated amortization of \$33,842.

The future principal and interest payments as of June 30, 2024 were as follows:

		<u>Subscription Payable</u>		<u>Total</u>
		<u>Principal</u>	<u>Interest</u>	
2025	\$	252,888	6,079	258,967
2026		33,842	-	33,842
2027		31,020	-	31,020
Totals	\$	317,750	6,079	323,829

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

Cumberland County - The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's state valuation to the County's state valuation. At June 30, 2024, the Town's share is \$1,367,832 (4.58%) of Cumberland County's outstanding debt of \$29,875,601.

Portland Water District - The Town is served by the Wastewater Division of the Portland Water District (PWD), a wholly separate quasi-municipal entity whose operations are not part of the Town, for treatment of its wastewater. The Town owns and maintains the collector sewer lines and is responsible for the cost of their maintenance, improvements, and expansion. The PWD owns and operates a sewer interceptor system, all pumping stations within the Town and a treatment plant in the Town for sewage delivered to the plant by the Town, for which the Town pays a monthly fee.

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

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

The Town is responsible for the entire debt service required to finance the PWD's treatment plant at the Spurwink Avenue Treatment Plant (Wastewater Fund Debt). All Town users of the wastewater system pay monthly fees, based upon water volume, to support expenditures from the Sewer Fund, which are paid for these services. At June 30, 2024, the Town was responsible for \$3,947,100 of its portion of PWD's Wastewater Fund Debt (or 6.45% of PWD's \$61,217,563 total Wastewater Fund Debt).

The Water Division of the PWD also provides water to the inhabitants of ten cities and towns within the Greater Portland Area (PWD Municipalities), including the Town. The Water Division's debt is not a debt or obligation of the Town. However, under Title 35-A, Section 6103 of the Maine Revised Statutes, as amended (Act), and pursuant to an agreement with nine of the ten PWD municipalities, the exception being the Town of Standish (Section 6103 Members), in compliance with subsection 6 of the Act, the PWD possesses authority for taxation in the event of default in the payment of the indebtedness of the PWD incurred for water purposes (Water Fund Debt).

In the event of a default by PWD in the payment of the principal of, in interest on, its Water Fund Debt, the Trustees of the PWD have the authority to issue a warrant for payment of amounts necessary to cure the default to the assessors in each section 6103 Member municipality within the PWD, including the Town.

Such assessment is allocated pro-rata, to each Section 6103 Member municipality based upon 100% of its respective equalized State Valuation. On this basis, at June 30, 2024, the Town was contingently responsible for approximately 7.41%, or \$4,849,944 of the PWD's \$65,451,334 Water Fund Debt.

ecomaine - ecomaine is a solid waste management corporation serving 40 municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and operates an extensive recycling program.

The Town is a member community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore; has not reported an asset in these financial statements in connection with its participation in ecomaine.

Selected balance sheet information for ecomaine for the year ended June 30, 2024 based on the most recent information available, includes total assets of \$93,469,373, total liabilities of \$46,715,800, deferred inflows of \$1,313,585, and unrestricted net position of \$12,289,312. The liabilities include an accrual for landfill closure and post closure care amounting to \$18,497,670. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date. The separate audited financial statements of ecomaine may be obtained from the Town's finance office.

POSTCLOSURE CARE COSTS

Under existing state law, Maine communities have to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town closed its existing landfill during 1998 and the transfer station was modified to handle and transport future materials. The Town has estimated that there will be no significant post closure care costs.

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

FUND BALANCES

At June 30, 2024, portions of the Governmental Funds fund balances were unassigned, assigned, committed or restricted for future periods or classified as nonspendable for specific amounts as follows:

	General <u>Fund</u>	Sewer User <u>Fund</u>	School Projects Capital <u>Fund</u>	Other Governmental <u>Funds</u>
Nonspendable:				
Prepaid expenditures	\$ 108,400	-	-	-
Inventory	-	-	-	150,348
Total nonspendable	108,400	-	-	150,348
Restricted:				
Education	3,636,950	-	-	245,007
Town grants and programs	-	-	-	161,923
Library	-	-	-	200,539
Public safety	-	-	-	124,866
Tax increment financing	-	-	-	225,619
Total restricted	3,636,950	-	-	957,954
Committed:				
Sewer operations	-	1,669,144	-	-
School grants and programs	-	-	-	756
Portland Head Light operations	-	-	-	567,352
Riverside perpetual cemetery care	-	-	-	524,530
Public safety funds	-	-	-	17,685
Thomas Jordan benevolence	-	-	-	1,367,036
Town projects	-	-	-	643,344
Future land acquisition	-	-	-	161,277
Turf field replacement	-	-	-	107,970
Total committed	-	1,669,144	-	3,389,950
Assigned:				
Budgeted use of fund balance	902,400	-	-	-
Subsequent year expenditures	644,155	-	-	-
Capital improvements	-	-	-	945,486
Total assigned	1,546,555	-	-	945,486
Total unassigned	\$ 3,102,282	-	(662,803)	(24,709)

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

TAX INCREMENT FINANCING DISTRICT

Under Maine law, the Town has established a Tax Increment Financing District (TIF) to finance improvements within the Town of Cape Elizabeth. The District specifically encompasses the Town center and surrounding areas. The purpose of the District is to fund certain improvements to the Town center, including improved sidewalk connections, a study and plan for storm water improvements, open space, improved visual appeal, and infrastructure improvements. TIF improvements are to be funded through a combination of funds previously set aside for infrastructure improvements, grants, and the incremental value multiplied by the tax rate.

The incremental value is defined as the increase of the current valuation over the original assessed value. For the year ended June 30, 2024, taxes raised were \$142,123.

	Original Assessed <u>Value</u>	Current Assessed <u>Value</u>	Captured <u>Value</u>	Captured <u>Tax</u>
TIF District I	\$ 11,225,200	17,587,000	6,361,800	142,123

NET PENSION LIABILITIES

The Town contributes to three defined benefit pension plans through the Maine Public Employees Retirement System: (1) the Consolidated Plan for Participating Local Districts (PLD Plan), the State Employee and Teacher Plan (SET Plan) and a withdrawn Participating Local District (withdrawn PLD Plan). As of the year ended June 30, 2024, the Town had the following balances reported in the government-wide financial statements:

	Total Net Pension <u>Liability</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Pension (Gain) <u>Expense</u>
Consolidated PLD Plan	\$ 468,144	229,514	98,192	183,313
Consolidated SET Plan	59,760	776,863	99,608	3,087,343
Withdrawn PLD Plan	426,685	77,280	72,217	157,070
Total	\$ 954,589	1,083,657	270,017	3,427,726

NET PENSION LIABILITY – CONSOLIDATED PLANS

General Information about the Pension Plans

Plan Descriptions - The Town's police officers and sergeants are provided a pension through the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan). In addition, teaching-certified employees of the Town are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan). Both plans are cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS).

New employees not eligible to participate in the Maine Public Employees Retirement System participate in the Town's ICMA Plan.

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

NET PENSION LIABILITY— CONSOLIDATED PLANS, CONTINUED

Benefits Provided - The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SET members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Consolidated PLD Plan - Employees are required to contribute 9.30% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2024 was 12.80% of annual pay for the Special Plan 3C. Contributions to the pension plan from the Town were \$142,602 for the year ended June 30, 2024.

SET Plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2024, was 18.98% of annual payroll of which 4.47% of payroll was required from the Town and 14.51% was required from the State. Contributions to the pension plan from the Town were \$771,967 for the year ended June 30, 2024.

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

The net pension liabilities were measured as of June 30, 2023, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities for the consolidated PLD and SET plans were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

Consolidated PLD Plan - At June 30, 2024, the Town reported a liability of \$468,144 for its proportionate share of the net pension liability. At June 30, 2023, the Town's proportion of the PLD Plan asset was 0.1467%.

SET Plan - At June 30, 2024, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

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

NET PENSION LIABILITY – CONSOLIDATED PLANS, CONTINUED

Town's proportionate share of the net pension liability	\$ 59,760
State's proportionate share of the net pension liability associated with the Town	16,386,830
Total	\$ 16,446,590

At June 30, 2023, the Town's proportion of the SET Plan was 0.0039%.

For the year ended June 30, 2024, the Town recognized pension expense of \$183,313 for the Consolidated PLD Plan, and also pension expense of \$3,087,343 for the SET Plan and revenue of \$2,505,878 for support provided by the State for the SET Plan.

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the Consolidated PLD and SET pension plans from the following sources:

	<u>PLD Plan</u>		<u>SET Plan</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 86,912	-	4,896	-
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	79,441	-	5,544
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	18,751	-	94,064
Town contributions subsequent to the measurement date	142,602	-	771,967	-
Total	\$ 229,514	98,192	776,863	99,608

The amounts of \$142,602 and \$771,967 are reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2025.

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

<u>Year ended June 30:</u>	<u>PLD Plan</u>	<u>SET Plan</u>
2025	\$(16,186)	(45,692)
2026	(79,364)	(48,034)
2027	80,575	(1,266)
2028	3,695	280

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

NET PENSION LIABILITY (ASSET) – CONSOLIDATED PLANS, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US government	10.0%	2.6%
Private equity	12.5%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	5.0%	3.2%
Alternative credit	10.0%	7.4%
Diversifiers	7.5%	5.0%

Discount Rate - The discount rate used to measure the total pension liability was 6.50% for the Consolidated PLD Plan and the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

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

NET PENSION LIABILITY – CONSOLIDATED PLANS, CONTINUED

Sensitivity of the Town's proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.50% for the PLD Plan and the SET Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

<u>Consolidated PLD Plan</u>	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 1,282,750	468,144	(203,839)
<u>SET Plan</u>	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Town's proportionate share of the net pension liability	\$ 117,502	59,760	11,693

Pension Plan Fiduciary Net Position - Detailed information about the Consolidated PLD and SET pension plans' fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2024.

NET PENSION LIABILITY – WITHDRAWN PLD

General Information about the Pension Plan

Plan Description - All Town employees who were previously in the Town's District Group (prior to the Town opting out of the Maine Public Employees Retirement System) are eligible to participate in the system as part of a withdrawn Participating Local District, a single employer agent defined benefit pension plan. Benefit terms are established in Maine statute. MEPERS issues a publicly available financial report that can be obtained at www.maineopers.org for the PLD and SET plans.

Benefits Provided - The withdrawn PLD Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Employees are eligible for normal retirement upon attaining age 60 with ten or more years of service or after completing 25 or more years of creditable service prior to age 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement.

This plan is not available to any non-participating current employees or new hires. Vested participants are entitled to a retirement benefit equal to a fraction (2%) of the average final compensation multiplied by the years of membership service (discounted for early retirement).

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

NET PENSION LIABILITY – WITHDRAWN PLD, CONTINUED

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Retired employees	<u>31</u>
Total employees	<u>31</u>

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Withdrawn Plan - Employees are required to contribute 6.50% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2024 was 0% of annual pay for the Withdrawn PLD. The amounts paid include "catch up" amounts to fully fund the IUUAL. Contributions to the pension plan from the Town were \$77,280 for the year ended June 30, 2024.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date.

