

TOWN OF CAPE ELIZABETH, MAINE

Annual Financial Report

June 30, 2011

TOWN OF CAPE ELIZABETH, MAINE
Annual Financial Report
Year ended June 30, 2011

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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, 2011, 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 the 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, 2011, 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 August 19, 2011, 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, as listed in the table of contents, 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, schedules 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 and schedules 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.



August 19, 2011
South Portland, Maine

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2011

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 \$49,243,231. The total net assets are \$25,758,074. Net assets include \$17,525,154 invested in capital assets, net of related debt and \$8,232,920 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 \$713,595. The fund balance for the General Fund increased \$260,915. This is attributable to revenues meeting targets and expenditure savings from budgeted levels. The school unassigned fund balance increased from \$223,412 to \$390,315 as a result of budgetary savings.

The Statement of Net Assets and the Statement of Activities

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

The *Statement of Net Assets* provides a picture of the difference between assets and liabilities (including infrastructure). This is called *Net Assets*. The *Statement of Activities* provides a look at how the net assets have changed from the prior year to the current year.

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

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

- Governmental Activities – Most of the Town's basic services are reported here, including the General Government, Public Safety, Public Works, Health, Sanitation and Welfare, Recreation, Education and Libraries. Property taxes, intergovernmental revenue (primarily revenues from the State of Maine), and user fees finance most of these activities.

Fund Financial Statements

The *Fund Financial Statements* provide details of the Town's most significant funds – not the Town as a whole. The Town has one kind of fund; governmental, which uses the following accounting methods:

- *Governmental Funds* – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

The Town as Trustee

Reporting the Town's Fiduciary Responsibilities

The Town is the trustee, or *fiduciary*, for trust funds. These assets, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in the separate *Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets*. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2011

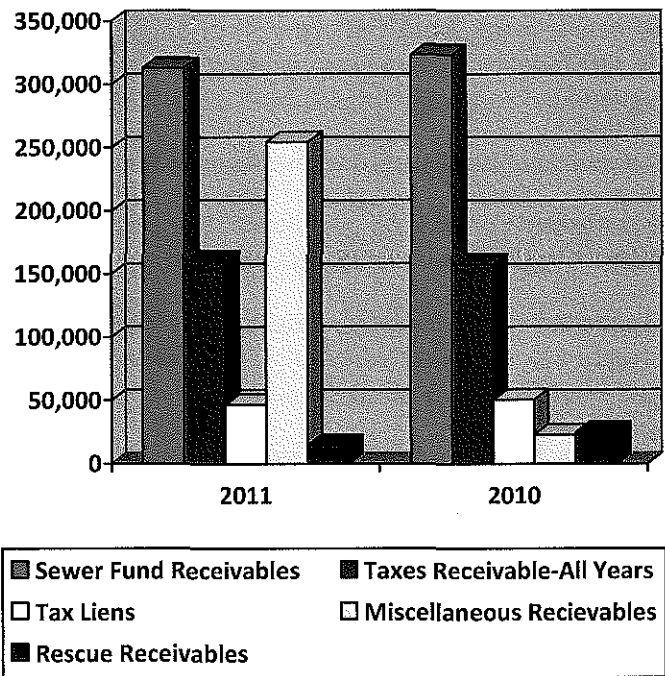
Comparison of Information from Current Year and Prior Year

Assets

Cash, Cash Equivalents and Investments

The portion of the fund balance in cash, cash equivalents and investments increased \$765,792, from \$9,874,110 to \$10,639,902. The cash increase is attributable in large part due to expenditures falling below planned budget levels.

	FY 2010	FY 2011
Sewer Fund Receivables	\$323,529	\$313,217
Taxes Receivable-Current Year	156,142	160,316
Taxes Receivable-Prior Yrs.	1,360	121
Tax Liens	50,572	46,583
Miscellaneous Receivables	22,894	254,263
Rescue Receivables	24,511	14,411
Tax Acquired Property	206	206
Total	\$579,215	\$789,117
% Sewer	56%	40%
% Taxes etc.	44%	60%



Receivables

The Town continues to have an excellent record of tax receivables, maintaining the collection rate of the levy for the current year at 99.6%. The taxes receivable amount stayed relatively the same from the prior year, due to continuing cooperation from taxpayers and an unemployment rate significantly below the national average. The sewer receivable has decreased 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.

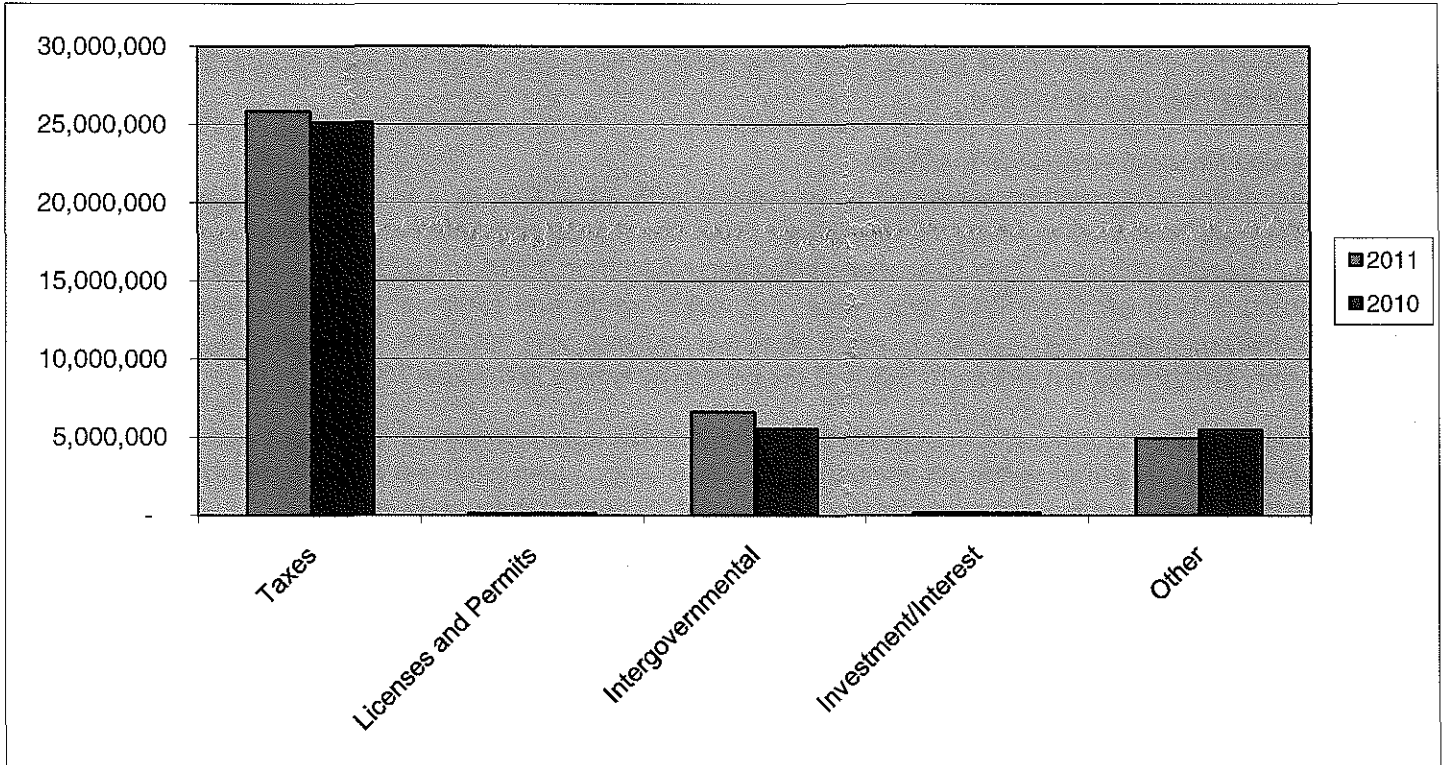
Revenues by Major Source

Property and other taxes amounted to 68.5% of revenue in FY 2011. This compares to 68.9% in FY 2010. Intergovernmental revenues increased 19.5% due to more revenue for education and from Maine State Revenue Sharing. Investment income decreased 1.5% from \$158,548 to \$156,228. Overall, revenues were up \$1,259,150 or 3.5%. The total increase in revenue from taxes this past year was \$727,617 or 2.9% compared with 1.4% the previous year.

