

TOWN OF CAPE ELIZABETH, MAINE

Annual Financial Report

June 30, 2010

TOWN OF CAPE ELIZABETH, MAINE
Annual Financial Report
Year ended June 30, 2010

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Certified Public Accountants and Business Consultants

Independent Auditor's Report

Town Council
Town of Cape Elizabeth, Maine

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, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Cape Elizabeth, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2010, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2010, on our consideration of the Town of Cape Elizabeth, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



September 24, 2010
South Portland, Maine

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2010

Introduction

As the Town Manager of the Town of Cape Elizabeth, Maine, 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, Maine. The total assets for all governmental activity equal \$49,697,026. The total net assets are \$24,639,862. Net assets include \$16,804,351 invested in capital assets, net of related debt and \$7,835,511 in unrestricted net assets. For the reporting period, the Town had an increase in the fund balance for total governmental funds (from statement 4) of \$394,263. The fund balance for the General Fund increased \$315,360. This is attributable to revenues meeting targets and expenditure savings from budgeted levels. The school undesignated fund balance decreased \$518,527 as a result of reduced intergovernmental revenue.

Comparison of Information from Current Year and Prior Year

Assets

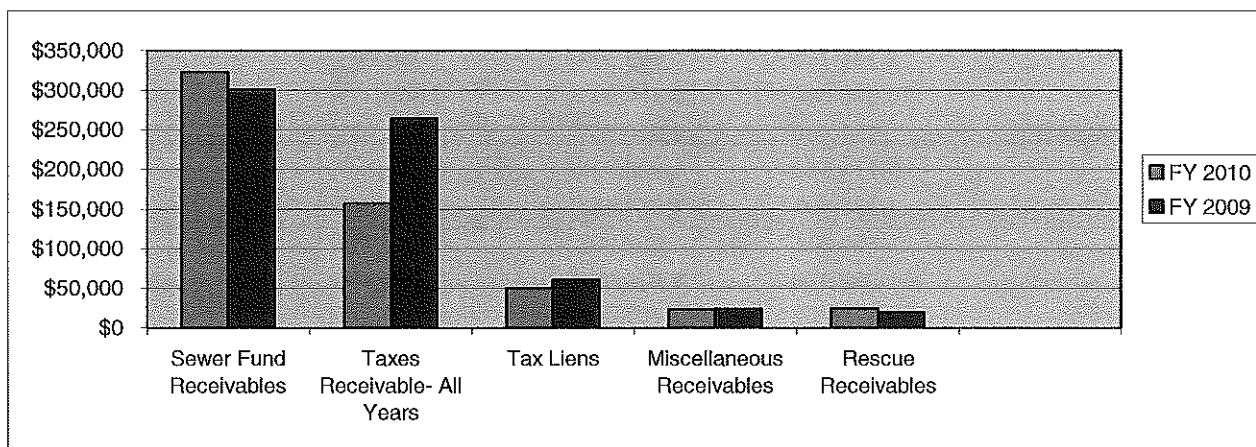
Cash, Cash Equivalents and Investments

The portion of the fund balance in cash, cash equivalents and investments increased \$448,126, from \$9,425,984 to \$9,874,110. The cash increase is attributable in large part due to expenditures falling below planned budget levels.

	FY 2010	FY 2009
Sewer Fund Receivables	\$323,529	\$300,769
Taxes Receivable- Current Year	\$156,142	263,415
Taxes Receivable- Prior Yrs.	1,360	1,351
Tax Liens	\$50,572	61,474
Miscellaneous Receivables	22,894	23,971
Rescue Receivables	24,511	20,211
Tax Acquired Property	206	206
Total	\$579,214	\$671,397
% Sewer	56%	45%
% Taxes etc.	44%	55%

Receivables

The Town continues to have an excellent record of tax receivables, improving the collection rate of the levy for the current year to 99.3%. The taxes receivable amount decreased from the prior year, due to one property that was in receivership the prior year, but whose taxes were paid in full in FY 2010. The sewer receivable has increased and appears at a high level as billing occurs just before the end of each fiscal year. The Town places tax liens on uncollected sewer fees, so eventually the entire receivable is paid.



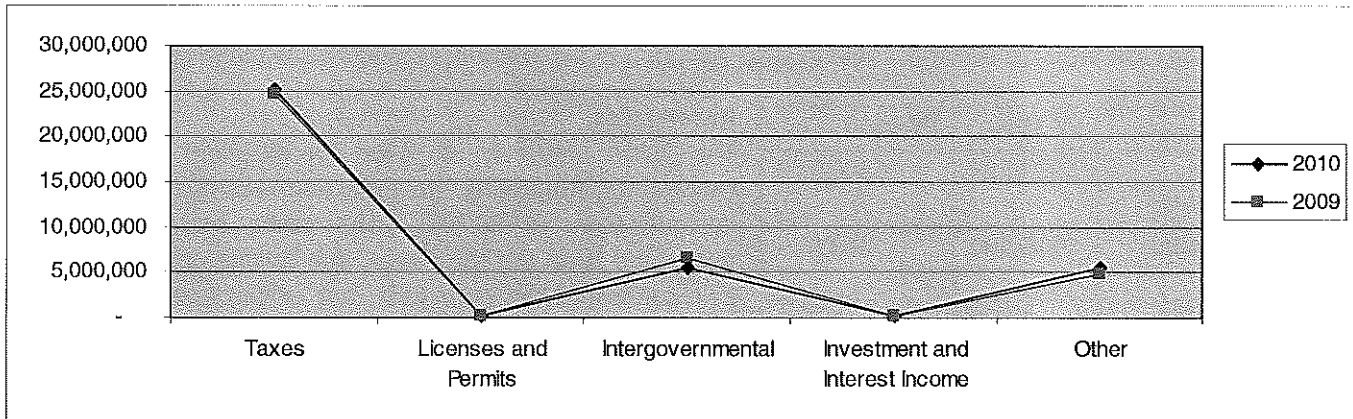
TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2010

Revenues by Major Source

Property and other taxes amounted to 68.9% of revenue in FY 2010. This compares to 67.8% in FY 2009. Intergovernmental revenues decreased 17% due to less revenue for education and from Maine State Revenue Sharing. Investment income increased about 24% from \$127,421 to \$158,548. Overall, revenues were down about \$57,015 or 1%. The total increase in revenue from taxes this past year was \$357,461 or 1.4 % compared with 5.9 % the previous year.

	2010	2009	\$ Change	% Change
Taxes	25,119,671	24,762,210	357,461	1.4%
Licenses and Permits	148,480	140,388	8,092	5.8%
Intergovernmental	5,547,797	6,704,205	(1,156,408)	-17.2%
Investment and Interest Income	158,548	127,421	31,127	24.4%
Other	5,479,563	4,776,850	702,713	14.7%
	36,454,059	36,511,074	(57,015)	-0.2%
			-	
% Taxes of Total	68.9%	67.8%	1.1%	

Revenues Chart



Expenditures

Total expenditures decreased by \$710,560 or 2.0%. The decrease was due to reduced town side and capital outlay expenditures. Spending, excluding capital outlay, increased \$803 or less than 1%, compared to an increase the previous year of 1.7%.

Expenditures changed as follows:

	2010	2009	\$ Change	% Change
General Government	\$ 1,018,929	\$ 1,116,039	\$ (97,110)	-8.7%
Public Safety	1,702,665	1,742,865	(40,200)	-2.3%
Public Works	1,680,662	1,761,263	(80,601)	-4.6%
Human Services	47,837	38,715	9,122	23.6%
Cultural and Parks	1,105,290	1,192,979	(87,689)	-7.4%
Education	23,620,060	23,170,931	449,129	1.9%
Intergovernmental Assessments	987,445	1,030,500	(43,055)	-4.2%
Unclassified	1,776,559	1,828,936	(52,377)	-2.9%
Sewer	1,126,602	1,083,662	42,940	4.0%
School Lunch Program	508,626	503,904	4,722	0.9%
Capital Outlay	1,352,328	2,074,691	(722,363)	-34.8%
Non-School Debt Service	1,379,002	1,483,080	(104,078)	-7.0%
Total Expenditures	\$ 36,306,005	\$ 37,027,565	\$ (721,560)	-2.0%
Excluding Capital Outlay	\$ 34,953,677	\$ 34,952,874	\$ 803	0.0%

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2010

Transfers

The 2008 Capital Bond Fund was closed out with \$174,460 transferred to the General Fund. The Portland Head Light Fund had a transfer in of \$90,000 as the result of an overpayment to the General Fund in FY 2009.

The Overall Financial Position of the Town

The overall financial condition of the Town improved in FY 2010. Despite a tough economy nationally, the tax collection rate improved to 99.3% of the current levy. The municipal undesignated fund balance increased by its largest amount in history, \$896,809. The ratio of bonded debt to assessed value was decreased and no long-term debt was issued except for older debt which was refinanced at a lower interest rate. \$ 2.0 million was retired. The infrastructure is in good condition with police, fire, public works and community facilities having been built or substantially remodeled over the last 12 years. All school buildings have been recently renovated. 78% of all debt is to be retired in the next ten years with 100% of the debt to be retired in the next 20 years.

The Town's median household income in 1999 was \$72,359, the highest in Maine. Property values have moderated in the last two years after significant increases in previous years. Unemployment in the county was at 3.9% in June 2010, compared to a state unemployment rate of 5.3% and a national rate of 5.5%.

Changes in Individual Fund Balances

	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$ 4,603,328	\$ 4,287,968	\$ 315,360	6.9%
School Categorical Funds	720,663	441,643	279,020	38.7%
School Lunch Program	15,698	322	15,376	97.9%
Sewer User Fund	831,508	543,013	288,495	34.7%
Community Services Fund	3,437	(9,091)	12,528	364.5%
Riverside Cemetery Capital Improvements	76,299	62,335	13,964	18.3%
Fort Williams Park Fund	60,484	50,043	10,441	17.3%
Portland Head Light Fund	373,305	243,333	129,972	34.8%
Rescue Fund	312,002	270,251	41,751	13.4%
Cemetery Perpetual Care	355,229	339,981	15,248	4.3%
Library Fund	139,919	133,109	6,810	4.9%
Police and Fire Fund	11,161	10,974	187	1.7%
Land Acquisition Fund	180,192	179,788	404	0.2%
Spurwink Church Fund	28,237	29,068	(831)	-2.9%
Thomas Jordan Fund	840,626	813,764	26,862	3.2%
Turf Field	94,852	80,695	14,157	14.9%
Infrastructure Improvement	168,790	134,426	34,364	20.4%
2008 Capital Projects Bond	-	809,845	(809,845)	

Significant Changes in Individual Fund Balances

The General Fund increase reflects the increase in the "town" undesignated surplus. The 2008 Capital Projects Fund was closed out and the assets were transferred to the General Fund. The Thomas Jordan Fund increased due to its investments. The Portland Head Light Fund increased due to good sales at the gift shop and a \$90,000 credit from the General Fund due to an overpayment in FY 2009. The Community Services Fund had a net gain after two years of losses. The Infrastructure Improvement Fund was established in FY 2007 and is receiving steady income. The Sewer User Fund is benefiting from a three year implementation of sewer fee increases intended to meet the debt service expense of Portland Water District sewer plant upgrades due to begin in September 2010. The Portland Water District is expected to borrow approximately \$3.0 million from the Maine State Revolving Loan Fund Program at a minimal interest rate. School categorical funds increased due to State Maine Care reimbursements.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2010

Significant Budget Variances

There was one significant negative budget variance. A public works equipment known as a multiple tool carrier was budgeted in FY 2009, but was expensed in FY 2010 at a cost of \$110,000. The Town has adjusted to the economic slowdown.