Changes in the Withdrawn PLD net pension liability are as follows:

	Total	<u>Increase (Decrease)</u>	
	Pension	Plan	Net
	<u>Liability</u>	<u>Fiduciary</u>	<u>Pension</u>
		<u>Net Position</u>	<u>Liability</u>
Balance at June 30, 2023	\$ 4,748,585	4,460,654	287,931
Changes for the year:			
Service cost	-	-	-
Interest	291,256	-	291,256
Change in benefit terms	46,384	-	46,384
Differences between expected and actual experience	145,182	-	145,182
Changes in assumptions	-	-	-
Contributions – employer	-	95,112	(95,112)
Contributions – employee	-	-	-
Net investment income	-	252,619	(252,619)
Benefit payments, including refunds of employee contributions	(544,023)	(544,023)	-
Administrative expense	-	(3,663)	3,663
Net changes	(61,201)	(199,955)	138,754
Balance at June 30, 2024	<u>\$4,687,384</u>	<u>4,260,699</u>	<u>426,685</u>

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

NET PENSION LIABILITY – WITHDRAWN PLD, CONTINUED

For the year ended June 30, 2024, the Town recognized pension expense of \$157,070 for the withdrawn PLD.

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the withdrawn PLD pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	72,217
Town contributions subsequent to the measurement date	77,280	-
Total	\$ 77,280	72,217

An amount of \$77,280 is reported as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

<u>Year ended June 30:</u>	
2025	\$ 18,054
2026	18,054
2027	18,054
2028	18,055

Actuarial Assumptions - The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases, per year	N/A
Investment return, per annum, compounded annually	6.50%
Cost of living benefit increases, per annum	2.20%

Mortality rates were based on the 2010 PUB General Mortality projected generationally using RPEC_2020 model with ultimate rate of 1.0% at 2027.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

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

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

NET PENSION LIABILITY – WITHDRAWN PLD, CONTINUED

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US government	10.0%	2.3%
Private equity	12.5%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	5.0%	3.2%
Alternative credit	10.0%	7.4%
Diversifiers	7.5%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.50% for the withdrawn PLD. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the Town's proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50% the withdrawn PLD, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Net pension liability (asset)	\$892,538	426,685	(1,825)

Payables to the Pension Plan - None as of June 30, 2024.

OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITIES

The Town contributes to four defined benefit OPEB plans through the Maine Municipal Employee Health Trust (Town Health Plan), the Maine Education Association Benefits Trust (School Health Plan), and the Maine Public Employees Retirement System Group Term Life Participating Local District (Consolidated PLD GTL) and Police Participating Local District (Police PLD). In addition, the State of Maine contributes to the Maine Public Employees Retirement System Group Term Life Plan on behalf of the School Department for teachers. The amounts for the School Department group term life OPEB are omitted from the summary as the liability and deferred inflows and outflows are 100% State amounts and the Town's proportionate share is 0%.

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

OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITIES, CONTINUED

As of the year ended June 30, 2024, the Town had the following balances reported in the government-wide financial statements:

		<u>OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB (Gain) Expense</u>
Town Health Plan	\$	1,074,782	76,924	58,067	42,183
School Health Plan		4,012,772	539,252	400,902	267,345
Consolidated PLD GTL		133,112	18,606	30,791	1,661
Police PLD GTL		14,055	1,965	5,749	1,693
Total	\$	5,234,721	636,747	495,509	312,882

OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE, TOWN

General Information about the OPEB Plan

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

Benefits Provided - The MMEHT Health Plan provides healthcare and life insurance benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Employees Covered by Benefit Terms – At June 30, 2024, the following employees were covered by the MMEHT Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employee entitled to but not yet receiving benefits	-
<u>Active employees</u>	<u>64</u>
Total	68

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

The MMEHT Health Plan total OPEB liability of \$1,074,782 was measured as of January 1, 2024, and was determined by an actuarial valuation performed as of that date.

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

OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE, TOWN, CONTINUED

Changes in the Total Health Plan OPEB Liability

	Total OPEB <u>Liability</u>
Balance at June 30, 2023	\$ 932,927
Changes for the year:	
Service cost	36,264
Interest	35,597
Changes of benefit terms	-
Differences between expected and actual experience	(99,164)
Changes in assumptions or other inputs	193,973
Benefit payments	<u>(24,815)</u>
Net changes	<u>141,855</u>

Balance at June 30, 2024 **\$ 1,074,782**

Change in assumptions reflects a change in the discount rate from 3.72% to 3.26% as well as the change in ultimate medical trends to align them with the higher inflation environment.

For the year ended June 30, 2024, The Town recognized OPEB expense of \$42,183 related to the MMEHT Health Plan.

At June 30, 2024, The Town reported deferred outflows of resources and deferred inflows of resources related to the MMEHT Health Plan from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	58,067
Changes in assumptions	60,172	-
<u>Contributions subsequent to the measurement date</u>	<u>16,752</u>	<u>-</u>
Total	<u>\$ 76,924</u>	<u>58,067</u>

\$16,752 is reported as deferred outflows of resources related to MMEHT OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Deferred outflows of resources and deferred inflows of resources related to the MMEHT Health Plan will be recognized in OPEB expense as follows:

Year ended June 30:

2025	\$ (27,259)
2026	(14,176)
2027	16,036
2028	8,540
2029	(4,739)
Thereafter	23,703

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

OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE, TOWN, CONTINUED

Actuarial Assumptions – MMEHT Health Plan - The total OPEB liability in the January 1, 2024 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.38% per annum
Salary increases	2.75% per annum
Discount rate	3.26% per annum
Healthcare cost trend rates – Non-Medicare	7.72% for 2024, grading to 3.81% for 2044
Health cost trend rates – Medicare	10.77% for 2024, grading to 3.81% for 2044
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2024 valuation for the Health Plans were based on the results of an actuarial experience study for the period June 30, 2016 through June 30, 2020.

Discount Rate - The rate used to measure the total OPEB liability for the MMEHT Health Plan was 3.26%. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

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

	1% Decrease	Discount Rate	1% Increase
MMEHT Health Plan OPEB (2.26-4.26%)	\$1,237,332	1,074,782	941,047

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

	1% Decrease	Healthcare Cost Rates	1% Increase
MMEHT Health Plan OPEB	\$928,200	1,074,782	1,257,887

OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE, SCHOOL DEPARTMENT

General Information about the OPEB Plans

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

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

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

Benefits Provided - The MEABT Health Plan provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 55% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 45% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

Employees Covered by Benefit Terms – At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	94
Inactive employee entitled to but not yet receiving benefits	-
<u>Active employees</u>	<u>241</u>
<u>Total</u>	<u>335</u>

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

The MEABT Health Plan total OPEB liability of \$4,012,772 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

Changes in the Total OPEB Liability

Balance at June 30, 2023	\$ 4,030,995
Changes for the year:	
Service cost	77,574
Interest	142,406
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(65,121)
Benefit payments	(173,082)
<u>Net changes</u>	<u>(18,223)</u>

<u>Balance at June 30, 2024</u>	<u>\$ 4,012,772</u>
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Change in assumptions reflects a change in the discount rate from 3.54% to 3.65%.

For the year ended June 30, 2024, The Town recognized OPEB expense of \$267,345 related to the MEABT Health Plan.

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

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

At June 30, 2024, The Town reported deferred outflows of resources and deferred inflows of resources related to the MEABT Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 366,118	-
Difference between expected and actual experience	-	400,902
<u>Contributions subsequent to the measurement date</u>	<u>173,134</u>	<u>-</u>
Total	\$ 539,252	400,902

\$173,134 is reported as deferred outflows of resources related to MEABT OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2025	\$ 75,172
2026	39,495
2027	39,493
2028	(87,260)
2029	(92,381)
Thereafter	(9,303)

Actuarial Assumptions - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	2.75% per annum
Discount rate	3.65% per annum
Healthcare cost trend rates - Pre-Medicare	7.77% for 2024 grading to 4.00% in 2043
Healthcare cost trend rates - Medicare	5.62% for 2024 grading to 4.29% in 2043
Retirees' share of the benefit related costs	45% of the blended premium rate with a State subsidy for the remaining 55% of the blended premium rate

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

The actuarial assumptions used in the January 1, 2022 valuation for the Health Plans were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

Discount Rate - The rate used to measure the total OPEB liability for the MEABT Health Plan was 3.65% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

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

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

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

	1% <u>Decrease</u>	Discount <u>Rate</u>	1% <u>Increase</u>
School Health Plan OPEB (2.65% - 4.65%)	\$ 4,666,105	4,012,772	3,485,469

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

	1% Decrease	Healthcare Cost <u>Trend Rates</u>	1% Increase
School Health Plan OPEB	\$3,408,277	4,012,772	4,778,312

OTHER POST EMPLOYMENT BENEFITS – GROUP TERM LIFE INSURANCE

General Information about the OPEB Plans

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

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

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

PLD OPEB Plans - The Town is required to remit a premium of \$0.48 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plans from the Town were \$12,999 for the regular plan and \$1,373 for the police plan for the year ended June 30, 2024. Employees are not required to contribute to the PLD OPEB plan.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the Town were \$65,193 for the year ended June 30, 2024. Employers and employees are not required to contribute to the SET OPEB plan.

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

OTHER POST EMPLOYMENT BENEFITS – GROUP TERM LIFE INSURANCE, CONTINUED

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liabilities for the GTL plans were measured as of June 30, 2023 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liabilities was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan - At June 30, 2024, the Town reported a liability of \$133,112 for its proportionate share of the net OPEB liability. At June 30, 2023 the Town's proportion was 0.9756%.

PLD Police OPEB Plan - At June 30, 2024, the Town reported a liability of \$14,055 for its proportionate share of the net OPEB liability. At June 30, 2023, the Town's proportion was 0.1030%.

SET OPEB Plan - At June 30, 2024, the Town reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the Town was \$475,361 as of June 30, 2024. At June 30, 2023, the Town's proportion was 0.00%.

For the year ended June 30, 2024, The Town recognized OPEB gain of \$1,661 and expense of \$1,693 related to the GTL Consolidated PLD and Consolidated PLD - Police, respectively. For the year ended June 30, 2024, the Town recognized OPEB expense and revenue of \$65,193 for support provided by the State related to the SET OPEB plan. At June 30, 2024, the Town reported no deferred outflows resources nor deferred inflows of resources related to the SET OPEB plan.

At June 30, 2024, The Town reported deferred outflows of resources and deferred inflows of resources related to the GTL Consolidated PLD plan and Consolidated Police PLD Plan from the following sources:

	<u>PLD Plan</u>		<u>Police PLD Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$1,322	-	140	-
Changes of assumptions	-	22,908	-	2,419
Net difference between projected and actual earnings on OPEB plan investments	4,285	-	452	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	7,883	-	3,330
Town contributions subsequent to the measurement date	12,999	-	1,373	-
Total	\$18,606	30,791	1,965	5,749

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

OTHER POST EMPLOYMENT BENEFITS – GROUP TERM LIFE INSURANCE, CONTINUED

The amounts \$12,999 and \$1,373 are reported as deferred outflows of resources related to the Consolidated PLD OPEB plans resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025.

Deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plans will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>PLD Plan</u>	<u>Police PLD Plan</u>
2025	\$(14,854)	(559)
2026	(16,019)	(1,688)
2027	7,307	(450)
2028	(1,307)	(1,360)
2029	(311)	(1,100)

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2023 actuarial valuations for both the PLD and SET OPEB plans was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

The actuarial assumptions used in the June 30, 2023 valuations for both the PLD and SET OPEB plans were based on the results of an actuarial experience study conducted for the period July 1, 2015 to June 30, 2020.