	2011	2010	% Change
Taxes	\$ 25,847,288	25,119,671	727,617
Licenses and Permits	128,899	148,480	(19,581)
Intergovernmental	6,628,295	5,547,797	1,080,498
Investment/Interest	156,228	158,548	(2,320)
Other	4,952,499	5,479,563	(527,064)
Total	\$ 37,713,209	36,454,059	1,259,150

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2011

Revenues Chart



Expenditures

Total expenditures increased by \$868,538 or 2.4%. The increase was due to more spending for schools and for facilities maintenance. Spending, excluding capital outlay, increased \$806,304 or 2.3%, compared to virtually no change in the previous year.

Expenditures changed as follows:

	2011	2010	\$ Change	% Change
General Government	\$ 963,702	\$ 1,018,929	\$ (55,227)	-5.4%
Public Works	1,681,078	1,680,662	416	0.0%
Facilities	241,459	-	241,459	100.0%
Public Safety	1,674,776	1,702,665	(27,889)	-1.6%
Cultural and Parks	1,130,800	1,105,290	25,510	2.3%
Human Services	52,482	47,837	4,645	9.7%
Education	24,004,036	23,620,060	383,976	1.6%
Intergovernmental Assessments	968,416	987,445	(19,029)	-1.9%
Unclassified	1,913,676	1,776,559	137,117	7.7%
Sewer	1,204,064	1,126,602	77,462	6.9%
School Lunch Program	571,477	508,626	62,851	12.4%
Capital Outlay	1,414,562	1,352,328	62,234	4.6%
Non-School Debt Service	1,354,015	1,379,002	(24,987)	-1.8%
Total Expenditures	\$ 37,174,543	\$ 36,306,005	\$ 868,538	2.4%
Excluding Capital Outlay	\$ 35,759,981	\$ 34,953,677	\$ 806,304	2.3%

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2011

Transfers

\$214,000 was transferred in FY 2011 from the general fund to the capital projects fund with \$200,000 for a new high school boiler and \$14,000 for the annual transfer to replace the turf field. The police and fire fund was closed with a transfer of \$11,161 to the general fund. The community services fund received \$208,093 from the general fund and the Thomas Jordan Fund.

The Overall Financial Position of the Town

The overall financial condition continued to be healthy in FY 2011. Despite a tough economy nationally, the tax collection rate increased to 99.6% of the current levy. The unassigned fund balance remained a healthy \$3.18 million. The ratio of bonded debt to assessed value decreased from 1.65% to 1.48%. \$ 2.1 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. 81% 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 three years after significant increases in previous years. Unemployment in the Portland MSA was at 6.2% in June 2011, compared to a state unemployment rate of 7.7% and a national rate of 9.2%.

Significant Changes in Individual Fund Balances

	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$ 4,864,243	\$ 4,603,328	\$ 260,915	5.7%
School Categorical Funds	705,579	720,663	(15,084)	-2.1%
School Lunch Program	1,303	15,698	(14,395)	-91.7%
Sewer User Fund	1,011,776	831,508	180,268	21.7%
Community Services Fund	69,590	3,437	66,153	1924.7%
Riverside Cemetery Capital Improvements	81,618	76,299	5,319	7.0%
Fort Williams Park Fund	85,983	60,484	25,499	42.2%
Portland Head Light Fund	454,318	373,305	81,013	21.7%
Rescue Fund	314,559	312,002	2,557	0.8%
Cemetery Perpetual Care	347,902	355,229	(7,327)	-2.1%
Library Fund	165,245	139,919	25,326	18.1%
Police and Fire Fund	-	11,161	(11,161)	-100.0%
Land Acquisition Fund	199,211	180,192	19,019	10.6%
Spurwink Church Fund	25,245	28,237	(2,992)	-10.6%
Thomas Jordan Fund	928,156	840,626	87,530	10.4%
Turf Field	108,965	94,852	14,113	14.9%
Infrastructure Improvement	150,457	168,790	(18,333)	-10.9%
High School Boiler	15,175	-	15,175	100.0%

The General Fund increase reflects the increase in revenues. The Fire Police 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 record sales at the gift shop. The Community Services Fund had a net gain due to enhanced revenues. The Infrastructure Improvement Fund was established in FY 2007 and is receiving steady income. Monies were spent this year for the first time thus resulting in a lower fund balance.

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 begun 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.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2011

Significant Budget Variances

There were no significant negative budget variances.

Long-term Debt Activity

In the early part of 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, 2011 stood at \$19,998,958. This equated to 1.48% of assessed value and to \$2,218 net bonded debt per capita. The ratio of debt service to general governmental expenditures was 8.18% on June 30, 2011 compared to 9.27% on June 30, 2010.

Existing Debt Service Requirements			
Year	Principal	Interest	Total
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	1,382,654	422,103	1,804,757
2017-2021	6,559,249	1,388,676	7,947,925
2022-2026	3,635,892	384,084	4,019,976
<u>2027-2029</u>	<u>344,500</u>	<u>16,273</u>	<u>360,773</u>
Totals	\$ 19,998,958	4,462,894	24,461,852

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, 2011

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 10,172,561
Investments	467,341
Receivables:	
Accounts	254,263
Taxes receivable - prior years	121
Taxes receivable - current year	160,316
Tax liens	46,583
Tax acquired property	206
Rescue (net of allowance for uncollectible of \$24,500)	14,411
Sewer fees receivable (net of allowance for uncollectible of \$4,000)	313,217
Inventories	114,664
Capital assets, not being depreciated	1,389,382
Capital assets, being depreciated	36,310,166
Total assets	49,243,231
LIABILITIES	
Accounts payable and other current liabilities	213,362
Accrued payroll	1,553,473
Compensated absences payable	1,024,417
Deferred revenues	158,266
Taxes collected in advance	3,257
Accrued interest	138,130
Other postemployment benefits liability	219,858
Noncurrent liabilities:	
Due within one year	2,157,958
Due in more than one year	18,016,436
Total liabilities	23,485,157
NET ASSETS	
Invested in capital assets, net of related debt	17,525,154
Unrestricted	8,232,920
Total net assets	\$ 25,758,074

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Activities
For the Year Ended June 30, 2011