Long-term Debt Activity

In the past decade the Town completed a new police station, a new public works garage, a new community center, new town center fire station, a new kindergarten wing of the elementary school and renovations to the high school. Net bonded debt as of June 30, 2010 stood at \$22,067,420. This equated to 1.65 % of assessed value and to \$2,434 net bonded debt per capita. The ratio of debt service to general governmental expenditures was 9.27% on June 30, 2010 compared to 9.67% on June 30, 2009.

Existing Debt Service Requirements			
Year	Principal	Interest	Total
2011	\$ 2,068,422	705,486	2,773,908
2012	2,051,172	648,770	2,699,942
2013	2,043,969	592,105	2,636,074
2014	2,036,814	534,915	2,571,729
2015	1,944,708	475,967	2,420,675
2016-2020	6,858,745	1,628,901	8,487,646
2021-2025	4,293,998	543,832	4,837,830
2026-2029	769,592	38,402	807,994
Totals	\$ 22,067,420	5,168,378	27,235,798

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 Michael McGovern, Town Manager at the Town of Cape Elizabeth, 320 Ocean House Rd., Cape Elizabeth, Maine 04107, or by phone at 207-799-5251 or by e-mail at michael.mcgovern@capeelizabeth.org

BASIC FINANCIAL STATEMENTS

TOWN OF CAPE ELIZABETH, MAINE
Statement of Net Assets
June 30, 2010

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,516,902
Investments	357,208
Receivables:	
Accounts	22,894
Taxes receivable - prior years	1,360
Taxes receivable - current year	156,142
Tax liens	50,572
Tax acquired property	206
Rescue (net of allowance for uncollectible of \$14,400)	24,511
Sewer fees receivable (net of allowance for uncollectible of \$4,000)	323,529
Prepaid expenses	17,879
Inventories	117,610
Capital assets, not being depreciated	1,594,604
Capital assets, being depreciated	37,513,609
Total assets	49,697,026
LIABILITIES	
Accounts payable and other current liabilities	13,947
Accrued payroll	1,450,390
Compensated absences payable	807,550
Deferred revenues	175,166
Taxes collected in advance	7,580
Accrued interest	151,431
Other postemployment benefits liability	147,238
Noncurrent liabilities:	
Due within one year	2,244,301
Due in more than one year	20,059,561
Total liabilities	25,057,164
NET ASSETS	
Invested in capital assets, net of related debt	16,804,351
Unrestricted	7,835,511
Total net assets	\$ 24,639,862

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Activities
For the Year Ended June 30, 2010

Functions/programs	Program revenues			Capital grants and contributions	Net (expense) revenue and changes in net assets	
	Expenses	Charges for services	Operating grants and contributions		Primary Governmental activities	
Governmental activities:						
General government	\$ 1,294,806	148,481	-	-	(1,146,325)	
Public safety	1,962,717	11,254	-	-	(1,951,463)	
Public works	2,246,229	75,254	77,216	-	(2,093,759)	
Human services	47,837	-	-	-	(47,837)	
Cultural and parks	1,105,290	188,940	-	-	(916,350)	
Education	22,926,211	1,131,623	4,483,486	-	(17,311,102)	
School lunch	508,626	451,127	72,875	-	15,376	
Intergovernmental assessments	987,445	-	-	-	(987,445)	
Unclassified	1,796,294	1,648,812	-	-	(147,482)	
Sewer	1,126,602	1,667,259	-	-	540,657	
Capital maintenance expenses	769,543	-	-	-	(769,543)	
Interest on debt	350,919	-	-	-	(350,919)	
Total governmental activities	35,122,519	5,322,750	4,633,577	-	(25,166,192)	
General revenues:						
Property taxes					23,415,310	
Excise taxes					1,647,131	
Interest and costs on taxes					57,230	
Franchise fees					144,317	
Grants and contributions not restricted to specific programs:						
State Revenue Sharing					599,840	
Homestead exemption					215,154	
Other intergovernmental revenues					99,226	
Unrestricted investment earnings					158,548	
Loss on disposal					(26)	
Miscellaneous revenues					161,003	
Total general revenues					26,497,733	
Change in net assets					1,331,541	
Net assets - beginning					23,308,321	
Net assets - ending					\$ 24,639,862	

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Balance Sheet
Governmental Funds
June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 8,422,639	1,094,263	9,516,902
Investments	-	357,208	357,208
Receivables:			
Accounts	8,422	14,472	22,894
Taxes receivable - prior years	1,360	-	1,360
Taxes receivable - current year	156,142	-	156,142
Tax liens	50,572	-	50,572
Tax acquired property	206	-	206
Rescue (net of allowance for uncollectible of \$14,400)	-	24,511	24,511
Sewer fees receivable (net of allowance for uncollectible of \$4,000)	-	323,529	323,529
Prepaid expenditures	-	17,879	17,879
Inventory	-	117,610	117,610
Interfund loans receivable	-	2,440,434	2,440,434
Total assets	\$ 8,639,341	4,389,906	13,029,247
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other liabilities	13,947	-	13,947
Accrued payroll	1,450,390	-	1,450,390
Interfund loans payable	2,438,096	2,338	2,440,434
Deferred revenues	126,000	175,166	301,166
Taxes collected in advance	7,580	-	7,580
Total liabilities	4,036,013	177,504	4,213,517
Fund balances:			
Reserved for:			
Inventory	-	117,610	117,610
Encumbrances - education	81,858	-	81,858
Unreserved, reported in:			
General fund:			
Designated - Town	986,510	-	986,510
Designated - education	250,000	-	250,000
Undesignated - Town	3,061,548	-	3,061,548
Undesignated - education	223,412	-	223,412
Special revenue fund	-	4,094,792	4,094,792
Total fund balances	4,603,328	4,212,402	8,815,730
Total liabilities and fund balances	\$ 8,639,341	4,389,906	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			39,108,213
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			126,000
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			(807,550)
Accrued interest			(151,431)
Other postemployment benefits liability			(147,238)
Capital leases			(236,442)
Bonds payable			(22,067,420)
Net assets of governmental activities			\$ 24,639,862

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 25,119,671	-	25,119,671
Licenses and permits	148,480	-	148,480
Intergovernmental	4,210,701	1,337,096	5,547,797
Investment income	88,070	70,478	158,548
Other	702,968	4,776,595	5,479,563
Total revenues	30,269,890	6,184,169	36,454,059
Expenditures:			
Current:			
General government	1,018,929	-	1,018,929
Public safety	1,702,665	-	1,702,665
Public works	1,680,662	-	1,680,662
Human services	47,837	-	47,837
Cultural and parks	1,105,290	-	1,105,290
Education	20,875,702	2,744,358	23,620,060
Intergovernmental assessments	987,445	-	987,445
School lunch	-	508,626	508,626
Unclassified	1,061,250	715,309	1,776,559
Sewer	-	1,126,602	1,126,602
Capital improvements	524,960	827,368	1,352,328
Debt service	1,158,985	220,017	1,379,002
Total expenditures	30,163,725	6,142,280	36,306,005
Excess of revenues over expenditures	106,165	41,889	148,054
Other financing sources (uses):			
Proceeds from capital leases	25,325	135,884	161,209
Refunding bond issued	5,850,000	-	5,850,000
Payment to refunded bond escrow agent	(5,765,000)	-	(5,765,000)
Transfers from other funds	329,270	246,400	575,670
Transfers to other funds	(230,400)	(345,270)	(575,670)
Total other financing sources	209,195	37,014	246,209
Net change in fund balances	315,360	78,903	394,263
Fund balances, beginning of year	4,287,968	4,133,499	8,421,467
Fund balances, end of year	\$ 4,603,328	4,212,402	8,815,730

See accompanying notes to 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, 2010

Net change in fund balances - total governmental funds (from Statement 4)	\$	394,263
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$1,918,363) and loss on disposal (\$27) exceeded capital outlays (\$682,941) in the current period.</p>		
		(1,235,449)
<p>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. This is the change in accrued interest (\$50,916) and accrued compensated absences (\$89,150) less the change in other postemployment benefits liability (\$56,005).</p>		
		84,061
<p>Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments (\$7,875,680) exceeded proceeds (\$5,850,000).</p>		
		2,025,680
<p>This is the amount by which lease repayments (\$224,195) exceeded proceeds (\$161,209).</p>		
		62,986
<hr/>		
Change in net assets of governmental activities (see Statement 2)	\$	1,331,541

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2010

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 24,984,947	24,984,947	25,119,671	134,724
Licenses and permits	107,000	107,000	148,480	41,480
Intergovernmental	2,841,417	2,841,417	2,290,148	(551,269)
Investment income	60,000	60,000	88,070	28,070
Other	535,000	535,000	702,968	167,968
Total revenues	28,528,364	28,528,364	28,349,337	(179,027)
Expenditures:				
Current:				
General government	1,114,849	1,120,176	1,018,929	101,247
Public safety	1,822,625	1,845,803	1,702,665	143,138
Public works	1,857,948	1,832,948	1,680,662	152,286
Human services	32,484	52,484	47,837	4,647
Cultural and parks	1,118,798	1,138,712	1,105,290	33,422
Education	19,298,966	19,298,966	18,833,280	465,686
Intergovernmental assessments	988,408	988,408	987,445	963
Unclassified	1,404,580	1,420,712	1,061,250	359,462
Capital improvements	400,000	748,037	524,960	223,077
Debt service	1,164,116	1,249,116	1,158,985	90,131
Total expenditures	29,202,774	29,695,362	28,121,303	1,574,059
Excess (deficiency) of revenues over (under) expenditures	(674,410)	(1,166,998)	228,034	1,395,032
Other financing sources (uses):				
Transfer to special revenue funds	(140,400)	(140,400)	(230,400)	(90,000)
Transfer from special revenue funds	154,810	154,810	154,810	-
Transfer from capital projects funds	-	-	174,460	174,460
Refunding bonds issued	-	5,850,000	5,850,000	-
Payment to refunded bond escrow agent	-	(5,765,000)	(5,765,000)	-
Carryforward balances and subsequent authorizations	-	407,588	-	(407,588)
Utilization of prior year surplus - School	450,000	450,000	-	(450,000)
Utilization of prior year surplus - Town	210,000	210,000	-	(210,000)
Total other financing sources	674,410	1,166,998	183,870	(983,128)
Net change in fund balance	-	-	411,904	411,904
Reconciliation to GAAP:				
Change in encumbrances			(96,544)	
Fund balance, beginning of year			4,287,968	
Fund balance, end of year	\$		4,603,328	

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

		Private- purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$	85,423	178,018
Total assets		85,423	178,018
LIABILITIES			
Due to student groups		-	178,018
Total liabilities		-	178,018
NET ASSETS			
Held in trust	\$	85,423	-

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010

		Private- purpose Trust Funds
Additions:		
Interest earned	\$	1,461
Donations		4,758
Total additions		6,219
Deductions:		
School scholarships		4,175
Other		1,321
Total deductions		5,496
Change in net assets		723
Net assets, beginning of year		84,700
Net assets, end of year	\$	85,423

See accompanying notes to 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.