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

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.2%
US Government Securities	2.3%

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

OTHER POST EMPLOYMENT BENEFITS – GROUP TERM LIFE INSURANCE, CONTINUED

Discount Rate - The rate used to measure the net OPEB liability for the PLD OPEB plans and the SET OPEB plan was 6.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the OPEB Liabilities to Changes in the Discount Rates - The following presents the Town's net OPEB liabilities related to the GTL plans calculated using the discount rate, as well as what the Town's OPEB liabilities would be if they were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% <u>Decrease</u>	Discount <u>Rate</u>	1% <u>Increase</u>
GTL Consolidated PLD (5.50% - 7.50%)	\$ 184,625	133,112	91,704
GTL Consolidated PLD – Police (5.50% - 7.50%)	19,494	14,055	9,683

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

RETIREMENT PLANS

Defined Contribution Plan

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

The Town matches the employees' contribution to the plan up to 7% of compensation for the plan year. For the years ended June 30, 2024 and 2023, the Town and School's contributions to the plan totaled \$462,411, and \$399,489, respectively.

Deferred Compensation Plan

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

Other

Additionally, the Town participates in the Social Security Retirement Program. The Town's contribution to Social Security (including Medicare) was \$1,111,661 and \$998,314 for the year ended June 30, 2024 and 2023, respectively.

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

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town carries commercial insurance, either participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in a public entity and self-insured risk pool sponsored by the Maine Municipal Association. In addition, the School Department participates in a public entity risk pool, which is sponsored by the Maine School Management Association (MSMA).

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2024.

SUBSEQUENT EVENTS

In August 2024, the Maine Municipal Bond Bank issued an allonge for the 2022 School Revolving Renovation Fund. As the School Department projects funded by the loan had expenditures that were less than anticipated, the total loan was reduced from \$1,161,082 to \$888,429. In addition, the loan had a portion that was forgiven on issuance of \$348,325 that was reduced to \$266,429. The remaining portion of the loan to be repaid by the Town was also reduced from \$812,757 to \$621,667. The School Department has reported an amount due from the Bond Bank for the balance of the loan, which will be written off in FY 2025 when the related debt is reduced.

TOWN OF CAPE ELIZABETH, MAINE
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2024

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 43,061,960	43,061,960	42,819,302	(242,658)
Licenses and permits	228,425	228,425	302,297	73,872
Intergovernmental	5,309,211	5,309,211	5,180,441	(128,770)
Charges for services	2,664,800	2,664,800	2,903,683	238,883
Other	248,900	248,900	334,212	85,312
Investment income	150,000	150,000	531,401	381,401
Total revenues	51,663,296	51,663,296	52,071,336	408,040
Expenditures:				
Current:				
General government	4,179,904	4,225,262	4,219,152	6,110
Public safety	4,549,718	4,721,718	4,087,392	634,326
Public works	2,923,331	3,027,153	2,765,893	261,260
Facilities	1,235,580	1,235,580	1,262,906	(27,326)
Culture and parks	1,808,890	1,808,890	1,720,221	88,669
Library	690,110	690,110	655,881	34,229
Human services	231,700	231,700	199,216	32,484
Education	34,145,000	34,145,000	33,168,115	976,885
Intergovernmental assessments	1,902,915	1,902,915	1,976,937	(74,022)
Debt service	1,251,524	1,291,524	1,283,326	8,198
Total expenditures	52,918,672	53,279,852	51,339,039	1,940,813
Excess (deficiency) of revenues over (under) expenditures	(1,255,376)	(1,616,556)	732,297	2,348,853
Other financing sources (uses):				
Proceeds from debt	487,500	487,500	-	(487,500)
Transfers from other funds	226,015	226,015	226,015	-
Transfers to other funds	(1,558,139)	(1,558,139)	(1,619,993)	(61,854)
Carryforward balances and subsequent authorizations	-	361,180	-	(361,180)
Utilization of prior year surplus	2,100,000	2,100,000	-	(2,100,000)
Total other financing sources (uses)	1,255,376	1,616,556	(1,393,978)	(3,010,534)
Net change in fund balance	-	-	(661,681)	(661,681)
Fund balance, beginning of year			9,055,868	
Fund balance, end of year	\$		8,394,187	

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Required Supplementary Information

Schedule of Town's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
Last 10 Fiscal Years

		2024	2023	2022	2021	2020	2019	2018	2017	2016
PLD Plan										
Town's proportion of the net pension liability	\$	0.1467%	0.1558%	0.1581%	0.1576%	0.1638%	0.1614%	0.1541%	0.1648%	0.1640%
Town's proportionate share of the net pension liability (asset)		468,144	414,238	(50,800)	626,169	500,824	441,844	631,119	875,619	523,211
Town's covered payroll		936,188	915,327	1,001,398	960,397	954,561	887,359	868,191	868,832	807,643
Town's proportionate share of the net pension liability as a percentage of its covered payroll		50.01%	45.26%	-5.07%	65.20%	52.47%	49.79%	72.69%	100.78%	64.78%
Plan fiduciary net position as a percentage of the total pension liability		92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%
SET Plan										
Town's proportion of the net pension liability		0.0039%	0.0061%	0.0157%	0.0155%	0.0168%	0.0156%	0.0142%	0.0122%	0.0094%
Town's proportionate share of the net pension liability		59,760	91,174	132,516	253,799	245,959	210,392	206,754	215,232	127,262
State's proportionate share of the net pension liability associated with the Town		16,386,830	16,338,424	9,293,184	17,757,054	15,727,770	14,508,885	15,283,420	18,455,085	14,033,346
Total	\$	16,446,590	16,429,598	9,425,700	18,010,853	15,973,729	14,719,277	15,490,174	18,670,317	14,160,608
Town's covered payroll	\$	16,101,023	15,744,857	15,108,404	14,305,002	13,921,211	13,411,866	12,892,814	12,405,910	12,030,288
Town's proportionate share of the net pension liability as a percentage of its covered payroll		0.37%	0.58%	0.88%	1.77%	1.77%	1.57%	1.35%	1.73%	1.06%
Plan fiduciary net position as a percentage of the total pension liability		86.03%	85.79%	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%

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

TOWN OF CAPE ELIZABETH, MAINE
Required Supplementary Information, Continued

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan</u>										
Contractually required contribution	\$ 142,602	134,561	122,654	108,151	101,802	100,229	89,623	79,005	77,326	67,035
Contributions in relation to the contractually required contribution	(142,602)	(134,561)	(122,654)	(108,151)	(101,802)	(100,229)	(89,623)	(79,005)	(77,326)	(67,035)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Town's covered payroll	1,068,946	936,188	915,327	1,001,398	960,397	954,561	887,359	868,191	868,832	807,643
Contributions as a percentage of covered payroll	13.34%	14.37%	13.40%	10.80%	10.60%	10.50%	10.10%	9.10%	8.90%	8.30%
<u>SET Plan</u>										
Contractually required contribution	\$ 771,967	618,279	604,433	628,521	595,088	552,673	532,452	433,199	416,839	318,802
Contributions in relation to the contractually required contribution	(771,967)	(618,279)	(604,433)	(628,521)	(595,088)	(552,673)	(532,452)	(433,199)	(416,839)	(318,802)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Town's covered payroll	17,270,010	16,101,023	15,744,857	15,108,404	14,305,002	13,921,211	13,411,866	12,892,814	12,405,910	12,030,288
Contributions as a percentage of covered payroll	4.47%	3.84%	3.84%	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%
<u>Withdrawn PLD Plan</u>										
Actuarially determined contributions**	\$ 77,280	95,112	220,982	67,920	71,184	92,652	83,508	97,368	123,252	181,236
Contributions in relation to the actuarially required contribution	(77,280)	(95,112)	(220,982)	(67,920)	(71,184)	(92,652)	(83,508)	(97,368)	(123,252)	(181,236)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Town's covered payroll	\$ -	-	-	-	-	-	-	6,181	44,264	104,158
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1575%	278%	174%

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

TOWN OF CAPE ELIZABETH, MAINE
Required Supplementary Information, Continued

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability									
Service cost	\$ -	-	-	-	-	-	4,011	12,145	12,215
Interest	291,256	306,968	320,726	327,293	341,154	369,327	378,925	419,966	446,047
Change in benefit terms	46,384	46,990	-	-	-	-	-	-	-
Differences between expected and actual experience	145,182	(56,559)	57,476	148,241	23,909	(164,758)	69,878	(267,896)	(258,728)
Changes in assumptions	-	-	143,342	-	-	48,418	-	49,534	59,714
Benefit payments including refunds & employee contributions	(544,023)	(534,396)	(565,682)	(579,720)	(561,417)	(579,878)	(596,658)	(582,633)	(552,867)
Net change in total pension Liability	(61,201)	(236,997)	(44,138)	(104,186)	(196,354)	(326,891)	(143,844)	(368,884)	(293,619)
Total pension liability - beginning	4,748,585	4,985,582	5,029,720	5,133,906	5,330,260	5,657,151	5,800,995	6,169,879	6,463,498
Total pension liability - ending (a)	\$ 4,687,384	\$ 4,748,585	4,985,582	5,029,720	5,133,906	5,330,260	5,657,151	5,800,995	6,169,879
Plan Fiduciary Net Position									
Contributions - Employer	95,112	98,328	67,920	71,184	92,652	83,484	97,368	123,168	181,126
Contributions - Employee	-	-	-	-	-	-	402	2,877	6,770
Net investment income	252,619	(22,226)	1,081,418	129,115	303,586	468,472	582,166	10,948	98,648
Benefit payments, including refunds of employee contributions	(544,023)	(534,396)	(565,682)	(579,720)	(561,417)	(579,878)	(596,658)	(582,633)	(552,867)
Administration expense	(3,663)	(3,952)	(3,999)	(4,457)	(4,707)	(4,560)	(577)	(4,473)	(4,912)
Net change in plan fiduciary position	(199,955)	(462,246)	579,657	(383,878)	(169,886)	(32,482)	82,701	(450,113)	(271,235)
Plan fiduciary net position - beginning	\$ 4,460,654	\$ 4,922,900	4,343,243	4,727,121	4,897,007	4,929,489	4,846,788	5,296,901	5,568,136
Plan fiduciary net position - ending (b)	\$ 4,260,699	\$ 4,460,654	4,922,900	4,343,243	4,727,121	4,897,007	4,929,489	4,846,788	5,296,901
Town's net pension liability - ending (a) - (b)	\$ 426,685	\$ 287,931	62,682	686,477	406,785	433,253	727,662	954,207	872,978
Plan fiduciary net position as a percentage of the total pension liability	90.90%	93.94%	98.74%	86.35%	92.08%	91.87%	87.14%	83.55%	85.85%
Covered-employee payroll	-	-	-	-	-	-	-	6,181	44,264
Town's net pension liability as a percent of covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	15438%	1972%

TOWN OF CAPE ELIZABETH, MAINE
Required Supplementary Information, Continued

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

		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability								
Service cost	\$	36,264	42,982	42,911	37,420	31,645	35,515	34,179
Interest		35,597	21,483	19,312	22,175	40,409	35,814	35,047
Changes of benefit terms		-	-	-	-	(18,715)	-	-
Differences between expected and actual experience		(99,164)	-	171,482	-	(242,510)	-	71,685
Changes of assumptions or other inputs		193,973	(116,142)	(78,533)	52,487	31,057	(91,594)	(1,774)
Benefit payments		(24,815)	(30,444)	(16,245)	(15,620)	(32,029)	(30,797)	(22,308)
Net change in total OPEB Liability		141,855	(82,121)	138,927	96,462	(190,143)	(51,062)	116,829
Total OPEB liability - beginning		932,927	1,015,048	876,121	779,659	969,802	1,020,864	904,035
Total OPEB liability - ending	\$	1,074,782	932,927	1,015,048	876,121	779,659	969,802	1,020,864
Covered-employee payroll	\$	4,152,389	3,445,466	3,445,466	3,213,430	3,213,430	2,910,545	2,910,545
Total OPEB liability as a percent of covered-employee payroll		25.88%	27.08%	29.46%	27.26%	24.26%	33.32%	35.07%

*Only seven years of information available.