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
Governmental activities:					
General government	\$ 1,257,993	128,899	-	-	(1,129,094)
Public works	2,237,584	93,391	80,672	-	(2,063,521)
Facilities	241,459	87,344	-	-	(154,115)
Public safety	2,059,682	12,119	-	-	(2,047,563)
Human services	52,482	-	-	-	(52,482)
Cultural and parks	1,130,800	176,493	-	-	(954,307)
Education	23,709,591	542,759	5,530,032	-	(17,636,800)
School lunch	571,477	32,371	82,674	-	(456,432)
Intergovernmental assessments	968,416	-	-	-	(968,416)
Unclassified	1,937,776	2,824,338	-	-	886,562
Sewer	1,204,064	923,087	-	-	(280,977)
Capital maintenance expenses	787,528	-	-	-	(787,528)
Interest on debt	396,145	-	-	-	(396,145)
Total governmental activities	36,554,997	4,820,801	5,693,378	-	(26,040,818)
General revenues:					
Property taxes					24,124,104
Excise taxes					1,653,622
Interest and costs on taxes					29,562
Franchise fees					154,202
Grants and contributions not restricted to specific programs:					
State Revenue Sharing					610,264
Homestead exemption					128,612
Other intergovernmental revenues					196,041
Unrestricted investment earnings					156,228
Miscellaneous revenues					106,395
Total general revenues					27,159,030
Change in net assets					1,118,212
Net assets - beginning					24,639,862
Net assets - ending					\$ 25,758,074

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Balance Sheet
Governmental Funds
June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 9,091,736	1,080,825	10,172,561
Investments	-	467,341	467,341
Receivables:			
Accounts	-	254,263	254,263
Taxes receivable - prior years	121	-	121
Taxes receivable - current year	160,316	-	160,316
Tax liens	46,583	-	46,583
Tax acquired property	206	-	206
Rescue (net of allowance for uncollectible of \$24,500)	-	14,411	14,411
Sewer fees receivable (net of allowance for uncollectible of \$4,000)	-	313,217	313,217
Inventory	-	114,664	114,664
Interfund loans receivable	-	2,748,269	2,748,269
Total assets	\$ 9,298,962	4,992,990	14,291,952
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other current liabilities	53,173	160,189	213,362
Accrued payroll	1,553,473	-	1,553,473
Interfund loans payable	2,738,816	9,453	2,748,269
Deferred revenues	86,000	158,266	244,266
Taxes collected in advance	3,257	-	3,257
Total liabilities	4,434,719	327,908	4,762,627
Fund balances:			
Nonspendable:			
Inventory	-	114,664	114,664
Restricted:			
Town grants and donations	11,119	-	11,119
School Categorical Programs	-	63,352	63,352
Assigned:			
Town General Fund	1,240,994	-	1,240,994
School Department General Fund	434,808	-	434,808
Special revenue fund	-	3,858,457	3,858,457
Capital projects fund	-	641,409	641,409
Unassigned:			
Town General Fund	2,787,007	-	2,787,007
School Department General Fund	390,315	-	390,315
School Lunch Program	-	(12,800)	(12,800)
Total fund balances	4,864,243	4,665,082	9,529,325
Total liabilities and fund balances	\$ 9,298,962	4,992,990	
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.			37,699,548
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			86,000
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			(1,024,417)
Accrued interest			(138,130)
Other postemployment benefits liability			(219,858)
Capital leases			(175,436)
Bonds payable			(19,998,958)
Net assets of governmental activities			\$ 25,758,074

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, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 25,847,288	-	25,847,288
Licenses and permits	128,899	-	128,899
Intergovernmental	4,979,622	1,648,673	6,628,295
Investment income	33,343	122,885	156,228
Other	610,951	4,341,548	4,952,499
Total revenues	31,600,103	6,113,106	37,713,209
Expenditures:			
Current:			
General government	963,702	-	963,702
Public works	1,681,078	-	1,681,078
Facilities	241,459	-	241,459
Public safety	1,674,776	-	1,674,776
Cultural and parks	1,130,800	-	1,130,800
Human services	52,482	-	52,482
Education	21,210,866	2,793,170	24,004,036
Intergovernmental assessments	968,416	-	968,416
School lunch	-	571,477	571,477
Unclassified	1,212,879	700,797	1,913,676
Sewer	-	1,204,064	1,204,064
Capital improvements	926,646	487,916	1,414,562
Debt service	1,011,252	342,763	1,354,015
Total expenditures	31,074,356	6,100,187	37,174,543
Excess of revenues over expenditures	525,747	12,919	538,666
Other financing sources (uses):			
Proceeds from capital leases	-	174,929	174,929
Transfers from other funds	136,161	422,093	558,254
Transfers to other funds	(400,993)	(157,261)	(558,254)
Total other financing sources (uses)	(264,832)	439,761	174,929
Net change in fund balances	260,915	452,680	713,595
Fund balances, beginning of year	4,603,328	4,212,402	8,815,730
Fund balances, end of year	\$ 4,864,243	4,665,082	9,529,325

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, 2011

Net change in fund balances - total governmental funds (from Statement 4)	\$	713,595
<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 (\$1,861,888) and loss on disposal (\$173,811) exceeded capital outlays (\$627,034) in the current period.</p>		(1,408,665)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in deferred revenues.</p>		(40,000)
<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 compensated absences (\$216,867) and the change in other postemployment benefits liability (\$72,620), less the change in accrued interest (\$13,301).</p>		(276,186)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond 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 of repayments in the current year (\$2,068,462).</p>		2,068,462
<p>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 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 lease repayments (\$235,935) exceeded proceeds (\$174,929).</p>		61,006
Change in net assets of governmental activities (see Statement 2)	\$	1,118,212

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, 2011

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 25,702,711	25,702,711	25,847,288	144,577
Licenses and permits	127,000	127,000	128,899	1,899
Intergovernmental	2,812,535	2,812,535	2,998,682	186,147
Investment income	81,000	81,000	33,343	(47,657)
Other	542,801	542,801	610,951	68,150
Total revenues	29,266,047	29,266,047	29,619,163	353,116
Expenditures:				
Current:				
General government	992,489	1,049,857	963,702	86,155
Public works	1,801,963	1,806,963	1,681,078	125,885
Facilities	263,641	271,526	241,459	30,067
Public safety	1,757,922	1,773,147	1,674,776	98,371
Cultural and parks	1,131,664	1,184,935	1,130,800	54,135
Human services	45,485	55,000	52,482	2,518
Education	19,744,800	19,744,800	19,332,876	411,924
Intergovernmental assessments	967,351	968,416	968,416	-
Unclassified	1,465,777	1,449,533	1,212,879	236,654
Capital improvements	266,178	1,233,836	926,646	307,190
Debt service	1,012,784	1,012,784	1,011,252	1,532
Total expenditures	29,450,054	30,550,797	29,196,366	1,354,431
Excess (deficiency) of revenues over (under) expenditures	(184,007)	(1,284,750)	422,797	1,707,547
Other financing sources (uses):				
Transfer to special revenue funds	(186,993)	(186,993)	(186,993)	-
Transfer from special revenue funds	125,000	125,000	136,161	11,161
Transfer from capital projects funds	(214,000)	(214,000)	(214,000)	-
Carryforward balances and subsequent authorizations	-	1,100,743	-	(1,100,743)
Utilization of prior year surplus - School	250,000	250,000	-	(250,000)
Utilization of prior year surplus - Town	210,000	210,000	-	(210,000)
Total other financing sources (uses)	184,007	1,284,750	(264,832)	(1,549,582)
Net change in fund balance	-	-	157,965	157,965
Reconciliation to GAAP:				
Change in encumbrances			102,950	
Fund balance, beginning of year			4,603,328	
Fund balance, end of year	\$		4,864,243	

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

		Private- purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$	87,685	177,186
Total assets		87,685	177,186
LIABILITIES			
Due to student groups		-	177,186
Total liabilities		-	177,186
NET ASSETS			
Held in trust	\$	87,685	-

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, 2011

	Private- purpose Trust Funds
Additions:	
Interest earned	\$ 1,168
Donations	6,283
Total additions	7,451
Deductions:	
School scholarships	3,650
Other	1,539
Total deductions	5,189
Change in net assets	2,262
Net assets, beginning of year	85,423
Net assets, end of year	\$ 87,685

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 non-spendable fund balance for inventories. Inventories of the School Lunch Program include the value of the U. S. Department of Agriculture commodities donated to the 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 three 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, if material, are reported as deferred charges 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 - For the fiscal year ended June 30, 2011, the Town is in compliance with GASB Statement No. 54, which establishes new categories for reporting fund balance and revises the definitions for governmental fund types. Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The Town Council has the responsibility for committing fund balance amounts by vote and likewise would be required to modify or rescind those commitments by a similar vote. For assigned fund balance amounts, the Town Manager has the authority to assign unspent budgeted amounts to specific purposes in the General Fund at year end. The Town Council approves the assigned amounts either before or after year end.