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. It is the Town's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no entities within the Town that should be included as part of these financial statements.

The accounting policies of the Town of Cape Elizabeth, Maine 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:

B. Government-wide and Fund Financial Statements

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. 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 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.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period 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 funds:

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

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:

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 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 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.

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, 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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 reserved fund balance for inventories. Inventories of the School Lunch Program include the value of the U. S. Department of Agriculture commodities donated to the Programs.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental 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 and with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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 primary government are depreciated using the straight-line method over the assets' estimated useful lives ranging from 3 to 60 years.

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, as well as issuance costs if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charged and amortized over the term of the related debt.

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

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 have 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.

E. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are 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 assets invested in capital assets, net of related debt was calculated as follows at June 30, 2010:

Capital assets	\$ 64,332,439
Accumulated depreciation	(25,224,227)
Bonds and notes payable	(22,067,420)
Capital leases	(236,442)
Total invested in capital assets, net of related debt	\$ 16,804,351

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted for the General Fund, Community Services Fund, Sewer User Fund and Portland Head Light Fund only, 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 vs. reporting under accounting principles generally accepted in the United States of America of \$1,920,553. These amounts have been included as inter-governmental 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 assets at the end of the year.

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.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

Hearings are held to obtain public comments. The budget is legally enacted by a council order. The order enacts the total Town and the total School appropriation. In addition, separate orders are adopted for the Community Services Fund, Sewer Fund, Portland Head Light Fund, Spurwink Church Fund, Riverside Cemetery Fund, Rescue Fund and Thomas Jordan Fund. The level of control (level at which expenditures may not exceed budget) is the Department. Once adopted, the budget can only be amended by the Town Council, and then only to the extent that excess revenues over estimated amounts can be used to increase appropriation accounts. All unexpended appropriations lapse at year end unless specific approval is granted to carry forward such amounts.

The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments. The revised budget presented for the General Fund in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund (Statement 6) includes various adjustments as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>
2009-2010 budget as originally adopted	\$ 30,104,903	30,104,903	-
Overlay/abatements	409,804	409,804	-
Local homestead exemption	(220,000)	(220,000)	-
Utilization of prior year balances:			
Town	(210,000)	-	210,000
School	(450,000)	-	450,000
Community services	(951,533)	(1,077,933)	(126,400)
Designated carry-forward balances – Town	-	542,888	542,888
Budgetary adjustments:			
Subsequent authorizations and transfers	(154,810)	(64,300)	90,510
Total adjusted budget	\$ 28,528,364	29,695,362	1,166,998

CASH 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 deposit of funds in institutions be insured by the FDIC. 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, 2010, the Town reported deposits of \$9,780,343 with a bank balance of \$10,124,099. None of the Town's bank balances were exposed to custodial credit risk as they were covered by the FDIC or by additional insurance purchased on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 9,516,902
Reported in fiduciary funds	263,441
Total deposits	\$ 9,780,343

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

CASH DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2010, the Town had the following investments reported in governmental funds:

	<u>Fair value</u>
Mutual funds (1)	\$ 357,208

(1) Mutual funds are not considered securities and are exempt from credit risk disclosure noted above.

PROPERTY TAXES

Property taxes for the current year were committed on August 6, 2009 on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Interest was charged at 9% on all taxes unpaid as of October 2, 2009 and April 2, 2010. Assessed values are periodically established by the Town's Assessor at 78% 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 \$409,804 for the year ended June 30, 2010.

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.

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 deferred revenues.

The following summarizes the 2010 and 2009 levy:

	<u>2010</u>	<u>2009</u>
Assessed valuation:		
Land	\$ 525,136,600	525,387,300
Buildings	803,721,600	791,636,000
Personal property	5,944,900	4,170,400
Total assessed valuation	\$ 1,334,803,100	1,323,193,700
Assessed valuation	1,334,803,100	1,323,193,700
Tax rate (per \$1,000)	17.54	17.44
Commitment	23,412,447	23,076,498
Supplemental taxes assessed	2,863	1,681
Total tax levy	23,415,310	23,078,179
Change in deferred tax revenues	-	(26,700)
Total property tax revenues	23,415,310	23,051,479

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

PROPERTY TAXES, CONTINUED

Less:
Collections and abatements \$ 23,259,168 22,788,064

Current year receivables at June 30,
2010 and 2009 **\$ 156,142** **263,415**

	<u>2010</u>	<u>2009</u>
Due date(s)	10/2/2009	10/3/2008
	4/2/2010	4/2/2009
Interest rate on delinquent taxes	9.00%	11.00%
Collection rate	99.33%	98.86%

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2010</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,116,995	-	-	1,116,995
Construction in progress	479,123	368,565	370,079	477,609
<u>Total capital assets, not being depreciated</u>	<u>1,596,118</u>	<u>368,565</u>	<u>370,079</u>	<u>1,594,604</u>
Capital assets, being depreciated:				
Land improvements	669,581	-	-	669,581
Buildings and building improvements	38,904,370	-	-	38,904,370
Furniture and equipment	3,249,422	404,927	30,972	3,623,377
Vehicles	3,982,693	279,528	45,000	4,217,221
Infrastructure	15,323,286	-	-	15,323,286
<u>Total capital assets being depreciated:</u>	<u>62,129,352</u>	<u>684,455</u>	<u>75,972</u>	<u>62,737,835</u>
Less accumulated depreciation for:				
Land improvements	81,837	44,640	-	126,477
Buildings and building improvements	11,879,170	1,126,547	-	13,005,717
Furniture and equipment	2,596,805	152,950	30,945	2,718,810
Vehicles	2,447,653	281,498	45,000	2,684,151
Infrastructure	6,376,344	312,728	-	6,689,072
<u>Total accumulated depreciation</u>	<u>23,381,809</u>	<u>1,918,363</u>	<u>75,945</u>	<u>25,224,227</u>
<u>Total capital assets being depreciated, net</u>	<u>38,747,543</u>	<u>(1,233,908)</u>	<u>27</u>	<u>37,513,609</u>
<u>Governmental activities capital assets, net</u>	<u>\$ 40,343,661</u>	<u>(865,343)</u>	<u>370,106</u>	<u>39,108,213</u>

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

CAPITAL ASSETS, CONTINUED

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

Governmental activities:		
General government		\$ 205,354
Public safety		260,052
Public works, including depreciation of general infrastructure assets		565,567
Education		867,655
Unclassified		19,735
Total depreciation expense – governmental activities		\$ 1,918,363

INTERFUND BALANCES

Individual interfund receivables and payables at June 30, 2010 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	2,438,096
Nonmajor special revenue funds:		
Sewer User Fund	507,979	-
School Categorical Programs	720,420	-
School Lunch Program	-	2,338
Community Services Fund	149,731	-
Fort Williams Park Fund	60,484	-
Rescue Fund	287,491	-
Portland Head Light	270,495	-
Land Acquisition Fund	180,192	-
Turf Field	94,852	-
Infrastructure Improvement	168,790	-
Total nonmajor special revenue funds	2,440,434	2,338
Totals	\$ 2,440,434	2,440,434

With the exception of certain trust funds and permanent 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 Financial Statements, Continued

INTERFUND BALANCES, CONTINUED

Individual fund transfers for the year ended June 30, 2010 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 329,270	230,400
Nonmajor special revenue funds:		
School Categorical Programs	-	154,810
Community Services Fund	142,400	-
Portland Head Light	90,000	-
Thomas Jordan Fund	-	16,000
Turf Field	14,000	-
Total nonmajor special revenue funds	246,400	170,810
Nonmajor capital projects fund:		
2008 Capital Projects Fund	-	174,460
Total nonmajor capital projects funds	-	174,460
Totals	\$ 575,670	575,670

These transfers were budgeted transfers to fund certain activities.

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, 2010, the Town was in compliance with these limitations.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2010, 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	\$ 24,093,100	5,850,000	7,875,680	22,067,420	2,068,422
Capital leases	299,428	161,209	224,195	236,442	175,879
Accrued compensated absences	896,700	-	89,150	807,550	-
Governmental activity long-term liabilities	\$ 25,289,228	6,011,209	8,189,025	23,111,412	2,244,301

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

LONG-TERM DEBT

Long-term debt payable at June 30, 2010 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				
2000 Capital improvements	4,100,000	4.00-4.90%	2021	2,125,000
2002 Capital improvements	1,500,000	3.25-5.00%	2022	940,000
2004 School Revolving Renovation Fund (1)	800,000	0%	2014	320,000
2004 School Renovation	3,725,000	3.00-4.36%	2024	2,510,000
2006 School Renovation	4,725,000	3.75-4.20%	2025	3,525,000
2006 Clean Water Revolving Fund	3,510,000	1.73%	2026	2,900,880
2006 Sewer bond	1,890,000	1.90%-5.50%	2027	1,606,500
2008 Capital improvements	2,550,000	3.25%-4.13%	2028	2,290,040
2009 Refunding bond	5,850,000	2.00%-2.75%	2020	5,850,000
Total general obligation bonds				22,067,420
Total				\$ 22,067,420

(1) The original amount of this note was for \$1,000,000, of which \$200,000 has been forgiven by the State. The Town's outstanding portion at June 30, 2010 was \$320,000.

The Town is in compliance with all significant limitations and restrictions contained in the various bond indentures.

The annual requirements to amortize all debt outstanding at June 30, 2010 are as follows. Such amounts exclude overlapping debt requirements, but include School debt requirements to be reimbursed by the State of Maine.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,068,422	705,486	2,773,908
2012	2,051,172	648,770	2,699,942
2013	2,043,969	592,105	2,636,074
2014	2,036,814	534,915	2,571,729
2015	1,944,708	475,967	2,420,675
2016-2020	6,858,745	1,628,901	8,487,646
2021-2025	4,293,998	543,832	4,837,830
2026-2029	769,592	38,402	807,994
Totals	\$ 22,067,420	5,168,378	27,235,798

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.

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

CAPITAL LEASES

The Town has entered into five lease agreements as lessee for financing of computers, buses and a van. The lease agreements contain fiscal funding clauses that permit the Town to terminate the agreements on an annual basis if funds are not appropriated. However, these lease agreements qualify as capital leases, and therefore, have been recorded in the Town's Statement of Net Assets at the present value of the future minimum lease payments as of the date of their inception. The following is a summary of equipment leased under capital lease agreements by the Town as of June 30, 2010:

Computer equipment	\$ 370,403
Buses	147,550
Van	23,325

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2010:

Fiscal year ending	
<u>June 30,</u>	
2011	\$ 184,686
2012	52,303
2013	5,499
2014	5,499
<u>Total minimum lease payments</u>	<u>247,987</u>
<u>Less amounts representing interest</u>	<u>11,545</u>
Present value of future minimum	
<u>lease payments</u>	<u>\$ 236,442</u>

OPERATING LEASES

The Town has four operating lease agreements for rental of Town-owned buildings and land. Rental income from these operating leases in 2010 was \$34,803.