TOWN OF CAPE ELIZABETH, MAINE
Required Supplementary Information, Continued

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

		2024	2023	(Restated) 2022	2021	2020	2019
Total OPEB Liability							
Service cost	\$	77,574	92,694	92,065	46,578	39,502	42,076
Interest		142,406	98,877	98,892	139,517	143,849	136,774
Changes of benefit terms		-	-	-	(491,129)	-	-
Differences between expected and actual experience		-	(466,014)	-	(158,746)	-	-
Changes of assumptions or other inputs		(65,121)	(115,526)	35,828	1,046,043	214,072	(166,844)
Benefit payments		(173,082)	(127,248)	(121,828)	(155,924)	(114,952)	(110,979)
Net change in total OPEB Liability		(18,223)	(517,217)	104,957	426,339	282,471	(98,973)
Total OPEB liability - beginning		4,030,995	4,548,212	4,443,255	4,016,916	3,734,445	3,833,418
Total OPEB liability - ending	\$	4,012,772	4,030,995	4,548,212	4,443,255	4,016,916	3,734,445
Covered-employee payroll	\$	11,640,824	11,356,902	11,625,192	11,182,589	12,072,954	11,749,834
Total OPEB liability as a percent of covered-employee payroll		34.47%	35.49%	39.12%	39.73%	33.27%	31.78%

*Only six years of information available.

TOWN OF CAPE ELIZABETH, MAINE
Required Supplementary Information, Continued

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

<u>PLD OPEB Plan</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.9756%	0.9939%	0.9785%	0.9976%	1.0559%	1.0810%	1.1313%
Town's proportionate share of the net OPEB liability	\$ 133,112	\$ 143,944	101,020	131,608	225,938	218,382	189,451
Town's covered employee payroll	37,651,184	3,450,627	3,165,713	3,073,508	2,179,793	2,060,021	1,041,139
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0.35%	4.17%	3.19%	4.28%	10.37%	10.60%	18.20%
Plan fiduciary net position as a percentage of the total OPEB liability	59.71%	55.88%	67.26%	55.40%	43.18%	78.32%	47.42%
<u>PLD OPEB Plan - Police</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.1030%	0.1049%	0.1459%	0.1533%	0.1261%	0.1013%	0.0931%
Town's proportionate share of the net OPEB liability	\$ 14,055	\$ 15,197	15,059	20,228	26,975	20,465	15,564
Town's covered-employee payroll	350,302	452,003	583,229	582,065	791,459	422,252	422,252
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	4.01%	3.36%	2.58%	3.48%	3.41%	4.85%	3.69%
Plan fiduciary net position as a percentage of the total OPEB liability	59.71%	55.88%	67.26%	55.40%	43.18%	78.32%	47.42%
<u>SET OPEB Plan</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0%	0%	0%	0%	0%	0%	0%
Town's proportion share of the net OPEB liability	\$ -	\$ -	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the Town	475,361	523,890	269,547	553,215	533,316	516,881	485,775
Total	\$ 475,361	\$ 523,890	269,547	553,215	533,316	516,881	485,775
Plan fiduciary net position as a percentage of the total OPEB liability	56.97%	52.40%	62.90%	49.51%	49.22%	92.46%	47.29%

* Only seven years of information available.

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

TOWN OF CAPE ELIZABETH, MAINE
Required Supplementary Information, Continued

Schedule of Town Contributions – OPEB

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>PLD OPEB Plan</u>							
Contractually required contribution	\$ 12,999	12,698	11,610	11,243	7,999	6,890	8,364
Contributions in relation to the contractually required contribution	(12,999)	(12,698)	(11,610)	(11,243)	(7,999)	(6,890)	(8,364)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Town's covered employee payroll	3,761,184	3,450,627	3,165,713	3,073,508	2,179,793	2,060,021	1,041,139
Contributions as a percentage of covered payroll	0.35%	0.37%	0.37%	0.37%	0.37%	0.33%	0.80%
<u>PLD OPEB Plan - Police</u>							
Contractually required contribution	1,373	1,341	1,731	1,728	3,208	2,581	2,731
Contributions in relation to the contractually required contribution	(1,373)	(1,341)	(1,731)	(1,728)	(3,208)	(2,581)	(2,731)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Town's covered-employee payroll	\$ 350,302	\$ 452,003	583,229	582,065	1,080,592	791,459	425,455
Contributions as a percentage of covered payroll	0.39%	0.30%	0.30%	0.30%	0.30%	0.33%	0.64%

* Only seven years of information available.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual Variances

As of June 30, 2024, the following budget categories were overspent:

Insurance	\$ 35,330	Bond issuance costs	189,565
Employee benefits	224,995	Public Works Building	19,016
Animal control	6,588	Fort Williams park buildings	35,459
Miscellaneous public protection	13,602	Spurwink Church building	958
Fire police	9,199	Spurwink school building	16,873
Facilities and property management	4,340	Library building	1,252
Town hall maintenance	35,947	Community center building	14,926
Overlay and abatements	74,816	Town center fire station	1,536

In addition, the school department had cost center expenditures that exceeded the budget as follows.

System administration	\$ 41,107
Transportation	28,540

In total the school department did not exceed the department-wide budget.

Excess appropriations will lapse to the General Fund fund balance.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

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

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

SET Plan

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

Mortality rates:

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

Withdrawn PLD Plan

Mortality rates:

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

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

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

All OPEB Plans

Changes of Assumptions - the following are changes in the actuarial assumptions for discount rates:

Fiscal Year End	MMEHT Health Plan	MEABT Health Plan	Consolidated PLD - Town & Police	State and Teachers' Plan
2017	3.44%	3.58%	5.41%	6.88%
2018	4.10%	3.87%	5.13%	6.75%
2020	2.74%	3.50%	4.98%	6.75%
2021	2.12%	2.21%	6.75%	6.75%
2022	2.06%	2.16%	6.50%	6.50%
2023	3.72%	3.54%	6.50%	6.50%
2024	3.26%	3.65%	6.50%	6.50%

See all other changes of assumptions for individual plans below.

MMEHT Health Plan Total OPEB Liability

Changes of Benefit Terms - None

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

Mortality rates:

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

MEABT Health Plan Total OPEB Liability

Changes of Benefit Terms:

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

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

Mortality rates:

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

Net OPEB Liabilities - Group Term Life Insurance

Changes of Benefit Terms - None

Changes of Assumptions - None

Mortality rates:

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

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND

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

TOWN OF CAPE ELIZABETH, MAINE
General Fund
Comparative Balance Sheets
For The Year Ended June 30, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 17,549,233	15,668,416
Accounts receivable	603	574,549
Due from other governments	107,064	232,108
Ambulance receivables, net of allowance of \$32,146 and \$23,476	59,484	45,619
Taxes receivable	500,254	248,741
Tax liens	41,567	12,010
Lease receivable	154,792	180,294
Amounts held in escrow	177,159	177,159
Prepaid expenditures	108,400	16,819
Total assets	18,698,556	17,155,715
LIABILITIES		
Accounts payable and other current liabilities	1,020,978	381,269
Accrued payroll and benefits	3,591,846	3,650,597
Taxes collected in advance	61,983	20,295
Escrow liabilities	70,797	80,006
Unearned revenue	453,221	337,781
Bond anticipation note	1,900,000	961,039
Interfund loans payable	2,823,145	2,386,610
Total liabilities	9,921,970	7,817,597
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	231,700	106,300
Deferred inflows related to leases	150,699	175,950
Total deferred inflows of resources	382,399	282,250
FUND BALANCE		
Nonspendable	108,400	16,819
Restricted:		
School Department General Fund	3,636,950	3,201,365
School Department Athletics	-	45,517
Assigned	1,546,555	1,961,180
Unassigned	3,102,282	3,830,987
Total fund balance	8,394,187	9,055,868
Total liabilities, deferred inflows of resources, and fund balance	\$ 18,698,556	17,155,715

TOWN OF CAPE ELIZABETH, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2024

	2024				2023 Actual
	Original Budget	Revised budget	Actual	Variance positive (negative)	
Revenues:					
Taxes:					
Property taxes	\$ 40,310,960	40,310,960	40,310,960	-	37,612,336
Supplemental taxes	-	-	34,321	34,321	3,608
Change in deferred taxes	-	-	(125,400)	(125,400)	(42,300)
Excise taxes	2,721,000	2,721,000	2,566,293	(154,707)	2,452,166
Interest and costs on taxes	30,000	30,000	33,128	3,128	19,389
Total taxes	43,061,960	43,061,960	42,819,302	(242,658)	40,045,199
Licenses and permits:					
Auto registration fees	33,000	33,000	31,265	(1,735)	31,465
Permits	183,000	183,000	258,381	75,381	187,405
Town clerk fees	12,425	12,425	12,651	226	13,406
Total licenses and permits	228,425	228,425	302,297	73,872	232,276
Intergovernmental:					
State revenue sharing	1,500,000	1,500,000	1,400,228	(99,772)	1,525,952
Education - state subsidies	3,019,211	3,019,211	3,019,211	-	2,019,105
D.O.T. block grant	80,000	80,000	92,060	12,060	79,828
BETE reimbursement	15,000	15,000	15,234	234	16,307
Homestead revenue	600,000	600,000	505,784	(94,216)	577,302
Federal grants-capital contributions	-	-	-	-	487,631
Other intergovernmental - town	87,000	87,000	98,830	11,830	139,822
Other intergovernmental - school	8,000	8,000	49,094	41,094	-
Total intergovernmental	5,309,211	5,309,211	5,180,441	(128,770)	4,845,947
Charges for services:					
Community services programs	1,248,000	1,248,000	1,376,449	128,449	1,536,132
Community services pool fees	275,000	275,000	303,699	28,699	294,237
Refuse disposal	68,000	68,000	94,343	26,343	78,480
Rescue	285,000	285,000	385,597	100,597	321,077
School department services	64,000	64,000	67,143	3,143	70,171
Library fines and fees	1,800	1,800	1,390	(410)	135
Parking revenue	700,000	700,000	655,707	(44,293)	669,298
Police specials and fees	23,000	23,000	19,355	(3,645)	41,837
Total charges for services	2,664,800	2,664,800	2,903,683	238,883	3,011,367
Other revenues:					
Cable television franchise	160,000	160,000	135,562	(24,438)	147,592
Rental income	33,000	33,000	27,649	(5,351)	2,100
Miscellaneous donations	6,000	6,000	5,000	(1,000)	-
School department miscellaneous	6,500	6,500	15,421	8,921	25,352
Insurance recoveries	5,000	5,000	34,208	29,208	423,980
Miscellaneous	38,400	38,400	116,372	77,972	135,558
Total other revenues	248,900	248,900	334,212	85,312	734,582
Investment income:					
Investment earnings	150,000	150,000	531,401	381,401	308,610
Total investment income	150,000	150,000	531,401	381,401	308,610
Total revenues	51,663,296	51,663,296	52,071,336	408,040	49,177,981