Currently, the Town has a fund balance policy under which the Town will seek to have an undesignated (now unassigned, per GASB 54) General Fund fund balance of 8.33% of annual General Fund operating revenues. In addition, in those years in which the General Fund fund balance is less than the targeted percentage, the balance may not be used to support the annual budget or for capital needs if the result will be an undesignated fund balance (a.k.a. unassigned) that is a percentage of operating revenues lower than the prior year’s percentage.

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

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

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

Comparative Data/Reclassifications - Comparative data for the prior year 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2011:

Capital assets	\$ 62,807,507
Accumulated depreciation	(25,107,959)
Bonds and notes payable	(19,998,958)
Capital leases	(175,436)
Total invested in capital assets, net of related debt	\$ 17,525,154

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 versus reporting under accounting principles generally accepted in the United States of America of \$1,980,940. 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.

The School Department prepares a budget based on the 11 budget categories required by the Maine Department of Education. The budget goes to a public referendum and is passed either in part or in whole; and those parts that do not pass are resubmitted to public vote. Once all categories of the School Department budget pass the public vote, it is adopted by School Board vote and incorporated in the Town's budget.

Hearings are held to obtain public comments on the Town's budget. The budget is legally enacted by a council order for the total Town and the total School appropriation. In addition, separate orders are adopted for the Community Services Fund, Sewer Fund, Portland Head Light Fund, Spurwink Church Fund, Riverside Cemetery Fund, Rescue Fund and the 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.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

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>
2010-2011 budget as originally adopted	\$ 30,411,251	30,522,251	111,000
Overlay/abatements	424,966	424,966	-
Local homestead exemption	(185,000)	(185,000)	-
Utilization of prior year balances:			
Town	(210,000)	-	210,000
School	(250,000)	-	250,000
Community services	(876,645)	(1,063,638)	(186,993)
Designated carry-forward balances – Town	-	769,243	769,243
Budgetary adjustments:			
Subsequent authorizations and transfers	(48,525)	82,975	131,500
Total adjusted budget	\$ 29,266,047	30,550,797	1,284,750

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2011, the following General Fund expenditures exceeded appropriations:

Special education instruction	\$ 81,978
Other instruction	11,855
Student and staff support	32,550
System administration	13,591
Grants	134,920
Miscellaneous capital projects	80,485

These over expenditures lapsed to fund balance at year end.

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, 2011, the Town reported deposits of \$10,437,432 with a bank balance of \$10,723,846. 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	\$ 10,172,561
Reported in fiduciary funds	264,871
Total deposits	\$ 10,437,432

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

CASH DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2011, the Town had the following investments reported in governmental funds:

	<u>Fair value</u>
Mutual funds (1)	\$ 467,341

(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, 2010 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 7% on all taxes unpaid as of October 5, 2010 and April 5, 2011. 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 \$239,965 for the year ended June 30, 2011.

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 2011 and 2010 levy:

	<u>2011</u>	<u>2010</u>
Assessed valuation:		
Land	\$ 530,822,600	525,136,600
Buildings	812,675,800	803,721,600
Personal property	6,003,900	5,944,900
Total assessed valuation	\$ 1,349,502,300	1,334,803,100
Assessed valuation	1,349,502,300	1,334,803,100
Tax rate (per \$1,000)	17.86	17.54
Commitment	24,102,111	23,412,447
Supplemental taxes assessed	21,993	2,863
Total tax levy	24,124,104	23,415,310
Change in deferred tax revenues	40,000	-
Total property tax revenues	24,164,104	23,415,310

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

PROPERTY TAXES, CONTINUED

Less:		
Collections and abatements	\$ 24,003,788	23,259,168

Current year receivables at June 30,		
2011 and 2010	\$ 160,316	156,142

	<u>2011</u>	<u>2010</u>
Due date(s)	10/5/2010	10/2/2009
	4/5/2011	4/2/2010
Interest rate on delinquent taxes	7.00%	9.00%
Collection rate	99.59%	99.33%

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance June 30, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2011</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,116,995	-	-	1,116,995
Construction in progress	477,609	215,682	420,904	272,387
Total capital assets, not being depreciated	1,594,604	215,682	420,904	1,389,382
Capital assets, being depreciated:				
Land improvements	669,581	-	-	669,581
Buildings and building improvements	38,904,370	518,901	-	39,423,271
Furniture and equipment	3,623,377	102,776	2,017,564	1,708,589
Vehicles	4,217,221	210,579	134,402	4,293,398
Infrastructure	15,323,286	-	-	15,323,286
Total capital assets being depreciated:	62,737,835	832,256	2,151,966	61,418,125
Less accumulated depreciation for:				
Land improvements	126,476	44,639	-	171,115
Buildings and building improvements	13,005,717	1,137,512	-	14,143,229
Furniture and equipment	2,718,810	85,020	1,847,212	956,618
Vehicles	2,684,151	281,989	130,943	2,835,196
Infrastructure	6,689,072	312,728	-	7,001,801
Total accumulated depreciation	25,224,226	1,861,888	1,978,155	25,107,959
Total capital assets being depreciated, net	37,513,609	(1,029,632)	173,811	36,310,166
Governmental activities capital assets, net	\$ 39,108,213	(813,950)	594,715	37,699,548

During FY 2011, furniture, equipment, and the related accumulated depreciation decreased due to a disposal of assets that fell below the Town's capitalization threshold (\$5,000).

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	\$ 199,110
Public safety	263,238
Public works, including depreciation of general infrastructure assets	556,506
Education	818,934
Unclassified	24,100
Total depreciation expense – governmental activities	\$ 1,861,888

INTERFUND BALANCES

Individual interfund receivables and payables at June 30, 2011 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	2,738,816
Nonmajor special revenue funds:		
Sewer User Fund	698,559	-
School Categorical Programs	466,503	-
School Lunch Program	-	9,453
Community Services Fund	209,322	-
Rescue Fund	301,099	-
Portland Head Light	353,757	-
Total nonmajor special revenue funds	2,029,240	9,453
Nonmajor capital project funds:		
Fort Williams Park Fund	85,983	-
Land Acquisition Fund	199,211	-
High School Boiler	174,413	-
Turf Field	108,965	-
Infrastructure Improvement	150,457	-
Total nonmajor capital project funds	719,029	-
Totals	\$ 2,748,269	2,748,269