The following is a schedule of the future minimum rentals on operating leases as of June 30, 2010:

Fiscal year ending	
<u>June 30,</u>	
2011	\$ 35,820
2012	30,385
2013	13,975
2014	2,500
2015	2,500
2016-2020	12,500
2021-2025	12,500
<u>Total of future rental income</u>	<u>\$ 110,180</u>

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's state valuation to the County's state valuation. At June 30, 2010, the Town's share is \$161,128 (4.27%) of Cumberland County's outstanding debt of \$3,772,625.

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

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

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.

The Town is responsible for the entire debt service required to finance the PWD's treatment plant at the Thomas Jordan Trust site (the "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, 2010, the Town was responsible for \$159,250 of its portion of PWD's Wastewater Fund Debt (or .49% of PWD's \$32,604,976 total Wastewater Fund Debt).

Other Contingencies

Portland Water District - The Water Division of the PWD also provides water to the inhabitants of ten cities and towns within the Greater Portland Area (the "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 (the "Act"), and pursuant to an agreement with nine of the ten PWD Municipals, the exception being the Town of Standish (the "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 (the "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, 2010, the Town was contingently responsible for approximately 6.60%, or \$2,074,490, of the PWD's \$31,450,023 Water Fund Debt.

Ecomaine (formally Regional Waste Systems) - Ecomaine, a Maine corporation with twenty one participating municipalities including the Town of Cape Elizabeth, has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of Ecomaine, payable from and secured by a pledge of Ecomaine revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision of the State of Maine, or a pledge of the full faith and credit of any political subdivision of the State of Maine. Ecomaine has no taxing power. Notwithstanding the foregoing, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to Ecomaine for processing, to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will at least equal required debt service of the bonds. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2010, outstanding "Incinerator Debt" of Ecomaine totaled \$9,210,000 of which the Town of Cape Elizabeth's share, based on estimated tonnage to be delivered, amounted to \$447,720.

The Town has also entered into an agreement with Ecomaine, as one of twenty-one Ecomaine Member Municipalities along with an additional six Participating Municipalities, to establish a Material Recycling Facility ("MRF") at Ecomaine's demolition debris and recycling facility in Gorham. It is anticipated that the Town's share of debt incurred for this project will also be paid through service charges and user fees over the life of the project. At June 30, 2010 the Town's share is \$79,794 of Ecomaine's outstanding MRF debt of \$1,980,000.

Additionally, Ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure costs approximate \$14,834,132 at June 30, 2009 (the most recent data available). The Town's proportionate share of these estimated landfill closure and postclosure costs is 4.85% or \$719,877.

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

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance, 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.

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, 2010.

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 postclosure care costs.

DESIGNATED/RESERVED FUND BALANCES

Designated Fund Balances

At June 30, 2010 and 2009, portions of the General Fund fund balance were designated to future periods as follows:

	<u>2010</u>	<u>2009</u>
<u>General Fund:</u>		
Town:		
Roadway and drainage repairs	\$ 249,843	256,936
Sidewalk improvements	45,000	-
Royles Library	50	50
Telephone upgrade	9,200	-
GIS improvements	14,339	-
Planning studies	3,800	-
Fort Williams repairs	50,720	14,914
Revaluation	19,033	19,033
B. Chase	2,689	5,828
M.J. Chase	4,319	18,767
Police donations	14,403	13,830
Greenbelt trails	2,551	-
Cruiser replacement	9,073	5,175
Street openings	-	717
Retirement system assessment	19,548	-
Fire donations	822	-
Lebensfeld	209	209
Ronald Fritz memorial bench	-	446
Records preservation	5,529	5,327
Recycling promotion	5,000	-
Multiple Tool Carrier	-	110,000

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

DESIGNATED/RESERVED FUND BALANCES, CONTINUED

Family fun day	\$ 1,691	5,000
Fire Gear	-	9,348
Alternative Energy Committee	39,030	32,923
Dispatch transition expenses	-	20,000
Fuel assistance fund	-	10,415
High School tennis courts	-	3,000
Parks garage repairs	-	10,970
Tennis court repair	7,500	-
Town hall structural repairs	49,000	-
Election equipment	16,000	-
Pool roof repairs	6,556	-
Fireproof cabinet – Public Works	2,900	-
Municipal energy projects	87,420	-
Shore Road path engineering	53,291	-
ARRA energy grant – local share	51,512	-
Fuel and food donations	5,482	-
Total Town	776,510	542,888
Re-appropriated fund balance:		
Education	250,000	250,000
Town	210,000	410,000
Total reappropriated fund balance	\$ 460,000	660,000

Reserved Fund Balances

Additionally, at June 30, 2010, portions of the General Fund and Special Revenue Funds fund balances have been reserved as follows:

	General Fund	Special Revenue Funds	
		School Lunch Fund	Portland Head Light
Reserved for noncurrent assets:			
Inventory	\$ -	14,800	102,810
Reserved for encumbrances	81,858	-	-
Total reserved fund balance	\$ 81,858	14,800	102,810

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)

Maine Public Employees Retirement System - District Group

The Town participates in the Maine Public Employees Retirement System. Maine Public Employees Retirement System is a single-employer public employee retirement system established by the Maine State legislature. 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. Except for police officers and sergeants, the Town has elected not to participate in the Maine Public Employees Retirement System Consolidated Plan.

New employees not eligible to participate in the Maine Public Employees Retirement System participate in the Town's ICMA Plan. As of June 30, 2010, the Town had 3 active covered employees, 0 vested inactive employee and 56 vested/retired employees. Covered payroll for the year ended June 30, 2010 was \$140,259 of the total combined Town and School payroll of \$17,412,850. Employees are eligible for normal retirement upon attaining age 60 with 10 or more years of service or after completing 25 or more years of creditable service prior to age 60. 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 makes employer contributions in accordance with funding requirements determined by Maine PERS' actuary. For the year ended June 30, 2010, the Town contributed a minimum required monthly contribution of \$14, which amounted to \$168 for the year. Covered employees are required to contribute 6.5% of their salary to the Maine Public Employees Retirement System and amounted to \$9,117 for the year ended June 30, 2010.

The amount shown below as "Actuarial Accrued Liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits.

The actuarial accrued liability was computed as part of an actuarial update based on the single actuarial valuation as of June 30, 2009 (the most recent date available). Significant actuarial assumptions used to compute the pension benefit obligations are:

Annual rate of investment return	7.75%
Annual rate of salary increase	4.75%
Annual cost of living increase	3.75%
Average retirement age	60

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED

At June 30, 2009, the date of the latest actuarial report, the actuarial accrued liability in excess of total assets was \$1,238,347, determined as follows:

Actuarial accrued liability:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 4,885,858
Current employees:	
Accumulated employee contributions including investment income	702,469
Employer financed, vested	626,975
Employer financed, nonvested	41,979
Total actuarial accrued liability	6,257,281
Market value of net assets available for benefits	(5,018,934)
Pension benefit obligation in excess of assets	\$ 1,238,347

Maine PERS - Consolidated Plan – Police Officers and Sergeants

Description of the Plan - Effective July 1, 2008, the Town of Cape Elizabeth began offering participation in the Maine PERS Special Plan 2-C of the Consolidated Plan for all police officers and sergeants. The Maine Public Employees Retirement Consolidated Plan is a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. Any officers and sergeants participating in this plan are responsible for any applicable buyback costs. Joining and buyback opportunities and deadlines are determined by Maine PERS. The Town does permit employee funded buybacks in accordance with Maine PERS regulations. The employee is responsible for the employee costs as determined by Maine PERS. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the state legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. The current rate is 9.6% of annual covered payroll for the Special Plan 2-C. The contribution rates of plan members and the Town of Cape Elizabeth are established and may be amended by the State legislature. The Town's contribution to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2010 was \$66,012.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED

Maine Public Employees Retirement System - Teacher's Group

Description of Plan - All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$1,920,553 (17.78%) for the fiscal year 2010. There is no contribution required by the School except for federally funded teachers, for which the School contributed 17.78% of their compensation. This cost is charged to the applicable grant.

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 year ended June 30, 2010, the Town's and School's contributions to the plan totaled \$194,975.

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 approximately \$595,549 for the year ended June 30, 2010.

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

OTHER POST EMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Cape Elizabeth, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town of Cape Elizabeth is a member of the Maine Municipal Employees Health Trust. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the District's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in June 2009.

Plan Descriptions – In addition to providing pension benefits, the City provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

Funding Policy and Annual OPEB Cost – GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the year and the annual required contribution:

Normal cost	\$ 38,212
Amortization of unfunded	51,232
<u>Interest</u>	<u>1,789</u>
Annual Required Contribution	\$ 91,233

Net OPEB Obligation – The Town's net OPEB obligation was calculated as follows:

OPEB liability, June 30, 2009	\$ 91,233
Annual required contribution	91,233
<u>Actual contribution</u>	<u>(35,228)</u>
OPEB liability, June 30, 2010	\$ 147,238

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Funding Status and Funding Progress – The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2010 were as follows:

Annual required contribution	\$ 91,233
Actual contribution	35,228
Percent contributed	38.61%
Actuarial accrued liability	921,348
<u>Plan assets</u>	<u>-</u>
Unfunded actuarial accrued liability	921,348
Covered payroll	\$ 2,864,998
Unfunded actuarial accrued liability as a percentage of covered payroll	32.16%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only two years available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/09
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 9.6%

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Retiree Healthcare Plan

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) / c]</u>
2009	1/1/09	\$ -	\$921,348	\$921,348	0.00%	\$3,079,336	29.92%
2010	1/1/09	\$ -	\$921,348	\$921,348	0.00%	\$2,864,998	32.16%

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
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 8,422,639	7,201,100
Taxes receivable - current year	156,142	263,415
Taxes receivable - prior years	1,360	1,351
Tax liens	50,572	61,474
Tax acquired property	206	206
Accounts receivable	8,422	8,676
Total assets	\$ 8,639,341	7,536,222
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other current liabilities	13,947	64,232
Accrued payroll	1,450,390	1,449,290
Deferred revenues	126,000	126,000
Taxes collected in advance	7,580	3,682
Interfund loans payable	2,438,096	1,605,050
Total liabilities	4,036,013	3,248,254
Fund balance:		
Reserved:		
Encumbrances - education	81,858	178,402
Unreserved:		
Designated - Town	986,510	952,888
Designated - education	250,000	250,000
Undesignated - education	223,412	741,939
Undesignated - Town	3,061,548	2,164,739
Total fund balance	4,603,328	4,287,968
Total liabilities and fund balance	\$ 8,639,341	7,536,222

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, 2010
(with comparative actual amounts for the year ended June 30, 2009)