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

	2024			Variance positive (negative)	2023 Actual
	Original Budget	Revised budget	Actual		
Expenditures:					
Current:					
General government:					
Administration	\$ 1,201,909	1,236,909	1,071,745	165,164	895,995
Assessing, codes and planning	567,995	575,353	556,874	18,479	469,925
Town council	500	500	147	353	-
Legal and audit	108,000	112,000	107,057	4,943	89,999
Elections	92,658	113,658	58,371	55,287	53,079
Public information	116,873	90,873	79,661	11,212	77,564
Boards and commissions	28,635	32,635	21,638	10,997	18,443
Insurance	143,600	143,600	178,930	(35,330)	131,972
Employee benefits	1,919,734	1,919,734	2,144,729	(224,995)	1,935,672
Total general government	4,179,904	4,225,262	4,219,152	6,110	3,672,649
Public safety:					
Police department	2,054,129	2,189,129	1,846,701	342,428	1,677,882
Animal control	26,626	26,626	33,214	(6,588)	20,259
Public safety communications	294,890	299,690	293,505	6,185	222,393
Miscellaneous public protection	169,560	169,560	183,162	(13,602)	174,490
Fire department	1,167,696	1,199,896	998,035	201,861	961,654
Rescue	772,138	772,138	667,348	104,790	650,406
WETeam	48,146	48,146	40,019	8,127	47,017
Fire police	9,653	9,653	18,852	(9,199)	5,768
Emergency preparedness	6,880	6,880	6,556	324	-
Total public safety	4,549,718	4,721,718	4,087,392	634,326	3,759,869
Public works:					
General public works	1,603,290	1,637,112	1,542,112	95,000	1,373,414
Refuse disposal/recycling	726,186	726,186	676,214	49,972	686,329
Parks and grounds	593,855	663,855	547,567	116,288	521,872
Total public works	2,923,331	3,027,153	2,765,893	261,260	2,581,615
Facilities:					
Facilities and property management	182,388	182,388	186,728	(4,340)	164,272
Town hall maintenance	129,960	129,960	165,907	(35,947)	127,764
Public works building	111,217	111,217	130,233	(19,016)	113,262
Fort Williams park buildings	51,931	51,931	87,390	(35,459)	47,247
Spurwink church building	11,340	11,340	12,298	(958)	5,753
Spurwink school building	-	-	16,873	(16,873)	4,938
Library building	96,957	96,957	98,209	(1,252)	98,054
Community center building	114,951	114,951	129,877	(14,926)	545,884
Donald Richards pool facility	327,700	327,700	241,781	85,919	235,831
Cape cottage fire station	15,689	15,689	10,418	5,271	10,455
Police station	118,256	118,256	106,465	11,791	100,708
Town center fire station	75,191	75,191	76,727	(1,536)	77,870
Total facilities	1,235,580	1,235,580	1,262,906	(27,326)	1,532,038
Culture and parks:					
Community services	1,692,106	1,692,106	1,637,810	54,296	1,612,235
Fort Williams Park	116,784	116,784	82,411	34,373	84,621
Total cultural and parks	1,808,890	1,808,890	1,720,221	88,669	1,696,856
Library	690,110	690,110	655,881	34,229	644,703
Human services:					
Human services	100,600	100,600	82,277	18,323	43,075
Contributions	131,100	131,100	116,939	14,161	110,303
Total human services	231,700	231,700	199,216	32,484	153,378

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

	2024			Variance positive (negative)	2023 Actual
	Original Budget	Revised budget	Actual		
Expenditures, continued					
Current, continued:					
Education:					
Regular instruction	15,870,599	15,870,599	15,377,285	493,314	14,404,580
Special education instruction	4,772,804	4,772,804	4,626,031	146,773	4,184,682
Other instruction	1,055,436	1,055,436	1,022,728	32,708	868,715
Student and staff support	3,785,499	3,785,499	3,677,310	108,189	3,064,993
System administration	935,874	935,874	976,981	(41,107)	981,109
School administration	1,340,685	1,340,685	1,290,928	49,757	1,169,988
Transportation	999,935	999,935	1,028,475	(28,540)	1,049,457
Facilities maintenance	4,820,767	4,820,767	4,642,428	178,339	4,003,431
Other expenditures	164,601	164,601	127,149	37,452	-
Debt service	398,800	398,800	398,800	-	419,000
Total education	34,145,000	34,145,000	33,168,115	976,885	30,145,955
Intergovernmental and overlay:					
Overlay and abatements	5,289	5,289	80,105	(74,816)	8,894
County assessment	1,860,102	1,860,102	1,860,102	-	1,624,532
Other assessments	37,524	37,524	36,730	794	83,978
Total intergovernmental and overlay	1,902,915	1,902,915	1,976,937	(74,022)	1,717,404
Debt service (excluding School Department):					
Bond issuance costs	-	-	189,565	(189,565)	-
Principal	1,114,761	1,154,761	968,040	186,721	1,475,766
Interest	136,763	136,763	125,721	11,042	154,710
Total debt service	1,251,524	1,291,524	1,283,326	8,198	1,630,476
Total expenditures	52,918,672	53,279,852	51,339,039	1,940,813	47,534,943
Excess (deficiency) of revenues over (under) expenditures	(1,255,376)	(1,616,556)	732,297	2,348,853	1,643,038
Other financing sources (uses):					
Proceeds from debt	487,500	487,500	-	(487,500)	721,000
Transfers in	226,015	226,015	226,015	-	724,652
Transfers out	(1,558,139)	(1,558,139)	(1,619,993)	(61,854)	(5,023,317)
Carryforward balances and subsequent authorizations	-	361,180	-	(361,180)	-
Utilization of prior year surplus - town	1,600,000	1,600,000	-	(1,600,000)	-
Utilization of prior year surplus - school department	500,000	500,000	-	(500,000)	-
Total other financing sources (uses)	1,255,376	1,616,556	(1,393,978)	(3,010,534)	(3,577,665)
Net change in fund balance	-	-	(661,681)	(661,681)	(1,934,627)
Fund balance, beginning of year			9,055,868		10,990,495
Fund balance, ending of year	\$		8,394,187		9,055,868

ALL OTHER GOVERNMENTAL FUNDS

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TOWN OF CAPE ELIZABETH, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2024

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,175,401	251,244	1,426,645
Investments	1,316,788	-	1,316,788
Receivables:			
Accounts receivable	7,066	-	7,066
Due from other governments	411,000	-	411,000
Inventory	179,958	-	179,958
Interfund loans receivable	895,879	2,064,076	2,959,955
Total assets	3,986,092	2,315,320	6,301,412
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other liabilities	154,810	224,392	379,202
Accrued payroll and benefits	33,561	-	33,561
Unearned revenue	-	7,232	7,232
Interfund loans payable	462,388	-	462,388
Total liabilities	650,759	231,624	882,383
Fund balances:			
Nonspendable	150,348	-	150,348
Restricted	732,335	225,619	957,954
Committed	2,477,359	912,591	3,389,950
Assigned	-	945,486	945,486
Unassigned	(24,709)	-	(24,709)
Total fund balances	3,335,333	2,083,696	5,419,029
Total liabilities, deferred inflows, and fund balances	\$ 3,986,092	2,315,320	6,301,412

TOWN OF CAPE ELIZABETH, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2024

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 1,848,479	263,855	2,112,334
Charges for services:			
Building and park rentals and fees	-	454,752	454,752
Lot sales and fees	61,152	19,550	80,702
Donations	-	8,127	8,127
School lunch	146,289	-	146,289
Lighthouse gift shop sales	763,858	-	763,858
Fees and services	66,640	-	66,640
Local grants and contributions	727,995	-	727,995
Other	1,600	-	1,600
Investment income (loss)	203,886	12,659	216,545
Total revenues	3,819,899	758,943	4,578,842
Expenditures:			
Current:			
Administration	-	1,193,267	1,193,267
Public safety	16,521	-	16,521
Education	1,381,093	-	1,381,093
School lunch	1,017,325	-	1,017,325
Culture and parks	647,291	-	647,291
Library	149,694	-	149,694
Facilities	-	168,070	168,070
Human services	9,248	-	9,248
Capital outlay	29,845	1,650,768	1,680,613
Debt service	67,932	-	67,932
Total expenditures	3,318,949	3,012,105	6,331,054
Excess (deficiency) of revenues over (under) expenditures	500,950	(2,253,162)	(1,752,212)
Other financing sources (uses):			
Transfers from other funds	37,883	1,582,110	1,619,993
Transfers to other funds	(55,676)	(89,350)	(145,026)
Total other financing sources (uses)	(17,793)	1,492,760	1,474,967
Net change in fund balances	483,157	(760,402)	(277,245)
Fund balances, beginning of year	2,852,176	2,844,098	5,696,274
Fund balances, end of year	\$ 3,335,333	2,083,696	5,419,029

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are established to account for resources obtained and expended for specific purposes that are restricted or committed by law or administrative actions.

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TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2024

	School Grants and Other Programs	School Lunch Program	Student Activities	Town Grants and Programs	Portland Head Light	Riverside Perpetual Care	Library Fund	Asset Forfeiture	Fire Department Scholarships	Public Safety Funds	PD Donations	Thomas Jordan Fund	Totals
ASSETS													
Cash and cash equivalents	\$ -	-	174,410	-	1,450	515,038	333,626	-	24,737	15,680	-	110,460	1,175,401
Investments	-	-	-	-	-	-	-	-	-	-	-	1,316,788	1,316,788
Accounts receivable	-	-	-	7,066	-	-	-	-	-	-	-	-	7,066
Due from other governments	369,239	41,761	-	-	-	-	-	-	-	-	-	-	411,000
Inventory	-	29,610	-	-	150,348	-	-	-	-	-	-	-	179,958
Interfund loans receivable	-	-	-	155,136	625,821	10,748	-	98,641	-	2,005	3,528	-	895,879
Total assets	369,239	71,371	174,410	162,202	777,619	525,786	333,626	98,641	24,737	17,685	3,528	1,427,248	3,986,092
LIABILITIES AND FUND BALANCES													
LIABILITIES:													
Accounts payable	66,790	851	-	-	56,071	-	31,098	-	-	-	-	-	154,810
Accrued payroll and benefits	13,127	15,051	-	279	3,848	1,256	-	-	-	-	-	-	33,561
Interfund loans payable	253,031	45,116	-	-	-	-	101,989	-	2,040	-	-	60,212	462,388
Total liabilities	332,948	61,018	-	279	59,919	1,256	133,087	-	2,040	-	-	60,212	650,759
FUND BALANCES:													
Nonspendable	-	-	-	-	150,348	-	-	-	-	-	-	-	150,348
Restricted	60,244	10,353	174,410	161,923	-	-	200,539	98,641	22,697	-	3,528	-	732,335
Committed	756	-	-	-	567,352	524,530	-	-	-	17,685	-	1,367,036	2,477,359
Unassigned	(24,709)	-	-	-	-	-	-	-	-	-	-	-	(24,709)
Total fund balances	36,291	10,353	174,410	161,923	717,700	524,530	200,539	98,641	22,697	17,685	3,528	1,367,036	3,335,333
Total liabilities and fund balances	\$ 369,239	71,371	174,410	162,202	777,619	525,786	333,626	98,641	24,737	17,685	3,528	1,427,248	3,986,092