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, 2011 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
<u>General Fund</u>	<u>\$ 136,161</u>	<u>400,993</u>
Nonmajor special revenue funds:		
School Categorical Programs	-	125,000
Community Services Fund	208,093	-
Thomas Jordan Fund	-	21,100
<u>Police and Fire</u>	<u>-</u>	<u>11,161</u>
<u>Total nonmajor special revenue funds</u>	<u>208,093</u>	<u>157,261</u>
Nonmajor capital projects fund:		
High School Boiler	200,000	-
<u>Turf Field</u>	<u>14,000</u>	<u>-</u>
<u>Total nonmajor capital projects funds</u>	<u>214,000</u>	<u>-</u>
 Totals	 \$ 558,254	 558,254

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, 2011, the Town was in compliance with these limitations.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011 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	\$ 22,067,420	-	2,068,462	19,998,958	2,051,172
Capital leases	236,442	174,929	235,935	175,436	106,786
Other post employment benefits	147,238	90,234	17,614	219,858	-
<u>Accrued compensated absences</u>	<u>807,550</u>	<u>1,024,417</u>	<u>807,550</u>	<u>1,024,417</u>	<u>-</u>
Governmental activity long-term liabilities	\$ 23,258,650	1,289,580	3,129,561	21,418,669	2,157,958

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

LONG-TERM DEBT

Long-term debt payable at June 30, 2011 is comprised of the following:

	<u>Amount of</u> <u>Original issue</u>	<u>Interest</u> <u>rate</u>	<u>Final</u> <u>maturity</u> <u>date</u>	<u>Balance</u> <u>end of</u> <u>year</u>
General obligation bonds				
2000 Capital improvements	\$ 4,100,000	4.00-4.90%	2021	1,910,000
2002 Capital improvements	1,500,000	3.25-5.00%	2022	860,000
2004 School Revolving Renovation Fund (1)	800,000	0%	2014	240,000
2004 School Renovation	3,725,000	3.00-4.36%	2024	2,330,000
2006 School Renovation	4,725,000	3.75-4.20%	2025	3,290,000
2006 Clean Water Revolving Fund	3,510,000	1.73%	2026	2,741,958
2006 Sewer bond	1,890,000	1.90%-5.50%	2027	1,512,000
2008 Capital improvements	2,550,000	3.25%-4.13%	2028	2,160,000
2009 Refunding bond	5,850,000	2.00%-2.75%	2020	4,955,000
Total general obligation bonds				19,998,958
Total				\$ 19,998,958

(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, 2011 was \$240,000.

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, 2011 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>
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	1,382,654	422,103	1,804,757
2017-2021	6,559,249	1,388,676	7,947,925
2022-2026	3,635,892	384,084	4,019,976
2027-2029	344,500	16,274	360,774
Totals	\$ 19,998,958	4,462,894	24,461,852

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.

On June 13, 2011, the Town Council voted to issue general obligation bonds to refinance outstanding bonds from 2001 of \$1,910,000. In addition, the Town Council approved issuing an additional \$200,000 in general obligation bonds to be used for land acquisition. The new bonds were issued on July 12, 2011 and the total issuance was equal to \$2,110,000.

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

CAPITAL LEASES

The Town has entered into seven 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, 2011:

Computer and technology equipment	\$ 459,550
Buses	233,332
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, 2011:

Fiscal year ending	
<u>June 30,</u>	
2012	\$ 112,360
2013	65,555
2014	5,499
Total minimum lease payments	183,414
<u>Less amounts representing interest</u>	<u>7,978</u>
Present value of future minimum lease payments	<u>\$ 175,436</u>

On June 14, 2011, the School Board approved three lease purchase agreements for computer equipment, a boiler replacement, and a school bus for \$106,609, \$150,000, and \$86,267, respectively. All of these lease agreements had not yet been executed as of June 30, 2011.

OPERATING LEASES

The Town has seven operating lease agreements for rental of Town-owned buildings and land. Rental income from these operating leases in June 30, 2011 was \$43,770.

The following is a schedule of the future minimum rentals on operating leases as of June 30, 2011:

Fiscal year ending	
<u>June 30,</u>	
2012	\$ 39,785
2013	29,579
2014	18,573
2015	19,055
2016	19,551
2017-2021	24,093
<u>2022-2026</u>	<u>10,000</u>
Total of future rental income	<u>\$ 160,636</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, 2011, the Town's share is \$63,496 (4.39%) of Cumberland County's outstanding debt of \$1,445,000.

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, 2011, the Town was responsible for \$85,500 of its portion of PWD's Wastewater Fund Debt (or .28% of PWD's \$22,702,911 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, 2011, the Town was contingently responsible for approximately 6.78%, or \$1,930,758, of the PWD's \$28,463,828 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, 2011, outstanding "Incinerator Debt" of Ecomaine totaled \$2,660,000 of which the Town of Cape Elizabeth's share, based on estimated tonnage to be delivered, amounted to \$129,766.

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, 2011 the Town's share is \$76,570 of Ecomaine's outstanding MRF debt of \$1,900,000.

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

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

Additionally, Ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure costs approximate \$15,138,502 at June 30, 2010 (the most recent data available). The Town's proportionate share of these estimated landfill closure and postclosure costs is 4.86% or \$735,918.

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, 2011.

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.

FUND BALANCES

At June 30, 2011, portions of the Governmental Funds fund balances were assigned or restricted for future periods or classified as nonspendable for specific amounts as follows:

Assigned Fund Balances

	<u>2011</u>	<u>2010</u>
<u>General Fund:</u>		
Town:		
Roadway and drainage repairs	\$ 306,064	249,843
Sidewalk improvements	4,258	45,000
*Royles Library	-	50
Library project	46,845	-
Telephone upgrade	50,000	9,200
GIS improvements	19,741	14,339
Planning studies	-	3,800
Fort Williams repairs	-	50,720
Fort Williams tree planting	10,000	-
Fort Williams park master plan	40,000	-
Tree planting	3,132	-
Future open space study committee	25,000	-
Revaluation	13,363	19,033
*B. Chase	-	2,689
*M.J. Chase	-	4,319

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

FUND BALANCES, CONTINUED

Police donations	\$ 10,528	14,403
Greenbelt trails	6,519	2,551
Cruiser replacement	5,000	9,073
Retirement system assessment	-	19,548
Fire donations	-	822
Fire department breathing apparatus	11,500	-
*Lebensfeld	-	209
Records preservation	3,677	5,529
Recycling promotion	4,140	5,000
Family fun day	2,000	1,691
Alternative Energy Committee	-	39,030
Tennis court repair	-	7,500
Town hall structural repairs	32,176	49,000
Election equipment	16,000	16,000
Pool repairs	40,000	6,556
Fireproof cabinet – Public Works	-	2,900
Municipal energy projects	51,100	87,420
Shore Road path	161,000	53,291
ARRA energy grant – local share	-	51,512
Public works pavement markings	17,625	-
Public works building repairs	10,500	-
Fuel and food donations	826	5,482
Total Town	890,994	776,510
School Department:		
Encumbrances	184,808	81,858
Total School Department	184,808	81,858
Re-appropriated fund balance:		
School Department	250,000	250,000
Town	350,000	210,000
Total reappropriated fund balance	600,000	460,000
School Department	434,808	106,858
Town	1,240,994	986,510
Total assigned in general fund	\$ 1,675,802	1,093,368

*Amounts are now shown as part of restricted fund balance - Town grants and donations.