	2010		Variance positive (negative)	2009 Actual
	Revised budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 23,412,447	23,412,447	-	23,076,819
Supplemental taxes	-	2,863	2,863	1,681
Change in deferred taxes	-	-	-	(26,700)
Excise taxes	1,532,500	1,647,131	114,631	1,671,850
Interest and costs on taxes	40,000	57,230	17,230	38,560
Total taxes	24,984,947	25,119,671	134,724	24,762,210
Licenses and permits:				
Auto registration fees	25,000	25,063	63	24,915
Building, electrical and plumbing fees	70,000	110,567	40,567	100,536
Town Clerk fees	12,000	12,850	850	14,937
Total licenses and permits	107,000	148,480	41,480	140,388
Intergovernmental revenues:				
State revenue sharing	614,000	599,840	(14,160)	667,238
Education - State subsidies	1,872,152	1,250,711	(621,441)	2,654,038
State agency clients	40,000	48,001	8,001	44,354
D.O.T. block grant	82,000	77,216	(4,784)	86,944
Homestead revenue	215,154	215,154	-	166,294
Other miscellaneous - State and Federal	18,111	99,226	81,115	210,957
Total intergovernmental revenues	2,841,417	2,290,148	(551,269)	3,829,825
Investment income:				
Investment earnings	60,000	88,070	28,070	157,421
Total investment income	60,000	88,070	28,070	157,421
Other revenues:				
Rental income	15,000	15,303	303	13,698
Cable television franchise	100,000	144,317	44,317	128,535
Refuse disposal	60,000	75,254	15,254	62,155
School department	43,000	122,226	79,226	51,938
Police specials and fees	20,500	11,254	(9,246)	13,136
Library fines and fees	8,500	8,625	125	8,449
Miscellaneous donations	-	5,400	5,400	20,112
Community pool and fitness center	191,000	180,315	(10,685)	256,798
Miscellaneous	97,000	140,274	43,274	77,689
Total other revenues	535,000	702,968	167,968	632,510
Total revenues	28,528,364	28,349,337	(179,027)	29,522,354

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

	2010		Variance positive (negative)	2009 Actual
	Revised budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 494,587	452,929	41,658	490,055
Assessing	357,074	336,489	20,585	331,103
Town council	2,500	963	1,537	1,231
Legal and audit	58,000	50,967	7,033	45,046
Elections	33,002	17,590	15,412	27,021
Boards and commissions	10,603	10,134	469	15,734
Facilities and property management	139,110	127,880	11,230	178,866
Town hall maintenance	25,300	21,977	3,323	26,983
Total general government	1,120,176	1,018,929	101,247	1,116,039
Public works:				
General public works	988,144	935,591	52,553	990,906
Refuse disposal	844,804	745,071	99,733	770,357
Total public works	1,832,948	1,680,662	152,286	1,761,263
Public safety:				
Fire department	283,548	258,262	25,286	247,073
Police department	1,127,128	1,070,195	56,933	978,664
Animal control	20,020	20,020	-	19,332
Dispatchers	168,000	145,088	22,912	260,355
WETeam	23,565	14,174	9,391	17,544
Miscellaneous public protection	159,483	144,062	15,421	156,698
Emergency preparedness	2,259	2,007	252	2,010
Town center fire station	13,570	10,075	3,495	15,417
Cape cottage fire station	5,680	4,764	916	5,486
Police station	42,550	34,018	8,532	40,286
Total public safety	1,845,803	1,702,665	143,138	1,742,865
Cultural and parks:				
Library	436,196	431,063	5,133	423,066
Parks and grounds	363,402	347,542	15,860	341,273
Community pool and fitness center	319,728	307,923	11,805	411,347
Trees	19,386	18,762	624	17,293
Total cultural and parks	1,138,712	1,105,290	33,422	1,192,979
Human services	52,484	47,837	4,647	38,715
Education:				
Regular instruction	8,265,997	8,206,946	59,051	8,367,051
Special education instruction	2,552,275	2,552,275	-	2,387,970
Career and technical education	46,242	46,242	-	49,694
Other instruction	584,972	563,767	21,205	626,504
Student and staff support	2,230,127	2,156,975	73,152	1,926,789
System administration	593,899	569,730	24,169	564,048
School administration	957,271	887,987	69,284	875,770
Transportation	625,156	609,871	15,285	620,226
Facilities maintenance	1,942,512	1,771,202	171,310	1,874,443
Debt service	1,500,515	1,468,285	32,230	1,565,811
Total education	19,298,966	18,833,280	465,686	18,858,306

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

	2010		Variance positive (negative)	2009 Actual
	Revised budget	Actual		
Expenditures, continued				
Current, continued:				
Intergovernmental assessments	\$ 988,408	987,445	963	1,030,500
Unclassified:				
Abatements/overlay	409,804	49,913	359,891	22,587
Insurance	92,500	91,091	1,409	80,710
Employee benefits	862,111	841,159	20,952	883,771
Contributions	5,450	3,928	1,522	4,757
Cable television	39,715	29,683	10,032	33,203
Grants	10,415	22,278	(11,863)	11,995
Other	717	23,198	(22,481)	56,656
Total unclassified	1,420,712	1,061,250	359,462	1,093,679
Debt service (excluding School Department)	1,249,116	1,158,985	90,131	1,234,894
Capital improvements:				
Road and sidewalk projects	469,936	220,520	249,416	280,157
Cruiser replacement	36,375	27,301	9,074	94,824
Fire equipment	-	-	-	47,363
Police radio repairs	1,000	852	148	1,393
High school tennis court	3,000	-	3,000	-
Computer hardware and software	7,500	13,293	(5,793)	3,416
Police station repairs / improvements	2,500	-	2,500	9,000
Town hall improvements	-	-	-	5,848
Public works building	5,500	16,165	(10,665)	-
Police	-	-	-	5,014
Library improvements	-	-	-	410
Building maintenance vehicle	-	-	-	21,929
Town Hall building systems	30,000	20,403	9,597	-
Nordic ski trail	-	-	-	3,227
Revaluation	19,033	-	19,033	-
Fire station repairs	8,000	2,074	5,926	2,585
Rental unit repairs	2,000	-	2,000	223
Parks building repairs	8,000	6,965	1,035	1,530
Pick up truck replacement	37,000	36,436	564	-
Recycling promotion	-	(235)	235	4,998
Dugouts	-	-	-	(632)
Ice storm damage	-	14,368	(14,368)	64,280
Hannaford turf field	-	2,823	(2,823)	(835)
Dispatch consolidation	20,000	13,283	6,717	123,044
Tool carrier replacement	-	110,000	(110,000)	-
Parks garage door repair	10,970	-	10,970	-
Pool roof repairs	7,000	444	6,556	-
Public works radio repair	5,000	4,632	368	-
Town center fire station	5,500	-	5,500	-
Public works fire program	2,900	-	2,900	-
Replacement voting machine	16,000	-	16,000	-
Refuse container	4,300	3,667	633	-
Parks equipment trailer	3,100	3,436	(336)	-
Replace WETeam motor	5,000	5,000	-	-
Fire / Police EMA radios	5,500	4,340	1,160	-
Alternative energy	32,923	19,193	13,730	7,076
Total capital improvements	748,037	524,960	223,077	674,850
Total expenditures	29,695,362	28,121,303	1,574,059	28,744,090
Excess (deficiency) of revenues over (under) expenditures	(1,166,998)	228,034	1,395,032	778,264

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

	2010			2009 Actual
	Revised budget	Actual	Variance positive (negative)	
Other financing sources (uses):				
Transfer to special revenue funds	\$ (140,400)	(230,400)	(90,000)	(210,522)
Transfer from special revenue funds	154,810	154,810	-	77,202
Transfer from capital projects funds	-	174,460	174,460	-
Carryforward balances and subsequent authorizations	407,588	-	(407,588)	-
Refunding bonds issued	5,850,000	5,850,000	-	-
Payment to refunded bond escrow agent	(5,765,000)	(5,765,000)	-	-
Utilization of prior year surplus - School	450,000	-	(450,000)	-
Utilization of prior year surplus - Town	210,000	-	(210,000)	-
Total other financing sources (uses)	1,166,998	183,870	(983,128)	(133,320)
Net change in fund balance	-	411,904	411,904	644,944
Reconciliation to GAAP:				
Change in encumbrances		(96,544)		115,483
Fund balance, beginning of year		4,287,968		3,527,541
Fund balance, ending of year	\$	4,603,328		4,287,968

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF CAPE ELIZABETH, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,094,263	-	1,094,263
Investments	357,208	-	357,208
Receivables:			
Accounts	14,472	-	14,472
Rescue receivable (net of allowance for uncollectible of \$14,400)	24,511	-	24,511
Sewer fees receivable (net of allowance for uncollectible of \$4,000)	323,529	-	323,529
Inventory	117,610	-	117,610
Prepaid expenditures	17,879	-	17,879
Interfund loans receivables	2,440,434	-	2,440,434
Total assets	\$ 4,389,906	-	4,389,906
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	175,166	-	175,166
Interfund loans payables	2,338	-	2,338
Total liabilities	177,504	-	177,504
Fund balances:			
Reserved for:			
Inventory	117,610	-	117,610
Unreserved, reported in:			
Special revenue fund	4,094,792	-	4,094,792
Total fund balances	4,212,402	-	4,212,402
Total liabilities and fund balances	\$ 4,389,906	-	4,389,906

TOWN OF CAPE ELIZABETH, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental:			
Federal and State subsidies	\$ 1,321,181	-	1,321,181
Federal commodities	15,915	-	15,915
Investment income	64,845	5,633	70,478
Other:			
Building and park rentals and fees	65,449	-	65,449
Sale of cemetery lots	66,433	-	66,433
School lunch	451,127	-	451,127
Community service	943,948	-	943,948
Sewer assessments	1,667,259	-	1,667,259
Lighthouse admissions	45,507	-	45,507
Lighthouse gift shop sales	502,242	-	502,242
Rescue charges	186,450	-	186,450
Miscellaneous	848,180	-	848,180
Total revenues	6,178,536	5,633	6,184,169
Expenditures:			
Current:			
Educational/recreation program	2,744,358	-	2,744,358
School lunch	508,626	-	508,626
Unclassified:			
Fort Williams Park	983	-	983
Portland Head Light - operations and staff	239,568	-	239,568
Portland Head Light - gift shop costs	270,466	-	270,466
Rescue expenditures	144,699	-	144,699
Maintenance	44,086	-	44,086
Church	5,847	-	5,847
Miscellaneous	9,660	-	9,660
Sewer	1,126,602	-	1,126,602
Capital improvements	186,350	641,018	827,368
Debt service	220,017	-	220,017
Total expenditures	5,501,262	641,018	6,142,280
Excess (deficiency) of revenues over (under) expenditures	677,274	(635,385)	41,889
Other financing sources (uses):			
Lease proceeds	135,884	-	135,884
Transfer from other funds	246,400	-	246,400
Transfer to other funds	(170,810)	(174,460)	(345,270)
Total other financing sources (uses)	211,474	(174,460)	37,014
Net change in fund balances	888,748	(809,845)	78,903
Fund balances, beginning of year	3,323,654	809,845	4,133,499
Fund balances, end of year	\$ 4,212,402	-	4,212,402

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special revenue funds are established for the following purposes:

School Categorical Programs

This fund accounts for various federal and state programs administered by the School Department.

School Lunch Program

This fund accounts for revenues and expenditures for school lunch purposes.

Sewer User Fund

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

Community Services Fund

This fund accounts for revenues and expenditures of the Community Services Program.

Riverside Cemetery Capital Improvements

The Riverside Capital Improvement Fund was established in 1993 to account for monies received for the purpose of cemetery expansion and improvement. Fifty percent of funds received for lot sales are recognized as revenues of this fund

Fort Williams Park Fund

Accounts for revenues from Fort Williams Park which are used for the maintenance of the park.

Portland Head Light

The Portland Head Light Fund accounts for the museum at Portland Head Light (a nonprofit 501(c)(3) organization), and the collection of donations and other funds for the Portland Head Light.

Rescue Fund

This fund accounts for revenues from ambulance billings and expenditures related to the Rescue.