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2024

	School Grants and Other Programs	School Lunch Program	Student Activities	Town Grants and Programs	Portland Head Light	Riverside Perpetual Care	Library Fund	Asset Forfeiture	Fire Department Scholarships	Public Safety Funds	PD Donations	Thomas Jordan Fund	Totals
Revenues:													
Intergovernmental	\$ 828,076	864,784	-	41,458	-	-	-	114,161	-	-	-	-	1,848,479
Charges for services:													
Lot sales and fees	-	-	-	-	-	61,152	-	-	-	-	-	-	61,152
School lunch	-	146,289	-	-	-	-	-	-	-	-	-	-	146,289
Lighthouse gift shop sales	-	-	-	-	763,858	-	-	-	-	-	-	-	763,858
Fees and services	-	-	-	-	66,640	-	-	-	-	-	-	-	66,640
Local grants and contributions	170,250	-	312,180	126,383	29,200	-	87,272	-	2,460	-	250	-	727,995
Miscellaneous	-	-	-	-	-	-	-	-	-	1,600	-	-	1,600
Investment income (loss)	-	-	-	-	-	25,577	16,501	-	223	779	-	160,806	203,886
Total revenues	998,326	1,011,073	312,180	167,841	859,698	86,729	103,773	114,161	2,683	2,379	250	160,806	3,819,899
Expenditures:													
Current:													
Public safety	-	-	-	13,716	-	-	-	-	2,500	120	185	-	16,521
Education	1,014,331	-	366,762	-	-	-	-	-	-	-	-	-	1,381,093
School lunch	-	1,017,325	-	-	-	-	-	-	-	-	-	-	1,017,325
Culture and parks:													
Portland Head Light - operations	-	-	-	-	257,579	-	-	-	-	-	-	-	257,579
Portland Head Light - gift shop	-	-	-	-	336,997	-	-	-	-	-	-	-	336,997
Cemetery maintenance	-	-	-	-	-	52,715	-	-	-	-	-	-	52,715
Library	-	-	-	-	-	-	149,694	-	-	-	-	-	149,694
Human services	-	-	-	396	-	-	-	-	-	-	-	8,852	9,248
Capital outlay	-	13,216	-	-	-	-	-	16,629	-	-	-	-	29,845
Debt service	67,932	-	-	-	-	-	-	-	-	-	-	-	67,932
Total expenditures	1,082,263	1,030,541	366,762	14,112	594,576	52,715	149,694	16,629	2,500	120	185	8,852	3,318,949
Other financing sources (uses):													
Transfers from other funds	37,883	-	-	-	-	-	-	-	-	-	-	-	37,883
Transfers to other funds	-	-	-	-	(15,149)	(1,705)	(2,792)	-	-	-	-	(36,030)	(55,676)
Total other sources (uses)	37,883	-	-	-	(15,149)	(1,705)	(2,792)	-	-	-	-	(36,030)	(17,793)
Net change in fund balances	(46,054)	(19,468)	(54,582)	153,729	249,973	32,309	(48,713)	97,532	183	2,259	65	115,924	483,157
Fund balances (deficits), beginning of year	82,345	29,821	228,992	8,194	467,727	492,221	249,252	1,109	22,514	15,426	3,463	1,251,112	2,852,176
Fund balances (deficits), end of year	\$ 36,291	10,353	174,410	161,923	717,700	524,530	200,539	98,641	22,697	17,685	3,528	1,367,036	3,335,333

NONMAJOR GOVERNMENTAL FUND

CAPITAL PROJECT FUNDS

Capital project funds are established to account for resources obtained and expended for the acquisition of major capital facilities.

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TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Capital Project Funds
Combining Balance Sheet
June 30, 2024

		Town Projects	Riverside Cemetery Capital Improvements	Tax Increment Financing	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
ASSETS									
Cash and cash equivalents	\$	-	251,244	-	-	-	-	-	251,244
Interfund loans receivable		787,507	30,213	225,619	161,277	173,307	107,970	578,183	2,064,076
Total assets		787,507	281,457	225,619	161,277	173,307	107,970	578,183	2,315,320
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		144,163	-	-	-	-	-	80,229	224,392
Unearned revenues		-	-	-	-	-	-	7,232	7,232
Total liabilities		144,163	-	-	-	-	-	87,461	231,624
Fund balances:									
Restricted		-	-	225,619	-	-	-	-	225,619
Committed		643,344	-	-	161,277	-	107,970	-	912,591
Assigned		-	281,457	-	-	173,307	-	490,722	945,486
Total fund balances		643,344	281,457	225,619	161,277	173,307	107,970	490,722	2,083,696
Total liabilities, deferred inflows, and fund balances	\$	787,507	281,457	225,619	161,277	173,307	107,970	578,183	2,315,320

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2024

		Town Projects	Riverside Cemetery Capital Improvements	Tax Increment Financing	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
Revenues:									
Intergovernmental revenues	\$	263,855	-	-	-	-	-	-	263,855
Building and other fees		-	-	-	-	79,559	-	375,193	454,752
Cemetery lot sales		-	19,550	-	-	-	-	-	19,550
Donations		-	-	-	-	-	-	8,127	8,127
Interest		-	12,477	-	-	-	-	182	12,659
Total revenues		263,855	32,027	-	-	79,559	-	383,502	758,943
Expenditures:									
Current:									
Administration		1,193,267	-	-	-	-	-	-	1,193,267
Facilities		168,070	-	-	-	-	-	-	168,070
Capital outlay		1,143,399	-	-	-	-	-	507,369	1,650,768
Total expenditures		2,504,736	-	-	-	-	-	507,369	3,012,105
Excess (deficiency) of revenues over (under) expenditures		(2,240,881)	32,027	-	-	79,559	-	(123,867)	(2,253,162)
Other financing sources (uses):									
Transfers from other funds		1,319,073	-	142,123	32,914	-	40,000	48,000	1,582,110
Transfers to other funds		-	-	-	-	(70,000)	-	(19,350)	(89,350)
Total other financing sources (uses)		1,319,073	-	142,123	32,914	(70,000)	40,000	28,650	1,492,760
Net change in fund balances		(921,808)	32,027	142,123	32,914	9,559	40,000	(95,217)	(760,402)
Fund balances, beginning of year		1,565,152	249,430	83,496	128,363	163,748	67,970	585,939	2,844,098
Fund balances, end of year	\$	643,344	281,457	225,619	161,277	173,307	107,970	490,722	2,083,696

SCHEDULES

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TOWN OF CAPE ELIZABETH, MAINE
School Department General Fund
Balance Sheet
For The Year Ended June 30, 2024

	2024
ASSETS	
Accounts receivable	\$ 603
Prepaid expenditures	107,147
Interfund loans receivable	7,386,962
Total assets	7,494,712
LIABILITIES	
Accounts payable and other current liabilities	605,590
Accrued payroll and benefits	3,145,025
Total liabilities	3,750,615
FUND BALANCE	
Nonspendable	107,147
Restricted:	
School Department General Fund	3,636,950
Total fund balance	3,744,097
Total liabilities and fund balance	\$ 7,494,712

TOWN OF CAPE ELIZABETH, MAINE
School Department - General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2024

	2024				2023 Actual
	Original Budget	Final Budget	Actual	Variance positive (negative)	
Revenues:					
Town appropriation	\$ 30,572,289	30,572,289	30,572,289	-	28,408,145
State education subsidy--school	3,019,211	3,019,211	3,019,211	-	2,019,105
Other state funds	8,000	8,000	49,094	41,094	-
Activity fees	64,000	64,000	67,143	3,143	70,171
Miscellaneous	6,500	6,500	15,421	8,921	25,352
Total revenues	33,670,000	33,670,000	33,723,158	53,158	30,522,773
Expenditures:					
Current:					
Regular instruction	15,870,599	15,870,599	15,377,285	493,314	14,404,580
Special education instruction	4,772,804	4,772,804	4,626,031	146,773	4,184,682
Other instruction	1,055,436	1,055,436	1,022,728	32,708	868,715
Student and staff support	3,785,499	3,785,499	3,677,310	108,189	3,064,993
System administration	935,874	935,874	976,981	(41,107)	981,109
School administration	1,340,685	1,340,685	1,290,928	49,757	1,169,988
Transportation	999,935	999,935	1,028,475	(28,540)	1,049,457
Facilities maintenance	4,820,767	4,820,767	4,642,428	178,339	4,003,431
Other expenditures	164,601	164,601	127,149	37,452	-
Debt service	398,800	398,800	398,800	-	419,000
Total expenditures	34,145,000	34,145,000	33,168,115	976,885	30,145,955
Excess (deficiency) of revenues over (under) expenditures	(475,000)	(475,000)	555,043	1,030,043	376,818
Other financing sources (uses):					
Utilization of fund balance	500,000	500,000	-	(500,000)	-
Transfers in	-	-	-	-	45,517
Tranfers out	(25,000)	(25,000)	(25,000)	-	(66,542)
Transfer to school special revenue funds	-	-	(37,883)	(37,883)	-
Total other financing sources (uses)	475,000	475,000	(62,883)	(537,883)	(21,025)
Net change in fund balance	-	-	492,160	492,160	355,793
Fund balance, beginning of year			3,251,937		2,896,144
Fund balance, end of year	\$		3,744,097		3,251,937

TOWN OF CAPE ELIZABETH, MAINE
School Department Special Revenue Funds
School Grants and Other Programs
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2024

		Fund balances (deficits) beginning of year	Program revenues	Program expenditures	Transfers	Fund balances (deficits) end of year
State and Federal Programs:						
Title IA	\$	3,562	27,987	30,140	-	1,409
Title IIA		(4,060)	71,841	73,327	-	(5,546)
Local entitlement		8,364	424,462	432,235	-	591
Preschool		-	12,880	12,880	-	-
Covid - Local entitlement ARPA		-	1,415	1,415	-	-
Covid - Preschool ARPA		-	9,871	9,871	-	-
McKinney Vento		-	489	2,167	1,678	-
Covid - ESSER 3		-	19,507	23,371	3,864	-
Covid - Multi-lingual learners		-	23,361	23,361	-	-
Covid - Literacy grant		-	6,172	6,571	-	(399)
Covid - PreK grant		-	162,159	194,577	32,341	(77)
MLTI grant		-	67,932	67,932	-	-
Total state and federal programs		7,866	828,076	877,847	37,883	(4,022)
Other Programs:						
Kate Libby fund		57	-	-	-	57
HS greenhouse fund		1,215	-	117	-	1,098
Ecomaine art		165	-	-	-	165
Deborah Rhode CEHS speech		56	4,720	4,145	-	631
Inn by the Sea library grant		-	650	460	-	190
Natural helpers		-	1,300	1,145	-	155
Real life tool kit		-	500	-	-	500
Robotics club		-	4,336	4,724	-	(388)
Other grants and donations		-	-	9,662	-	(9,662)
MPSA maker space		1,095	-	70	-	1,025
Athletic equipment		-	-	700	-	(700)
Turf field rental		1,674	-	-	-	1,674
Computer maintenance		18,189	5,057	-	-	23,246
Easement funds		2,274	-	1,520	-	754
Catholic charities		-	72,750	72,826	-	(76)
C.E. education foundation		(2,188)	68,816	68,833	-	(2,205)
Special ed workshop		2,458	-	-	-	2,458
Cape Olympians		1,030	160	361	-	829
School gate receipts		-	-	2,548	-	(2,548)
Dale Duff grant		500	-	-	-	500
Zimpritch symposium		335	3,000	3,136	-	199
Donations		45,953	5,242	29,700	-	21,495
Wellness grant		685	-	222	-	463
IOLA - it gets better project		500	-	500	-	-
Pond Cove playground		-	3,719	639	-	3,080
Flow through		-	-	3,108	-	(3,108)
MS agriculture in the classroom		481	-	-	-	481
Total other programs		74,479	170,250	204,416	-	40,313
Total	\$	82,345	998,326	1,082,263	37,883	36,291

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STATISTICAL INFORMATION

The following statistical tables are provided to give a historical perspective and to assist in assessing the current financial status of the Town. The tables do not provide full financial information for prior years and are provided for supplementary analysis purposes only.