	Capital Projects	Special Revenue
Assigned in other fund types:		
Nonmajor capital projects	\$ 641,409	-
Nonmajor special revenue funds	-	3,858,457
Total assigned in other fund types	\$ 641,409	3,858,457

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

FUND BALANCES, CONTINUED

Nonspendable Fund Balances:

	Special Revenue Funds	
	School Lunch Program	Portland Head Light
Inventory	\$ 14,103	100,561
Total nonspendable fund balance	\$ 14,103	100,561

Restricted by external constraints:

	Special Revenues	General Fund
School Department grants	\$ 63,352	-
Town grants and donations	-	11,119
Total restricted	\$ 63,352	11,119

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. The authority to establish and amend benefit provisions rests with the state legislature.

New employees not eligible to participate in the Maine Public Employees Retirement System participate in the Town's ICMA Plan. As of June 30, 2011, the Town had two active covered employees, zero vested inactive employee and 56 vested/retired employees. Covered payroll for the year ended June 30, 2011 was \$117,988 of the total combined Town and School payroll of \$17,979,241.

Employees are eligible for normal retirement upon attaining age 60 with ten or more years of service or after completing 25 or more years of creditable service prior to age 60. 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, 2011, the Town contributed a minimum required monthly contribution of \$1,319, which amounted to \$15,828 for the year. Covered employees are required to contribute 6.5% of their salary to the Maine Public Employees Retirement System and amounted to \$7,669 for the year ended June 30, 2011.

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.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED

The actuarial accrued liability was computed as part of an actuarial update based on the single actuarial valuation as of June 30, 2010 (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

At June 30, 2010, the date of the latest actuarial report, the actuarial accrued liability in excess of total assets was \$1,031,561, determined as follows:

Actuarial accrued liability:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 5,200,189
Current employees:	
Accumulated employee contributions including investment income	713,468
Employer financed, vested	127,007
Employer financed, non-vested	27,542
Total actuarial accrued liability	6,068,206
Market value of net assets available for benefits	(5,036,645)
Pension benefit obligation in excess of assets	\$ 1,031,561

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 6.3% 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, 2011, 2010, and 2009 were \$64,890, \$66,012, and \$63,466, respectively.

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 \$1,980,940 (17.76%) for the fiscal year 2011. There is no contribution required by the School except for federally funded teachers, for which the School contributed 17.76% 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, 2011, the Town and School's contributions to the plan totaled \$199,182.

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 \$615,558 for the year ended June 30, 2011.

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 Trust is a multiple employer Voluntary Employee's Beneficiary Association. The Town is an individually rated member within the Association. The trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. 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 Town 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. The Town of Cape Elizabeth has the authority to establish and amend the participation requirements. The MMEHT has the authority to establish and amend the benefits provided and the contribution requirements.

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 Board of Trustees of the Trust sets the employer contribution rates each year. The employee share contributed is determined through negotiations between the Town and the respective union.

The following table represents the OPEB costs and the annual required contribution as of June 30, 2011 and the previous two years:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Normal cost	\$ 38,212	38,212	38,212
Amortization of unfunded	51,232	51,232	51,232
Adjustment to ARC	(3,239)	-	-
<u>Interest</u>	<u>4,029</u>	<u>1,789</u>	<u>1,789</u>
Annual Required Contribution	\$ 90,234	91,233	91,233

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPEB liability, July 1	\$ 147,238	91,233	91,233
Annual required contribution	90,234	91,233	-
<u>Actual contribution</u>	<u>(17,614)</u>	<u>(35,228)</u>	<u>-</u>
OPEB liability, June 30	\$ 219,858	147,238	91,233

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, 2011 and the previous two years were as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual required contribution	\$ 90,234	91,233	91,233
Actual contribution	17,614	35,228	-
Percent contributed	19.52%	38.61%	0%
Actuarial accrued liability	921,348	921,348	921,348
<u>Plan assets</u>	-	-	-
Unfunded actuarial accrued liability	921,348	921,348	921,348
Covered payroll	\$ 2,647,373	2,864,998	3,079,336
Unfunded actuarial accrued liability as a percentage of covered payroll	34.80%	32.16%	29.92%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Actuarially determined amounts 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 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	27 years - closed

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

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll [(b-a) / c]
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%
2011	1/1/09	\$ -	\$921,348	\$921,348	0.00%	\$2,647,373	34.80%

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, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	\$ 9,091,736	8,422,639
Taxes receivable-current year	160,316	156,142
Taxes receivable-prior years	121	1,360
Tax liens	46,583	50,572
Tax acquired property	206	206
Accounts receivable	-	8,422
Total assets	\$ 9,298,962	8,639,341
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other current liabilities	53,173	13,947
Accrued payroll	1,553,473	1,450,390
Deferred revenues	86,000	126,000
Taxes collected in advance	3,257	7,580
Interfund loans payable	2,738,816	2,438,096
Total liabilities	4,434,719	4,036,013
Fund balance:		
Restricted:		
Town grants and donations	11,119	13,728
Assigned:		
Town General Fund	1,240,994	986,510
School Department General Fund	434,808	331,858
Unassigned:		
Town General Fund	2,787,007	3,047,820
School Department General Fund	390,315	223,412
Total fund balance	4,864,243	4,603,328
Total liabilities and fund balance	\$ 9,298,962	8,639,341

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, 2011
(with comparative actual amounts for the year ended June 30, 2010)

	2011		Variance positive (negative)	2010 Actual
	Revised budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 24,102,111	24,102,111	-	23,412,447
Supplemental taxes	-	21,993	21,993	2,863
Change in deferred taxes	-	40,000	40,000	-
Excise taxes	1,553,600	1,653,622	100,022	1,647,131
Interest and costs on taxes	47,000	29,562	(17,438)	57,230
Total taxes	25,702,711	25,847,288	144,577	25,119,671
Licenses and permits:				
Auto registration fees	25,000	24,757	(243)	25,063
Building, electrical and plumbing fees	90,000	90,795	795	110,567
Town clerk fees	12,000	13,347	1,347	12,850
Total licenses and permits	127,000	128,899	1,899	148,480
Intergovernmental revenues:				
State revenue sharing	548,000	610,264	62,264	599,840
Education - State subsidies	1,953,465	1,953,465	-	1,250,711
State agency clients	40,000	29,628	(10,372)	48,001
D.O.T. block grant	67,000	80,672	13,672	77,216
Homestead revenue	170,242	128,612	(41,630)	215,154
Other miscellaneous - State and Federal	33,828	196,041	162,213	99,226
Total intergovernmental revenues	2,812,535	2,998,682	186,147	2,290,148
Investment income:				
Investment earnings	81,000	33,343	(47,657)	88,070
Total investment income	81,000	33,343	(47,657)	88,070
Other revenues:				
Rental income	-	-	-	15,303
Cable television franchise	110,000	154,202	44,202	144,317
Refuse disposal	60,000	93,391	33,391	75,254
School department	53,000	68,351	15,351	122,226
Police specials and fees	14,000	12,119	(1,881)	11,254
Library fines and fees	8,500	7,876	(624)	8,625
Miscellaneous donations	-	7,450	7,450	5,400
Community pool and fitness center	183,800	168,617	(15,183)	180,315
Miscellaneous	113,501	98,945	(14,556)	140,274
Total other revenues	542,801	610,951	68,150	702,968
Total revenues	29,266,047	29,619,163	353,116	28,349,337