Riverside Perpetual Care

The Riverside Memorial Park Trust Fund was established in 1945. The Treasurer of the Town receives and accounts for all funds collected. Disbursements are made in accordance with a budget approved by the Town Council each year.

Library Fund

The Library Fund accounts for various bequests and donations to the Thomas Memorial Library.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS, CONTINUED

Police and Fire

The Police and Fire Fund was established to assist police and fire personnel with special needs.

Land Acquisition Fund

The Land Acquisition Fund receives donations, appropriations and the proceeds from the sale of Town property. In 1988, the Town Council voted to establish a policy that the account should recognize interest income on the fund principal, allocated to the account on an annual basis. Funds may be expended only with the authorization of the Town Council.

Thomas Jordan Fund

The Thomas Jordan Trust accounts for funds received from the Thomas Jordan property and the related investment income, available for benefit of the poor of the Town of Cape Elizabeth.

Turf Field

This fund is for the eventual replacement of the monofilament surface of Hannaford Field. It was established in 2007 with a \$50,000 capitalization by the Town. The Town Council and School Board announced intentions in 2007 to each budget \$7,000 annually as a contribution to this interest bearing fund.

Infrastructure Improvement

This fund was established in 2007. The revenue from 30% of the building permits in excess of \$2,500 in estimated building value is placed in this account. Expenditures from the fund will be made for improvements to the municipal infrastructure.

Spurwink Church Fund

The Spurwink Church Trust was established on February 14, 1983 by action of the Cape Elizabeth Town Council. The purposes of the Trust are to provide funds for the upkeep, maintenance and general repair of the Spurwink Church, and the premises upon which it is located, to provide funds for approved programs which may be held at the church, and for such other purposes which are not inconsistent with the above purposes and applicable law. Disbursements may be made only upon authorization of the Cape Elizabeth Town Council after receiving recommendation from the Cape Elizabeth Board of Historic Preservation Advisors.

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2010

		School Categorical Programs	School Lunch Program	Sewer User Fund	Community Services Fund	Riverside Cemetery Capital Improvements	Fort Williams Park Fund
ASSETS							
Cash and cash equivalents	\$	-	-	-	-	76,299	-
Investments		-	-	-	-	-	-
Accounts receivable		243	14,229	-	-	-	-
Rescue receivable (net of allowance for uncollectible of \$14,400)		-	-	-	-	-	-
Sewer fees receivable allowance for uncollectible of \$4,000)		-	-	323,529	-	-	-
Inventory		-	14,800	-	-	-	-
Prepaid expenditures		-	-	-	17,879	-	-
Interfund loans receivable		720,420	-	507,979	149,731	-	60,484
Total assets	\$	720,663	29,029	831,508	167,610	76,299	60,484
LIABILITIES AND FUND BALANCES							
Liabilities:							
Deferred revenues		-	10,993	-	164,173	-	-
Interfund loans payable		-	2,338	-	-	-	-
Total liabilities		-	13,331	-	164,173	-	-
Fund balances:							
Reserved:							
Inventory		-	14,800	-	-	-	-
Unreserved:							
Undesignated		720,663	898	831,508	3,437	76,299	60,484
Total fund balances		720,663	15,698	831,508	3,437	76,299	60,484
Total liabilities and fund balances	\$	720,663	29,029	831,508	167,610	76,299	60,484

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, continued

Portland Head Light	Rescue Fund	Riverside Perpetual Care	Library Fund	Police and Fire	Land Acquisition Fund	Thomas Jordan Fund	Turf Field	Infrastructure Improvement	Spurwink Church Fund	Totals
-	-	355,229	139,919	11,161	-	483,418	-	-	28,237	1,094,263
-	-	-	-	-	-	357,208	-	-	-	357,208
-	-	-	-	-	-	-	-	-	-	14,472
-	24,511	-	-	-	-	-	-	-	-	24,511
-	-	-	-	-	-	-	-	-	-	323,529
102,810	-	-	-	-	-	-	-	-	-	117,610
-	-	-	-	-	-	-	-	-	-	17,879
270,495	287,491	-	-	-	180,192	-	94,852	168,790	-	2,440,434
373,305	312,002	355,229	139,919	11,161	180,192	840,626	94,852	168,790	28,237	4,389,906
-	-	-	-	-	-	-	-	-	-	175,166
-	-	-	-	-	-	-	-	-	-	2,338
-	-	-	-	-	-	-	-	-	-	177,504
102,810	-	-	-	-	-	-	-	-	-	117,610
270,495	312,002	355,229	139,919	11,161	180,192	840,626	94,852	168,790	28,237	4,094,792
373,305	312,002	355,229	139,919	11,161	180,192	840,626	94,852	168,790	28,237	4,212,402
373,305	312,002	355,229	139,919	11,161	180,192	840,626	94,852	168,790	28,237	4,389,906

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, 2010

	School Categorical Programs	School Lunch Program	Sewer User Fund	Community Services Fund	Riverside Cemetery Capital Improvements	Fort Williams Park Fund
Revenues:						
Intergovernmental:						
Federal and state subsidies	\$ 1,231,285	56,960	-	32,936	-	-
Federal commodities	-	15,915	-	-	-	-
Interest income	-	-	1,084	-	1,064	-
Other revenue:						
Building and park rentals and fees	-	-	-	-	-	26,866
Sewer assessments	-	-	1,667,259	-	-	-
Sale of cemetery lots	-	-	-	-	12,900	-
School lunch	-	451,127	-	-	-	-
Community services	-	-	-	943,948	-	-
Lighthouse admissions	-	-	-	-	-	-
Lighthouse gift shop sales	-	-	-	-	-	-
Rescue charges	-	-	-	-	-	-
Miscellaneous	840,147	-	1,795	-	-	-
Total revenues	2,071,432	524,002	1,670,138	976,884	13,964	26,866
Expenditures:						
Current:						
Educational/recreation program expenditures	1,637,602	-	-	1,106,756	-	-
Church expenditures	-	-	-	-	-	-
School lunch expenditures	-	508,626	-	-	-	-
Unclassified:						
Fort Williams park	-	-	-	-	-	983
Portland Head Light operations and staff	-	-	-	-	-	-
Portland Head Light gift shop costs	-	-	-	-	-	-
Rescue expenditures	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Sewer - Operations and maintenance	-	-	57,084	-	-	-
Sewer - Portland Water District assessments	-	-	1,069,518	-	-	-
Capital improvements	135,884	-	35,024	-	-	15,442
Debt service	-	-	220,017	-	-	-
Total expenditures	1,773,486	508,626	1,381,643	1,106,756	-	16,425
Other financing sources (uses):						
Lease proceeds	135,884	-	-	-	-	-
Transfer to other funds	(154,810)	-	-	-	-	-
Transfer from other funds	-	-	-	142,400	-	-
Total other sources (uses)	(18,926)	-	-	142,400	-	-
Net change in fund balances	279,020	15,376	288,495	12,528	13,964	10,441
Fund balances (deficit), beginning of year	441,643	322	543,013	(9,091)	62,335	50,043
Fund balances, end of year	\$ 720,663	15,698	831,508	3,437	76,299	60,484

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

Portland Head Light	Rescue Fund	Riverside Perpetual Care	Library Fund	Police and Fire	Land Acquisition Fund	Thomas Jordan Fund	Turf Field	Infrastructure Improvement	Spurwink Church Fund	Totals
-	-	-	-	-	-	-	-	-	-	1,321,181
-	-	-	-	-	-	-	-	-	-	15,915
558	-	5,801	2,271	187	404	52,522	157	301	496	64,845
-	-	-	-	-	-	-	-	34,063	4,520	65,449
-	-	-	-	-	-	-	-	-	-	1,667,259
-	-	53,533	-	-	-	-	-	-	-	66,433
-	-	-	-	-	-	-	-	-	-	451,127
-	-	-	-	-	-	-	-	-	-	943,948
45,507	-	-	-	-	-	-	-	-	-	45,507
502,242	-	-	-	-	-	-	-	-	-	502,242
-	186,450	-	-	-	-	-	-	-	-	186,450
1,699	-	-	4,539	-	-	-	-	-	-	848,180
550,006	186,450	59,334	6,810	187	404	52,522	157	34,364	5,016	6,178,536
-	-	-	-	-	-	-	-	-	-	2,744,358
-	-	-	-	-	-	-	-	-	5,847	5,847
-	-	-	-	-	-	-	-	-	-	508,626
-	-	-	-	-	-	-	-	-	-	983
239,568	-	-	-	-	-	-	-	-	-	239,568
270,466	-	-	-	-	-	-	-	-	-	270,466
-	144,699	-	-	-	-	-	-	-	-	144,699
-	-	44,086	-	-	-	-	-	-	-	44,086
-	-	-	-	-	-	9,660	-	-	-	9,660
-	-	-	-	-	-	-	-	-	-	57,084
-	-	-	-	-	-	-	-	-	-	1,069,518
-	-	-	-	-	-	-	-	-	-	186,350
-	-	-	-	-	-	-	-	-	-	220,017
510,034	144,699	44,086	-	-	-	9,660	-	-	5,847	5,501,262
-	-	-	-	-	-	-	-	-	-	135,884
-	-	-	-	-	-	(16,000)	-	-	-	(170,810)
90,000	-	-	-	-	-	-	14,000	-	-	246,400
90,000	-	-	-	-	-	(16,000)	14,000	-	-	211,474
129,972	41,751	15,248	6,810	187	404	26,862	14,157	34,364	(831)	888,748
243,333	270,251	339,981	133,109	10,974	179,788	813,764	80,695	134,426	29,068	3,323,654
373,305	312,002	355,229	139,919	11,161	180,192	840,626	94,852	168,790	28,237	4,212,402

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 other than those employed in the delivery of services accounted for in enterprise funds.

The Town's capital project fund was established for the following purpose:

2008 Capital Improvement Project

This fund accounts for expenditures which were bonded in 2008.