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Table 1

TOWN OF CAPE ELIZABETH, MAINE
Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal year		General government	Public works	Facilities	Public safety	Human services	Culture, parks, and library	Education	School lunch	Unclassified	Sewer	Capital maintenance expenses	Interest on debt	Total
2024	\$	7,707,196	3,716,413	1,482,238	4,541,667	208,464	3,567,545	36,819,158	1,017,325	-	2,410,079	-	106,087	61,576,172
2023		5,956,768	4,018,538	1,644,763	4,153,518	180,021	3,428,566	34,385,241	920,291	-	2,215,036	-	147,148	57,049,890
2022		4,747,895	3,337,022	988,327	3,383,998	150,081	3,324,651	33,932,361	986,249	62,869	1,983,885	-	155,880	53,053,218
2021		4,442,930	2,838,502	738,557	3,422,735	67,762	3,130,320	31,962,175	703,823	-	1,792,679	-	119,539	49,219,022
2020		4,775,481	2,573,405	727,188	3,259,551	105,739	3,386,848	28,961,953	673,958	-	1,672,221	619,457	265,966	47,021,767
2019		4,239,526	2,568,984	750,630	2,880,288	70,751	3,730,768	27,982,396	730,207	-	1,582,769	864,640	266,856	45,667,815
2018		3,596,329	3,727,437	691,111	2,670,887	55,521	3,298,199	27,340,392	810,588	-	1,576,605	1,036,685	311,536	45,115,290
2017		4,006,432	2,254,680	734,445	2,716,510	53,958	3,192,225	26,290,674	740,240	-	1,529,221	420,720	317,950	42,257,055
2016		3,704,929	2,246,236	342,480	2,435,989	83,591	1,668,963	27,132,972	702,972	-	1,505,188	459,621	260,985	40,543,926
2015		2,994,466	2,328,806	355,912	2,377,070	61,511	1,602,266	26,181,942	620,153	-	1,411,108	515,136	311,373	38,759,743

Table 2

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

Fiscal year	Program Revenues			General Revenues				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous	
2024	\$ 7,076,748	8,771,506	271,982	42,944,702	2,020,076	747,946	291,142	62,124,102
2023	6,915,322	6,999,005	1,898,631	40,087,499	2,259,383	439,247	707,130	59,306,217
2022	6,151,277	7,512,389	511,177	38,092,990	2,307,105	(112,925)	336,854	54,798,867
2021	5,166,451	7,784,870	1,336,494	37,363,328	1,688,141	366,988	252,435	53,958,707
2020	5,782,369	5,167,030	36,660	36,415,544	1,197,526	231,904	208,198	49,039,231
2019	5,961,617	4,118,410	53,000	35,071,390	993,964	217,798	326,475	46,742,654
2018	5,833,948	4,878,621	11,145	32,764,038	915,424	174,188	298,598	44,875,962
2017	5,636,885	5,540,255	131,725	31,851,564	717,890	133,304	343,808	44,355,431
2016	5,376,624	5,881,899	627,895	30,532,097	715,532	18,565	329,841	43,482,453
2015	5,276,990	5,322,051	1,041,223	30,029,072	733,544	52,501	248,206	42,703,587

Table 3

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

Fiscal year		General government (2)	Public works	Facilities	Public safety	Culture, parks, and library	Human services	Education	Intergovernmental assessments	Debt service (1)	Capital improvements	Other expenditures and transfers	Total
2024	\$	4,219,152	2,765,893	1,262,906	4,087,392	2,376,102	199,216	33,168,115	1,976,937	1,283,326	-	1,619,993	52,959,032
2023		3,672,649	2,581,615	1,532,038	3,759,869	2,341,559	153,378	30,145,955	1,717,404	1,630,476	-	5,023,317	52,558,260
2022		3,311,846	2,369,833	933,599	3,172,041	2,139,233	146,182	28,679,792	1,607,013	1,579,901	1,738,922	1,022,070	46,700,432
2021		3,062,651	1,877,885	680,200	3,105,704	2,052,604	62,712	27,036,788	1,566,121	1,573,078	1,991,499	791,766	43,801,008
2020		2,993,660	1,908,680	677,691	2,436,814	2,227,422	99,089	25,573,027	1,530,646	2,750,416	3,715,173	307,770	44,220,388
2019		2,952,678	1,788,386	743,482	2,272,065	2,339,514	59,120	24,837,978	1,404,536	1,678,691	1,979,567	484,453	40,540,470
2018		2,601,795	1,724,877	680,809	2,001,665	2,246,150	46,537	24,506,127	1,353,073	1,428,581	1,561,830	317,065	38,468,509
2017		2,537,672	1,596,387	727,644	1,935,217	2,251,089	50,663	23,786,659	1,268,866	1,224,193	893,462	281,470	36,553,322
2016		2,409,010	1,548,041	336,258	1,891,592	998,939	72,977	22,887,223	1,203,042	1,181,063	1,516,755	769,296	34,814,196
2015		2,307,947	1,678,117	349,120	1,865,193	985,897	59,086	22,901,418	1,130,272	900,097	1,343,822	798,958	34,319,927

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

(2) Includes insurance and benefits.

Table 4

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

Fiscal year		Property Taxes	Other taxes	Licenses and permits	Intergovernmental	Charges for services (1)	Investment income	Other Revenues	Transfers and other financing sources	Total
2024	\$	40,219,881	2,599,421	302,297	5,180,441	2,903,683	531,401	334,212	226,015	52,297,351
2023		37,573,644	2,471,555	232,276	4,845,947	3,011,367	308,610	734,582	1,445,652	50,623,633
2022		35,637,407	2,464,583	318,679	5,528,670	2,493,845	39,045	354,764	1,547,398	48,384,391
2021		34,766,337	2,590,313	369,885	3,641,305	1,680,089	60,126	347,102	1,466,267	44,921,424
2020		34,031,206	2,286,405	257,009	3,103,389	1,549,810	185,748	228,159	1,686,240	43,327,966
2019		32,649,369	2,370,221	239,736	2,473,795	1,577,974	167,455	236,475	2,641,293	42,356,318
2018		30,518,873	2,281,765	266,929	3,222,271	1,483,928	70,108	298,598	426,500	38,568,972
2017		29,722,103	2,238,461	289,417	3,506,445	1,412,108	22,729	343,808	-	37,535,071
2016		28,399,890	2,110,207	182,400	4,272,996	160,735	20,225	329,841	-	35,476,294
2015		27,999,747	1,994,325	201,491	3,460,981	196,617	23,408	248,206	315,189	34,439,964

(1) In 2017, the Community Services special revenue fund was closed and related revenues were moved to the General Fund.

Table 5

TOWN OF CAPE ELIZABETH, MAINE
Property Tax Rates - All Direct and Overlapping
Last Ten Fiscal Years

Fiscal year end	Direct		Overlapping	Total tax rate	
	Town	Education	County		
2024	\$	2.38	18.93	1.03	22.34
2023		2.66	17.58	0.91	21.15
2022		2.40	16.98	0.89	20.26
2021		2.71	16.33	0.87	19.92
2020		3.28	15.56	0.84	19.68
2019		3.43	14.79	0.80	19.02
2018		4.47	12.74	0.79	18.00
2017		4.40	12.40	0.74	17.54
2016		3.92	12.26	0.70	16.88
2015		3.66	12.47	0.67	16.80

Table 6

TOWN OF CAPE ELIZABETH, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year		Current year's tax levy	Current year's collections	Percent of current levy collected	Current year collections of prior year taxes	Total collections	Tax collections as percent of each year's levy
2024	\$	40,310,960	39,815,839	98.77%	214,051	40,029,890	99.30%
2023		37,612,336	37,363,595	99.34%	128	37,363,723	99.34%
2022		35,626,567	35,505,884	99.66%	107,461	35,613,345	99.96%
2021		34,658,120	34,567,542	99.74%	86,411	34,653,953	99.99%
2020		33,936,812	33,695,564	99.29%	225,200	33,920,764	99.95%
2019		32,659,449	32,515,988	99.56%	133,861	32,649,849	99.97%
2018		30,473,926	30,386,304	99.71%	87,622	30,473,926	100.00%
2017		29,613,103	29,497,849	99.61%	115,254	29,613,103	100.00%
2016		28,406,589	28,268,887	99.52%	137,702	28,406,589	100.00%
2015		28,034,747	27,872,535	99.42%	162,212	28,034,747	100.00%

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

Table 7

TOWN OF CAPE ELIZABETH, MAINE
Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years

Fiscal year	Real estate assessed value		Personal property assessed value	Total		Ratio of total assessed value to total estimated actual value
				Assessed value	Estimated actual value (1)	
2024	\$	1,801,561,700	2,868,000	1,804,429,700	3,841,750,000	46.97%
2023		1,774,659,700	3,700,800	1,778,360,500	2,988,250,000	59.51%
2022		1,753,976,600	4,491,600	1,758,468,200	2,427,750,000	72.43%
2021		1,738,998,400	5,148,100	1,744,146,500	2,275,600,000	76.65%
2020		1,722,738,276	5,226,400	1,727,964,676	2,125,200,000	81.31%
2019		1,709,959,200	6,512,600	1,716,471,800	1,980,850,000	86.65%
2018		1,685,882,700	7,113,200	1,692,995,900	1,915,450,000	88.39%
2017		1,681,526,400	6,791,900	1,688,318,300	1,840,800,000	91.72%
2016		1,676,048,700	6,806,100	1,682,854,800	1,723,250,000	97.66%
2015		1,661,816,800	6,918,100	1,668,734,900	1,685,300,000	99.02%

(1) Estimated actual valuation amounts are the state equalized values published by the Maine Revenue Services, Property Tax Division.