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

	2011			2010 Actual
	Revised budget	Actual	Variance positive (negative)	
Expenditures:				
Current:				
General government:				
Administration	\$ 516,389	489,882	26,507	452,929
Assessing	378,255	347,761	30,494	336,489
Town council	3,000	2,918	82	963
Legal and audit	75,000	73,513	1,487	50,967
Elections	24,103	13,616	10,487	17,590
Boards and commissions	13,530	4,643	8,887	10,134
Public information	39,580	31,369	8,211	29,683
Total general government	1,049,857	963,702	86,155	898,755
Public works:				
General public works	1,032,683	947,569	85,114	935,591
Refuse disposal/recycling	774,280	733,509	40,771	745,071
Total public works	1,806,963	1,681,078	125,885	1,680,662
Facilities:				
Facilities and property management	125,970	104,566	21,404	101,651
Town hall maintenance	26,300	25,997	303	21,977
Library building	30,000	29,976	24	26,229
Town center fire station	18,000	17,003	997	10,075
Cape cottage fire station	6,730	5,395	1,335	4,764
Police station	64,526	58,522	6,004	34,018
Total facilities	271,526	241,459	30,067	198,714
Public safety:				
Fire department	278,022	267,560	10,462	258,262
Police department	1,140,652	1,078,282	62,370	1,070,195
Animal control	20,268	17,585	2,683	20,020
Public safety communications	155,000	149,622	5,378	145,088
WETeam	23,680	16,388	7,292	14,174
Miscellaneous public protection	152,328	142,529	9,799	144,062
Emergency preparedness	3,197	2,810	387	2,007
Total public safety	1,773,147	1,674,776	98,371	1,653,808
Cultural and parks:				
Library	448,373	429,321	19,052	431,063
Parks and grounds	411,134	380,446	30,688	347,542
Community pool and fitness center	306,042	301,661	4,381	307,923
Trees	19,386	19,372	14	18,762
Total cultural and parks	1,184,935	1,130,800	54,135	1,105,290
Human services				
	55,000	52,482	2,518	47,837
Education:				
Regular instruction	8,631,760	8,159,040	472,720	8,206,946
Special education instruction	2,608,678	2,690,656	(81,978)	2,552,275
Career and technical education	50,122	50,122	-	46,242
Other instruction	606,748	618,603	(11,855)	563,767
Student and staff support	2,199,310	2,231,860	(32,550)	2,156,975
System administration	661,727	675,318	(13,591)	569,730
School administration	979,749	930,779	48,970	887,987
Transportation	654,058	631,737	22,321	609,871
Facilities maintenance	1,960,695	1,953,081	7,614	1,771,202
Debt service	1,391,953	1,391,680	273	1,468,285
Total education	19,744,800	19,332,876	411,924	18,833,280

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

	2011			2010 Actual
	Revised budget	Actual	Variance positive (negative)	
Expenditures, continued				
Current, continued:				
Intergovernmental assessments	\$ 968,416	968,416	-	987,445
Unclassified:				
Abatements/overlay	424,966	65,422	359,544	49,913
Insurance	91,000	89,601	1,399	91,091
Employee benefits	920,944	903,972	16,972	841,159
Contributions	7,141	5,923	1,218	3,928
Grants	5,482	140,402	(134,920)	22,278
Other	-	7,559	(7,559)	23,198
Total unclassified	1,449,533	1,212,879	236,654	1,031,567
Debt service (excluding School Department)	1,012,784	1,011,252	1,532	1,158,985
Capital improvements:				
Engine II body work	20,000	19,590	410	-
Cruiser replacement	64,073	55,779	8,294	27,301
Police utility vehicle	3,000	-	3,000	-
Road and sidewalk projects	535,421	464,158	71,263	220,520
Police radio repairs	-	-	-	852
Pick up truck replacement	38,500	24,887	13,613	36,436
Police lighting upgrade	2,500	-	2,500	-
Fire department radio repeater	15,000	14,898	102	-
Mower replacement	29,500	23,016	6,484	-
High school tennis court	7,500	40,463	(32,963)	-
Computer hardware and software	8,000	15,753	(7,753)	13,293
Public works building	-	-	-	16,165
Town Hall building systems	49,000	16,824	32,176	20,403
Library computer	12,000	11,978	22	-
Public works pump back up	5,600	-	5,600	-
Public works camera upgrades	1,500	-	1,500	-
Public works roof inspection	2,500	-	2,500	-
Community center siding	2,500	922	1,578	-
Fort Williams park ramp repair	2,000	3,109	(1,109)	-
Town hall heating design	3,000	3,000	-	-
Election equipment	16,000	-	16,000	-
Revaluation	19,033	6,067	12,966	-
Fire station repairs	-	-	-	2,074
Parks building repairs	-	-	-	6,965
Pool roof repairs	6,556	8,990	(2,434)	444
Alewife brook monitor	6,000	1,241	4,759	-
Parks utility cart	15,000	14,501	499	-
Recycling promotion	-	-	-	(235)
Public works radio repair	-	-	-	4,632
Public works fire program	2,900	-	2,900	-
Refuse container	4,000	3,832	168	3,667
Dispatch consolidation	-	-	-	13,283
Tool carrier replacement	-	-	-	110,000
Parks equipment trailer	-	-	-	3,436
Replace WETeam motor	-	-	-	5,000
Fire / Police EMA radios	-	-	-	4,340
Ice storm damage	-	2,332	(2,332)	14,368
Shore road light local	-	5,425	(5,425)	-
Hannaford turf field	-	-	-	2,823
Alternative energy	39,030	8,770	30,260	19,193
Municipal energy project	87,420	55,239	32,181	-
Shore road path engineering	53,291	33,321	19,970	-
ARRA energy grant	51,512	-	51,512	-
Replace 1998 rack	40,000	34,816	5,184	-
Pool work	15,000	14,766	234	-
Fort Williams park	40,000	14,500	25,500	-
Future open space	25,000	-	25,000	-
Fire Department breathing apparatus	11,500	-	11,500	-
Pool boiler	-	28,469	(28,469)	-
Total capital improvements	1,233,836	926,646	307,190	524,960
Total expenditures	30,550,797	29,196,366	1,354,431	28,121,303
Excess (deficiency) of revenues over (under) expenditures	(1,284,750)	422,797	1,707,547	228,034

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

	2011			2010 Actual
	Revised budget	Actual	Variance positive (negative)	
Other financing sources (uses):				
Transfer from special revenue funds	\$ 125,000	136,161	11,161	154,810
Transfer to special revenue funds	(186,993)	(186,993)	-	(230,400)
Transfer from (to) capital projects funds	(214,000)	(214,000)	-	174,460
Carryforward balances and subsequent authorizations	1,100,743	-	(1,100,743)	-
Refunding bonds issued	-	-	-	5,850,000
Payment to refunded bond escrow agent	-	-	-	(5,765,000)
Utilization of prior year surplus-School	250,000	-	(250,000)	-
Utilization of prior year surplus-Town	210,000	-	(210,000)	-
Total other financing sources (uses)	1,284,750	(264,832)	(1,549,582)	183,870
Net change in fund balance	-	157,965	157,965	411,904
Reconciliation to GAAP:				
Change in encumbrances		102,950		(96,544)
Fund balance, beginning of year		4,603,328		4,287,968
Fund balance, ending of year	\$	4,864,243		4,603,328