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Capital Project Fund
Balance Sheet
June 30, 2010

		2008 Capital Projects Bond	Total
ASSETS			
Cash and cash equivalents	\$	-	-
Total assets	\$	-	-
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund loans payable		-	-
Total liabilities		-	-
Fund balances:			
Unreserved:			
Undesignated		-	-
Total fund balances		-	-
Total liabilities and fund balances	\$	-	-

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2010

	2008 Capital Projects Bond	Total
Revenues:		
Interest income	\$ 5,633	5,633
Total revenues	5,633	5,633
Expenditures:		
Capital outlay	641,018	641,018
Total expenditures	641,018	641,018
Other financing uses:		
Transfer to other funds	(174,460)	(174,460)
Total other financing uses	(174,460)	(174,460)
Net change in fund balances	(809,845)	(809,845)
Fund balances, beginning of year	809,845	809,845
Fund balances, end of year	\$ -	-

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS

AGENCY FUNDS

TOWN OF CAPE ELIZABETH, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds - Private-Purpose
June 30, 2010

	Seaside Cemetery	School Scholarship Trust	Zimpritch Library Trust	Total
ASSETS				
Cash and cash equivalents	\$ 486	68,865	16,072	85,423
Total assets	\$ 486	68,865	16,072	85,423
NET ASSETS				
Held in trust	486	68,865	16,072	85,423
Total net assets	\$ 486	68,865	16,072	85,423

TOWN OF CAPE ELIZABETH, MAINE
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private-Purpose
For the Year Ended June 30, 2010

	Seaside Cemetery	School Scholarship Trust	Zimpritch Library Trust	Total
Additions:				
Interest earned	\$ 8	1,203	250	1,461
Donations	-	2,258	2,500	4,758
Total additions	8	3,461	2,750	6,219
Deductions:				
School scholarships	-	4,175	-	4,175
Other	-	-	1,321	1,321
Total deductions	-	4,175	1,321	5,496
Change in fiduciary net assets	8	(714)	1,429	723
Net assets, beginning of year	478	69,579	14,643	84,700
Net assets, end of year	\$ 486	68,865	16,072	85,423

TOWN OF CAPE ELIZABETH, MAINE
Agency Funds
Statement of Changes in Balances
For the Year Ended June 30, 2010

	Balances beginning of year	Net additions/ deductions	Balances end of year
Activity funds:			
High School Student Activities	\$ 117,847	9,195	127,042
Middle School Student Activities	30,736	860	31,596
Pond Cove Student Activities	19,568	(188)	19,380
Total	\$ 168,151	9,867	178,018

TOWN OF CAPE ELIZABETH, MAINE
Statement of Changes in Long-term Debt
For the Year Ended June 30, 2010

	Interest rate	Final maturity date	Annual principal payments	Amounts authorized	Amount issued	Retired previous years	Balance beginning of year	Current Year		Balance end of year
								Issued	Retired	
General obligation bonds:										
1998 Refunding/capital improvement bonds	4.00-4.45%	2015	Var. \$	7,475,000	7,475,000	3,910,000	3,565,000	-	3,565,000	-
1999 Capital improvement bonds	4.00-5.70%	2019	Var.	5,700,000	5,700,000	2,565,000	3,135,000	-	3,135,000	-
2000 Capital improvement bonds	4.00-4.90%	2021	Var.	4,100,000	4,100,000	1,760,000	2,340,000	-	215,000	2,125,000
2002 Capital improvement bonds	3.25-5.00%	2022	Var.	1,500,000	1,500,000	480,000	1,020,000	-	80,000	940,000
2004 School Revolving Renovation Fund bond	0%	2014	Var.	800,000 (1)	800,000	400,000	400,000	-	80,000	320,000
2004 School Renovation bond	3.00-4.36%	2024	Var.	3,725,000	3,725,000	1,035,000	2,690,000	-	180,000	2,510,000
2006 Clean Water Revolving Loan Fund	1.73%	2026	Var.	3,510,000	3,510,000	452,900	3,057,100	-	156,220	2,900,880
2006 Sewer bond	1.90%-5.50%	2027	Var.	1,890,000	1,890,000	189,000	1,701,000	-	94,500	1,606,500
2006 School Renovation Bond	3.75-4.20%	2025	Var.	4,725,000	4,725,000	960,000	3,765,000	-	240,000	3,525,000
2008 Capital improvement bonds	3.25%-4.13%	2028	Var.	2,550,000	2,550,000	130,000	2,420,000	-	129,960	2,290,040
2009 Refunding bond	2.00% - 2.75%	2020	Var.	5,850,000	5,850,000	-	-	5,850,000	-	5,850,000
Total general obligation bonds				41,825,000	41,825,000	11,881,900	24,093,100	5,850,000	7,875,680	22,067,420
				\$ 41,825,000	\$ 41,825,000	11,881,900	24,093,100	5,850,000	7,875,680	22,067,420

(1) The original amount of this note was for \$1,000,000, of which \$200,000 has been forgiven by the State. The Town's outstanding portion at June 30, 2010 was \$320,000.

SCHEDULES

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, 2010
(with comparative actual amount for the year ended June 30, 2009)

	2010		Variance positive (negative)	2009 Actual
	Budget	Actual		
Revenues:				
State education subsidy--school	\$ 1,872,152	1,250,711	(621,441)	2,654,038
Miscellaneous	82,999	170,227	87,228	96,289
Total revenues	1,955,151	1,420,938	(534,213)	2,750,327
Expenditures:				
Current:				
Regular instruction	8,265,997	8,206,946	59,051	8,367,051
Special education instruction	2,552,275	2,552,275	-	2,387,970
Career and technical education	46,242	46,242	-	49,694
Other instruction	584,972	563,767	21,205	626,504
Student and staff support	2,230,127	2,156,975	73,152	1,926,789
System administration	593,899	569,730	24,169	564,048
School administration	957,271	887,987	69,284	875,770
Transportation	625,156	609,871	15,285	620,226
Facilities maintenance	1,942,512	1,771,202	171,310	1,874,440
Debt service	1,500,515	1,468,285	32,230	1,565,811
Total expenditures	19,298,966	18,833,280	465,686	18,858,303
Other financing sources (uses):				
Town appropriation	16,746,005	16,746,005	-	16,341,767
Transfer from Town general fund	-	-	-	200,000
Transfer from Medicaid	154,810	154,810	-	77,202
Transfer to school lunch program	-	-	-	(11,000)
Transfer to turf field fund (budgeted in facilities maintenance)	(7,000)	(7,000)	-	(7,000)
Budgeted use of surplus	450,000	-	(450,000)	-
Total other financing sources	17,343,815	16,893,815	(450,000)	16,600,969
Net change in fund balance	-	(518,527)	(518,527)	492,993
Fund balance, beginning of year (budgetary)		991,939		498,946
Fund balance, end of year (budgetary)		473,412		991,939
Reconciliation to GAAP:				
Add back encumbrances		81,858		178,402
Fund balance, end of year (GAAP)		555,270		1,170,341
Reserve for encumbrances		(81,858)		(178,402)
Reappropriated to subsequent year budget		(250,000)		(250,000)
Undesignated school fund balance, end of year	\$	223,412		741,939

TOWN OF CAPE ELIZABETH, MAINE
Community Services - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2010
(with comparative actual amount for the year ended June 30, 2009)

	2010		Variance positive (negative)	2009 Actual
	Budget	Actual		
Revenues:				
State receipts--adult education	\$ 28,750	32,936	4,186	33,008
Adult and community education	92,000	103,881	11,881	101,300
Summer program	251,745	193,221	(58,524)	236,199
Adult gym	4,000	4,862	862	3,948
Prepaid Summer program	119,494	192,472	72,978	170,928
Senior citizens and adult trips	32,900	81,503	48,603	26,739
After school adventure	62,000	57,431	(4,569)	46,515
Middle School athletics	39,000	42,511	3,511	42,948
Extended school care	197,000	175,576	(21,424)	187,324
Rental of facilities	33,144	38,480	5,336	37,695
Fitness center	75,500	53,237	(22,263)	-
Miscellaneous	-	774	774	300
Total revenues	935,533	976,884	41,351	886,904
Other financing sources:				
Transfer from Thomas Jordan Fund	16,000	16,000	-	20,000
Town appropriation	126,400	126,400	-	185,522
Total revenues and other financing sources	1,077,933	1,119,284	41,351	1,092,426
Expenditures:				
Administration	178,464	177,781	683	201,122
Adult education	200,156	198,910	1,246	196,090
Summer program	174,786	137,602	37,184	183,043
Other programs	139,417	197,422	(58,005)	172,254
Facilities maintenance	10,200	12,155	(1,955)	23,190
Extended school care	104,660	88,996	15,664	104,144
Debt service	126,400	126,400	-	129,400
Senior citizens	29,350	61,017	(31,667)	26,586
Middle School athletics	39,000	32,507	6,493	38,238
Fitness center	75,500	73,703	1,797	-
Miscellaneous	-	263	(263)	201
Total expenditures	1,077,933	1,106,756	(28,823)	1,074,268
Net change in fund balance	-	12,528	12,528	18,158
Fund balance (deficit), beginning of year		(9,091)		(27,249)
Fund balance, end of year	\$	3,437		(9,091)

TOWN OF CAPE ELIZABETH, MAINE
School Department Special Revenue Funds
School Categorical Programs
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2010

	Fund balances beginning of year	Program revenues	Program expenditures	Fund balances end of year
Title IA	\$ -	34,159	34,159	-
Title IIA	-	50,519	50,519	-
Title IID	-	247	247	-
ARRA-Title IID	-	608	608	-
Title IV (Drug Free Schools)	-	4,273	4,273	-
Local Entitlement	600	363,972	364,384	188
ARRA-Local Entitlement	-	210,718	209,784	934
Pre-School Grant	-	2,421	2,421	-
ARRA-Pre-School Grant	-	1,132	1,132	-
ARRA Stabilization Funds	-	699,120	675,860	23,260
State MaineCare	365,242	394,695	154,810	605,127
Administrative Recertification	505	8,100	8,334	271
Cape Coalition	1,043	-	213	830
H.S. Art Donations	300	-	-	300
Escapade Program	515	-	198	317
PCPA Grant	-	13,820	6,133	7,687
Kevin Brady Memorial Fund	7,431	380	-	7,811
Laptop Maintenance	9,934	12,980	15,438	7,476
Arts Commission Grant	516	-	312	204
MMA Grant	-	117	117	-
Rotary Grant	1,353	-	-	1,353
MMA Insurance Refund	25,946	-	25,946	-
H1N1 Grant	-	11,029	560	10,469
Text We Can Book Fundraiser	-	63,250	50,150	13,100
MS Piano Donations	-	1,550	1,550	-
Healthy Schools	-	1,300	-	1,300
Technology/bus lease	-	135,884	135,884	-
Wellness Grant	-	1,000	410	590
Boosters Donation	-	500	500	-
School gate receipts-Athletics	-	23,124	21,049	2,075
School gate receipts-Drama	4,083	14,660	18,743	-
School Lunch Grant	-	100	100	-
C.E. Education Foundation	24,175	157,658	144,462	37,371
Total	\$ 441,643	2,207,316	1,928,296	720,663

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.