Table 8

TOWN OF CAPE ELIZABETH, MAINE
Principal Taxpayers
For the Year Ended June 30, 2024

Name	Assessed valuation	% of total tax commitment
Sprague Corporation	\$ 19,460,400	1.08%
Inn By the Sea	14,458,400	0.80%
Central Maine Power	7,015,300	0.39%
Hallbridge Cape Elizabeth Assisted Living	5,699,000	0.32%
L & J Downeast Properties LLC	5,349,800	0.30%
Glickman Family Trust	5,210,700	0.29%
Jonathan Bush Jr.	4,789,800	0.27%
Purpoodock Club	4,145,700	0.23%
Stefanie J. Levanson Living Trust	3,955,400	0.22%
David D. Smith	3,888,700	0.22%

TOWN OF CAPE ELIZABETH, MAINE
Computation of Legal Debt Margin
For the Year Ended June 30, 2024

Total estimated actual valuation by State				\$	<u>3,841,750,000</u>
Legal debt margin:					
Debt limitation - 15% of estimated actual valuation					576,262,500
Debt applicable to debt limitation:					
	Municipal	7.5%	288,131,250	3,847,547	
	School	10.0%	384,175,000	2,075,828	
	Storm and sanitary sewers	7.5%	288,131,250	407,608	
	Airport, water and special districts	3.0%	115,252,500	-	
	Total	28.0%	1,075,690,000	6,330,983	
Total bonded debt applicable to debt limit					6,330,983
Legal debt margin				\$	569,931,517

NOTE: Statutory debt limit is in accordance with MRS 30-A, § 5701.

TOWN OF CAPE ELIZABETH, MAINE
Ratio of Net General Obligation Bonded Debt
to Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal year	Population (1)	Assessed value (2)	Net bonded debt (3)	Ratio of net bonded debt to assessed value	Net bonded debt per capita
2024	9,535	1,804,429,700	6,330,983	0.35%	664
2023	9,535	1,778,360,500	7,605,379	0.43%	798
2022	9,535	1,758,468,200	8,052,610	0.46%	845
2021	9,535	1,744,146,500	9,324,032	0.53%	978
2020	9,535	1,727,964,676	10,573,550	0.37%	1,109
2019	9,015	1,716,471,800	12,458,500	0.73%	1,382
2018	9,015	1,692,995,900	14,235,296	0.84%	1,579
2017	9,015	1,688,318,300	16,018,993	0.95%	1,777
2016	9,015	1,682,854,800	15,569,641	0.93%	1,727
2015	9,015	1,668,734,900	17,247,295	1.03%	1,913

(1) U. S. Bureau of the Census

(2) Amount from Table 7

(3) Excludes financed purchase agreements

Table 11

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

Fiscal year		Municipal debt service(1)	School debt service	Total debt service - bonded debt	Total general governmental expenditures and transfers out	Ratio of debt service to general governmental expenditures and transfers out
2024	\$	1,093,761	398,800	1,492,561	52,959,032	2.82%
2023		1,630,476	419,000	2,049,476	52,558,260	3.90%
2022		1,579,901	439,400	2,019,301	46,700,432	4.32%
2021		1,573,078	454,800	2,027,878	43,801,008	4.63%
2020		2,750,416	470,200	3,220,616	44,220,388	7.28%
2019		1,678,691	492,050	2,170,741	40,540,470	5.35%
2018		1,428,581	503,900	1,932,481	38,764,647	4.99%
2017		1,224,193	522,000	1,746,193	36,836,432	4.74%
2016		1,181,063	764,318	1,945,381	34,814,196	5.59%
2015		887,347	1,227,675	2,115,022	34,319,927	6.16%

(1) Excludes sewer user debt paid in special revenue funds and school debt service budgeted in facilities maintenance.

TOWN OF CAPE ELIZABETH, MAINE
Computation of Direct, Overlapping and Contingent Debt
For the Year Ended June 30, 2024

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
Town of Cape Elizabeth bonds and notes	\$ 6,330,983	100.00%	6,330,983
Overlapping debt:			
Cumberland County	29,875,601	4.58%	1,367,832
Portland Water District -- sewer debt	61,217,563	6.45%	3,947,100
Portland Water District -- water debt	65,451,334	7.41%	4,849,944

APPENDIX B

**PROPOSED FORM
OF
LEGAL OPINION**

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Upon issuance and delivery of the Notes described herein, Pierce Atwood, LLP, Portland, Maine, Bond Counsel, proposes to issue its opinion in substantially the following form:

[Dated date of delivery]

Town of Cape Elizabeth
Cape Elizabeth, Maine 04107

RE: \$21,000,000 2026 General Obligation Bond Anticipation Notes - Series A

Ladies and Gentlemen:

We have acted as Bond Counsel for the Town of Cape Elizabeth, Maine (the "Town") in connection with the issuance of the Town's \$21,000,000 2026 General Obligation Bond Anticipation Notes - Series A dated January 28, 2026 (the "Notes"). In such capacity, we have examined the law, including Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, the Town Charter and the record of proceedings submitted to us by the Town in connection with the execution, issue and delivery of the Notes, including among other documents and materials, a certified copy of Item #47A-2025, adopted by the Cape Elizabeth Town Council on April 7, 2025, and approved by the voters of the Town at a referendum election on June 10, 2025 (the "Authorizing Votes"), and all other authority thereto enabling.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials without undertaking to verify such facts by independent investigations. We have assumed the genuineness of all signatures, the authenticity and completeness of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies.

We understand the Notes are dated [date], will be issued in a single denomination in the principal amount of \$21,000,000, bearing interest at the rate of ____% per annum calculated on the basis of a 360-day year with twelve 30-day months, payable on its maturity date, and maturing on [date].

The Notes are not subject to redemption prior to maturity.

The Notes should be signed by the Treasurer of the Town, countersigned by the Chair of the Town Council, and sealed with the seal of the Town attested by its Clerk, and should bear the signed certificate of the certifying agent identified thereon.

We note that the Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements regarding the amount, use, investment and expenditure of the proceeds of the Notes, the timely payment of certain investment earnings to the U.S. Treasury, and the use of the improvement financed with the proceeds of the Notes that must be met on a continuing basis subsequent to issuance of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code.

In expressing the opinion in paragraph 3 hereinbelow, we have examined and relied upon the Arbitrage and Use of Proceeds Certificate and the General Certificate of the Treasurer (collectively, the "Tax Certificates"), each delivered concurrently with the Notes, which Tax Certificates contain certain covenants, representations, certifications and provisions regarding compliance with the requirements of the Code. The Town, in executing such Tax Certificates, (a) has set forth facts, estimates, circumstances and reasonable expectations of the Town as of the date hereof as to future events regarding the amount, use, investment and expenditure of the proceeds of the Notes and the use of the improvements financed and refinanced with the proceeds of the Notes that are material for purposes of Section 141 and Section 148 of the Code, and (b) has certified that the information therein is true, accurate, correct and complete and that the Town will comply with the covenants, representations, certifications and provisions set forth therein and with the requirements of the Code, and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Notes is and will remain excludable from the gross income of the owners thereof, for federal income tax purposes. In rendering the opinions set forth in paragraph 3 below, we have relied upon the representations, certifications, facts, estimates, circumstances and reasonable expectations of the Town set forth in such Tax Certificates, and we have assumed that the Town will comply with the requirements of the Code and with the covenants, representations and certifications set forth in such Tax Certificates. The Town's failure to comply with such requirements may cause interest on the Notes to be included in the gross income of the owners thereof retroactive to the date of issuance of the Notes, regardless of when such noncompliance occurs.

We also note that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Notes should consult their tax advisors as to applicability of any such collateral consequences.

With reference to the Notes, based upon the record of proceedings, documents, materials and information discussed above and assuming no material change thereto, we are of the opinion that:

1. Under the Constitution and laws of the State of Maine, the Town has been duly created and validly exists as a body corporate and politic and a municipality of the State of Maine under the name of the Town of Cape Elizabeth, with lawful power and authority to adopt the Authorizing Votes and to issue the Notes.
2. The Notes are in proper form, have been duly authorized and executed by the Town and, subject to due authentication, are valid and binding general obligations of the Town, enforceable in accordance with their terms. The Notes are payable from *ad*

valorem taxes that may be levied without limit as to rate or amount upon all taxable property within the Town, except to the extent that (a) the Town has or may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, or (b) the Town establishes or has established municipal development districts or municipal affordable housing districts pursuant to Title 30-A, Chapters 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Notes.

3. In reliance on and assuming compliance by the Town with the Tax Certificates and the requirements of the Code, under existing law, interest payable on the Notes is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not a specific preference item under the Code for purposes of computing the alternative minimum tax under Section 55 of the Code; provided, however, that such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.
4. Pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, interest paid on the Notes is exempt from taxation within the State of Maine.

The foregoing opinions are qualified to the extent that the enforceability of the obligations of the Town, including the Notes, is subject to or may be limited by bankruptcy, insolvency, moratorium, and other laws and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) affecting the rights and remedies of creditors generally, and that the availability of equitable relief may be subject to the discretion of the Court before which it is requested.

We have not examined and assume no responsibility for the financial condition of the Town and nothing set forth herein shall be construed as assurance as to the Town's financial condition or ability to make required debt service payments on the Notes.

We have not examined any documents or information relating to the Town, and are not passing upon and do not assume any responsibilities for the completeness, accuracy or adequacy of any statements made in any Preliminary Official Statement or Official Statement, other offering material or information prepared or provided by the Town with respect to the Notes, and we express no opinion, advice or representation to any person with respect to any such Preliminary Official Statement or Official Statement, other offering material or information, or the adequacy thereof.

The opinions rendered herein are given and speak as of the date hereof. We have addressed only the laws of the United States and of the State of Maine referenced herein and the opinions stated herein are limited solely to the matters expressly set forth above. We assume no obligation to update, revise or supplement opinions rendered herein to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. No assurance can be given that future legislation or common law will not contain provisions or create precedent which could directly or indirectly affect the matters set forth herein.

Very truly yours,

PIERCE ATWOOD LLP

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APPENDIX C

**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

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**TOWN OF CAPE ELIZABETH, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the Town of Cape Elizabeth, Maine (the “Issuer”) of its \$ _____,000 2026 General Obligation Bond Anticipation Notes – Series A, dated as of _____, 2026 (the “Notes”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Notes, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The Issuer reserves the right to incorporate by reference its Official Statement dated _____, 2026 relating to the Notes (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Notes, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 1 of this Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

“Dissemination Agent” shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

“Holders” shall mean the registered Holders of the Notes, as recorded in the registration books of the Registrar.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Notes under the headings “TOWN FINANCES,”

“INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Notes.

(a) Certain events whether material or not material:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions or events affecting the tax-exempt status of the Notes, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in Section 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties

(b) Certain events if material:

- (1) Non-payment related defaults;
- (2) Modifications to the rights of Holders of the Notes;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the Notes;

- (5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (6) Appointment of a successor or additional trustee or the change of name of a trustee; and
- (7) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security Holders, if material.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

- 3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 herein.
- 4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial Owners of the Notes, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Notes, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Notes, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Notes, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Notes affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Notes or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

- 5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Notes, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Notes, any municipal securities broker or dealer, any potential purchaser of the Notes, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Notes.

6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.

The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: _____, Treasurer, Town of Cape Elizabeth, 320 Ocean House Road, P.O. Box 6260, Cape Elizabeth, ME 04107; Telephone: (207) 619-6716; Facsimile: (207) 799-7141; e-mail: _____@capeelizabeth.org.

Dated: _____, 20__

TOWN OF CAPE ELIZABETH,
MAINE

By: _____
Its Treasurer