Table 1

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

Fiscal year	General government	Public safety	Public works	Human services	Cultural and parks	Education	School Lunch	Inter-governmental assessments	Unclassified	Sewer	Capital maintenance expenses	Interest on Long-term debt	Total
2010	\$ 1,294,806	1,962,717	2,246,229	47,837	1,105,290	22,926,211	508,626	987,445	1,796,294	1,126,602	769,543	350,919	35,122,519
2009	1,429,466	1,894,280	2,315,932	38,715	1,099,461	22,172,897	503,904	1,030,500	1,848,362	1,083,662	1,798,901	456,013	35,672,093
2008	977,400	1,948,994	2,049,562	25,532	1,178,081	21,568,634	539,780	956,430	1,969,705	1,072,510	2,105,450	521,619	34,913,697
2007	1,285,025	1,836,578	1,577,438	37,184	1,104,212	20,586,488	509,629	907,928	1,859,966	1,046,395	708,414	574,772	32,034,029
2006	1,215,395	1,413,509	1,198,183	25,833	1,005,198	19,921,496	540,263	908,923	1,609,494	1,044,147	526,803	712,276	30,121,520
2005	1,199,990	1,456,877	1,722,222	24,251	955,527	18,524,705	556,757	876,464	1,973,055	1,046,826	1,111,066	580,196	30,027,936
2004	1,213,750	1,625,315	1,308,371	33,470	937,103	17,479,621	560,492	833,973	1,658,965	1,049,399	1,125,483	564,860	28,390,802
2003	934,437	1,498,615	1,394,954	29,491	939,856	16,883,415	553,385	782,596	1,470,019	1,028,988	1,265,835	560,363	27,341,954

Only eight years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

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	Contributions not Restricted to Specific Programs			Unrestricted Investment Earnings	Miscellaneous	
					Grants and Contributions not Restricted to Specific Programs	Investment Earnings	Miscellaneous			
2010	\$ 5,322,750	4,633,577	-	25,119,671	914,220	158,548	305,294	36,454,060		
2009	4,677,204	5,659,716	-	24,788,910	1,044,489	127,421	240,034	36,537,774		
2008	4,539,555	5,390,062	202,912	23,380,071	1,148,096	296,566	102,276	35,059,538		
2007	4,329,199	5,251,083	1,320,882	22,762,308	1,089,740	468,693	182,433	35,404,338		
2006	4,320,831	4,682,643	41,684	22,168,265	1,170,205	219,501	322,800	32,925,929		
2005	4,385,977	4,278,248	245,107	21,352,762	1,069,133	80,731	651,615	32,063,573		
2004	3,957,043	4,108,658	-	19,746,018	912,694	124,776	292,654	29,141,843		
2003	3,994,860	4,305,020	-	18,288,645	1,119,838	85,448	191,444	27,985,255		

Only eight years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

TOWN OF CAPE ELIZABETH, MAINE
General Governmental Expenditures by Function (1)
 Last Ten Fiscal Years

Fiscal year	General government	Public safety	Public works	Cultural			Human services	Education	Intergovernmental	Debt service (2)	Capital		Total
				and Parks	Public	and					improvements	Other expenditures and transfers	
2010	\$ 1,018,929	1,702,665	1,680,662	1,105,290	47,837	18,833,280	987,445	1,158,985	524,960	7,056,650	34,116,703		
2009	1,116,039	1,742,865	1,761,263	1,192,979	38,715	18,858,306	1,030,500	1,234,894	674,850	1,304,201	28,954,612		
2008	1,101,715	1,763,795	1,764,844	1,180,642	25,532	18,624,631	956,430	1,141,552	1,407,879	1,356,370	29,323,390		
2007	1,044,204	1,634,144	1,708,817	1,104,212	37,184	18,019,154	907,928	1,069,754	1,276,419	1,400,253	28,202,069		
2006	1,001,864	1,555,527	1,617,744	1,007,748	25,833	17,384,139	908,923	1,041,047	565,427	1,051,217	26,159,469		
2005	978,190	1,510,851	1,632,315	955,867	24,251	16,265,351	876,464	1,117,157	952,293	1,145,370	25,458,109		
2004	921,003	1,479,148	1,368,989	943,217	33,470	15,095,013	833,973	1,117,653	1,017,485	1,084,398	23,894,349		
2003	905,843	1,431,047	1,277,245	939,856	29,491	14,568,738	782,596	1,136,554	1,124,596	872,641	23,068,607		
2002	872,797	1,378,508	1,221,467	925,205	24,535	13,839,381	648,229	1,313,744	1,148,189	834,146	22,206,201		
2001	936,330	1,455,918	1,390,871	885,747	30,070	13,388,819	578,944	907,929	1,795,393	272,157	21,642,178		

(1) General Fund expenditures only.

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

TOWN OF CAPE ELIZABETH, MAINE
General Governmental Revenues by Source
Last Ten Fiscal Years

Fiscal year	Property Taxes	Other taxes	Licenses and permits	Intergovernmental	Investment income	Other Revenues	Transfers and other financing sources	Total
2010	\$ 23,415,310	1,704,361	148,480	2,290,148	88,070	702,968	6,179,270	34,528,607
2009	23,051,800	1,710,410	140,388	3,829,825	157,421	632,510	77,202	29,599,556
2008	21,592,164	1,787,907	209,615	4,146,634	215,040	842,871	232,803	29,027,034
2007	20,907,345	1,810,663	177,603	3,875,650	281,058	1,208,468	65,480	28,326,267
2006	20,325,648	1,842,617	200,246	3,506,598	178,700	605,493	66,224	26,725,526
2005	19,569,130	1,776,632	207,022	3,055,218	61,273	988,926	240,244	25,898,445
2004	18,011,051	1,750,967	219,503	2,863,105	32,602	624,379	283,286	23,784,893
2003	16,642,609	1,679,036	146,359	3,290,676	66,489	473,944	291,509	22,590,622
2002	15,467,166	1,648,851	145,049	3,786,882	118,240	598,707	206,191	21,971,086
2001	14,325,903	1,552,834	134,233	3,972,752	294,094	440,900	860,000	21,580,716

Table 5

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

Fiscal year end	Direct			Community service	Overlapping County	Total tax rate
	Town	School				
2010	\$	4.19	12.54	0.09	0.72	17.54
2009		4.22	12.34	0.12	0.76	17.44
2008		3.84	11.79	0.12	0.71	16.46
2007		3.78	11.58	0.12	0.68	16.16
2006		3.59	11.53	0.12	0.68	15.92
2005		3.32	11.25	0.10	0.67	15.34
2004		3.15	10.32	0.08	0.65	14.20
2003		4.86	16.65	0.10	1.03	22.64
2002		4.75	15.98	0.10	0.87	21.70
2001		4.47	14.96	0.09	0.78	20.30

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 end collections	Percent of current levy collected	Current year collections of prior year taxes	Total collections	Tax collections as percent of each year's levy
2010	\$	23,412,446	23,256,304	99.33%	274,301	23,530,605	100.50%
2009		23,076,498	22,813,083	98.86%	152,550	22,965,633	99.52%
2008		21,592,439	21,435,863	99.27%	223,569	21,659,432	100.31%
2007		20,907,615	20,700,615	99.01%	102,547	20,803,162	99.50%
2006		20,325,647	20,203,369	99.40%	93,925	20,297,294	99.86%
2005		19,576,130	19,494,446	99.58%	90,516	19,584,962	100.05%
2004		18,011,051	17,934,733	99.58%	112,990	18,047,723	100.20%
2003		16,609,609	16,518,039	99.45%	118,316	16,636,355	100.16%
2002		15,508,154	15,389,990	99.24%	128,227	15,518,217	100.06%
2001		14,271,903	14,169,103	99.28%	123,591	14,292,694	100.15%

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)	
2010	\$ 1,328,858,200	5,944,900	1,334,803,100	1,784,100,000	74.82%
2009	1,319,023,300	4,170,400	1,323,193,700	1,828,400,000	72.37%
2008	1,306,507,000	5,176,600	1,311,683,600	1,942,000,000	67.54%
2007	1,291,025,600	5,320,414	1,296,346,014	1,756,550,000	73.80%
2006	1,270,558,500	6,097,800	1,276,656,300	1,580,600,000	80.77%
2005	1,270,176,100	5,859,700	1,276,035,800	1,424,950,000	89.55%
2004 (2)	1,260,569,600	5,735,700	1,266,305,300	1,217,450,000	104.01%
2003	728,597,450	4,382,500	732,979,950	1,053,800,000	69.56%
2002	710,072,550	4,265,900	714,338,450	918,150,000	77.80%
2001	696,220,800	3,335,700	699,556,500	814,150,000	85.92%

(1) Estimated actual valuation amounts are the state equalized values published by the Maine Bureau of Property Taxation

(2) Revaluation

Table 8

TOWN OF CAPE ELIZABETH, MAINE
Principal Taxpayers
For the Year Ended June 30, 2010

Name	Assessed valuation	% of total tax commitment
Sprague Corporation	\$ 13,828,300	1.04%
Inn By the Sea LLC	11,187,600	0.84%
Haffenreffer IV, R.F	5,863,700	0.44%
Health Care Property Investors Inc	5,876,300	0.44%
Purpoodock Club	4,612,600	0.35%
Rams Head Partners LLC / John Higgins	4,579,900	0.34%
McGinn, Suzanne	4,138,400	0.31%
Cutler, Eliot	4,057,200	0.30%
Central Maine Power Company	3,553,900	0.27%
Hansen, Lisa O.	3,419,600	0.26%

**TOWN OF CAPE ELIZABETH, MAINE
Computation of Legal Debt Margin
For the Year Ended June 30, 2010**

Total estimated actual valuation by State		\$	<u>1,784,100,000</u>
Legal debt margin:			
Debt limitation - 15% of estimated actual valuation			267,615,000
Debt applicable to debt limitation:			
Municipal	7.5%	133,807,500	7,840,503
School	10.0%	178,410,000	9,719,537
Storm and sanitary sewers	7.5%	133,807,500	4,507,380
Airport, water and special districts	3.0%	53,523,000	-
Total	28.0%	499,548,000	22,067,420
Total bonded debt applicable to debt limit			<u>22,067,420</u>
Legal debt margin			\$ 245,547,580

NOTE: Statutory debt limit is in accordance with 30 MRSA, Section 5061, as amended.

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
2010	9,068	\$ 1,334,803,100	22,067,420	1.65%	2,434
2009	9,068	1,323,193,700	24,093,100	1.82%	2,657
2008	9,068	1,311,683,600	26,297,891	2.00%	2,900
2007	9,068	1,296,346,014	25,939,635	2.00%	2,861
2006	9,068	1,276,656,300	28,139,873	2.20%	3,103
2005	9,068	1,276,035,800	20,095,675	1.57%	2,216
2004	9,068	1,266,305,300	17,499,962	1.38%	1,930
2003	9,068	732,979,950	19,128,328	2.61%	2,109
2002	9,068	714,338,450	20,827,289	2.92%	2,297
2001	9,068	699,556,500	21,074,742	3.01%	2,324

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

(2) Amount from Table 7.

(3) Excludes capital leases

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 service - bonded debt	Total general governmental expenditures	Ratio of debt service to general governmental expenditures
2010	\$ 1,158,985	1,468,285	2,627,270	28,351,703	9.27%
2009	1,234,894	1,565,811	2,800,705	28,954,612	9.67%
2008	1,141,552	1,620,233	2,761,785	29,323,390	9.42%
2007	1,069,754	1,670,233	2,739,987	28,202,069	9.72%
2006	1,041,047	1,659,191	2,700,238	26,159,469	10.32%
2005	1,117,157	1,287,460	2,404,617	25,458,109	9.45%
2004	1,117,653	934,184	2,051,837	23,656,290	8.67%
2003	1,136,554	1,049,901	2,186,455	23,068,607	9.48%
2002	1,319,282	1,062,703	2,381,985	22,206,201	10.73%
2001	907,929	1,137,064	2,044,993	21,642,178	9.45%

(1) Excludes sewer user debt paid in special revenue funds

TOWN OF CAPE ELIZABETH, MAINE
Computation of Direct, Overlapping and Contingent Debt
For the Year Ended June 30, 2010

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
Town of Cape Elizabeth bonds and notes	\$ 22,067,420	100.00%	22,067,420
Overlapping debt:			
Cumberland County	3,772,625	4.27%	161,128
Portland Water District -- sewer debt	32,604,976	0.49%	159,250
Contingent debt:			
Portland Water District -- water debt	31,450,023	6.60%	2,074,490
Regional Waste Systems, Inc.:			
Resource recovery system	9,210,000	4.86%	447,720
Materials recovery facility	1,980,000	4.03%	79,794
Landfill closure	14,834,132	4.85%	719,877