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF CAPE ELIZABETH, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 999,207	81,618	1,080,825
Investments	467,341	-	467,341
Receivables:			
Accounts	254,263	-	254,263
Rescue receivable (net of allowance for uncollectible of \$24,500)	14,411	-	14,411
Sewer fees receivable (net of allowance for uncollectible of \$4,000)	313,217	-	313,217
Inventory	114,664	-	114,664
Interfund loans receivable	2,029,240	719,029	2,748,269
Total assets	\$ 4,192,343	800,647	4,992,990
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	951	159,238	160,189
Deferred revenue	158,266	-	158,266
Interfund loans payables	9,453	-	9,453
Total liabilities	168,670	159,238	327,908
Fund balances:			
Nonspendable:			
Inventory	114,664	-	114,664
Restricted:			
School Categorical Programs	63,352	-	63,352
Assigned, reported in:			
Special revenue funds	3,858,457	-	3,858,457
Capital project funds	-	641,409	641,409
Unassigned:			
School Lunch Program	(12,800)	-	(12,800)
Total fund balances	4,023,673	641,409	4,665,082
Total liabilities and fund balances	\$ 4,192,343	800,647	4,992,990

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, 2011

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental:			
Federal and State subsidies	\$ 1,626,098	-	1,626,098
Federal commodities	22,575	-	22,575
Investment income	121,270	1,615	122,885
Other:			
Building and park rentals and fees	7,860	79,484	87,344
Sewer assessments	1,659,540	-	1,659,540
Sale of cemetery lots	32,371	-	32,371
School lunch	474,408	-	474,408
Community services	923,087	-	923,087
Lighthouse admissions	47,062	-	47,062
Lighthouse gift shop sales	519,281	-	519,281
Rescue charges	153,908	-	153,908
Miscellaneous	421,512	23,035	444,547
Total revenues	6,008,972	104,134	6,113,106
Expenditures:			
Current:			
Educational/recreation program	2,793,170	-	2,793,170
School lunch	571,477	-	571,477
Unclassified:			
Church	11,229	-	11,229
Portland Head Light - operations and staff	214,488	-	214,488
Portland Head Light - gift shop costs	273,736	-	273,736
Rescue expenditures	151,351	-	151,351
Maintenance	44,442	-	44,442
Miscellaneous	5,551	-	5,551
Sewer	1,204,064	-	1,204,064
Capital improvements	144,792	257,342	402,134
Debt service	342,763	-	342,763
Total expenditures	5,757,063	257,342	6,014,405
Excess (deficiency) of revenues over (under) expenditures	251,909	(153,208)	98,701
Other financing sources (uses):			
Lease proceeds	89,147	-	89,147
Transfer from other funds	208,093	214,000	422,093
Transfer to other funds	(157,261)	-	(157,261)
Total other financing sources	139,979	214,000	353,979
Net change in fund balances	391,888	60,792	452,680
Fund balances, beginning of year	3,631,785	580,617	4,212,402
Fund balances, end of year	\$ 4,023,673	641,409	4,665,082

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.

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. Funds are disbursed to cover various library needs.

Police and Fire

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS, CONTINUED

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.

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. Revenues are primarily derived from rental charges for use of the Church. 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, 2011

	School Categorical Programs	School Lunch Program	Sewer User Fund	Community Services Fund	Portland Head Light	Rescue Fund	Riverside Perpetual Care	Library Fund	Police and Fire	Thomas Jordan Fund	Spurwink Church Fund	Totals
ASSETS												
Cash and cash equivalents	\$ -	-	-	-	-	-	347,902	165,245	-	460,815	25,245	999,207
Investments	-	-	-	-	-	-	-	-	-	467,341	-	467,341
Accounts receivable	239,076	15,187	-	-	-	-	-	-	-	-	-	254,263
Rescue receivable (net of allowance for uncollectible of \$24,500)	-	-	-	-	-	14,411	-	-	-	-	-	14,411
Sewer fees receivable allowance for uncollectible of \$4,000)	-	-	313,217	-	-	-	-	-	-	-	-	313,217
Inventory	-	14,103	-	-	100,561	-	-	-	-	-	-	114,664
Interfund loans receivable	466,503	-	698,559	209,322	353,757	301,099	-	-	-	-	-	2,029,240
Total assets	\$ 705,579	29,290	1,011,776	209,322	454,318	315,510	347,902	165,245	-	928,156	25,245	4,192,343
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	-	-	-	-	-	951	-	-	-	-	-	951
Deferred revenues	-	18,534	-	139,732	-	-	-	-	-	-	-	158,266
Interfund loans payable	-	9,453	-	-	-	-	-	-	-	-	-	9,453
Total liabilities	-	27,987	-	139,732	-	951	-	-	-	-	-	168,670
Fund balances:												
Nonspendable:												
Inventory	-	14,103	-	-	100,561	-	-	-	-	-	-	114,664
Restricted:												
School Categorical Programs	63,352	-	-	-	-	-	-	-	-	-	-	63,352
Assigned	642,227	-	1,011,776	69,590	353,757	314,559	347,902	165,245	-	928,156	25,245	3,858,457
Unassigned:												
School Lunch Program	-	(12,800)	-	-	-	-	-	-	-	-	-	(12,800)
Total fund balances	705,579	1,303	1,011,776	69,590	454,318	314,559	347,902	165,245	-	928,156	25,245	4,023,673
Total liabilities and fund balances	\$ 705,579	29,290	1,011,776	209,322	454,318	315,510	347,902	165,245	-	928,156	25,245	4,192,343

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, 2011

	School Categorical Programs	School Lunch Program	Sewer User Fund	Community Services Fund	Portland Head Light	Rescue Fund	Riverside Perpetual Care	Library Fund	Police and Fire	Thomas Jordan Fund	Spurwink Church Fund	Totals
Revenues:												
Intergovernmental:												
Federal and state subsidies	\$ 1,535,632	60,099	-	30,367	-	-	-	-	-	-	-	1,626,098
Federal commodities	-	22,575	-	-	-	-	-	-	-	-	-	22,575
Investment income	-	-	-	-	582	-	4,744	1,869	-	113,698	377	121,270
Other revenue:												
Building and park rentals and fees	-	-	-	-	-	-	-	-	-	-	7,860	7,860
Sewer assessments	-	-	1,659,540	-	-	-	-	-	-	-	-	1,659,540
Sale of cemetery lots	-	-	-	-	-	-	32,371	-	-	-	-	32,371
School lunch	-	474,408	-	-	-	-	-	-	-	-	-	474,408
Community services	-	-	-	923,087	-	-	-	-	-	-	-	923,087
Lighthouse admissions	-	-	-	-	47,062	-	-	-	-	-	-	47,062
Lighthouse gift shop sales	-	-	-	-	519,281	-	-	-	-	-	-	519,281
Rescue charges	-	-	-	-	-	153,908	-	-	-	-	-	153,908
Miscellaneous	395,260	-	-	-	2,312	-	-	23,940	-	-	-	421,512
Total revenues	1,930,892	557,082	1,659,540	953,454	569,237	153,908	37,115	25,809	-	113,698	8,237	6,008,972
Expenditures:												
Current:												
Educational/recreation program	1,820,976	-	-	972,194	-	-	-	-	-	-	-	2,793,170
School lunch	-	571,477	-	-	-	-	-	-	-	-	-	571,477
Unclassified:												
Church	-	-	-	-	-	-	-	-	-	-	11,229	11,229
Portland Head Light - operations and staff	-	-	-	-	214,488	-	-	-	-	-	-	214,488
Portland Head Light - gift shop costs	-	-	-	-	273,736	-	-	-	-	-	-	273,736
Rescue expenditures	-	-	-	-	-	151,351	-	-	-	-	-	151,351
Maintenance	-	-	-	-	-	-	44,442	-	-	-	-	44,442
Miscellaneous	-	-	-	-	-	-	-	483	-	5,068	-	5,551
Sewer - Operations and maintenance	-	-	114,080	-	-	-	-	-	-	-	-	114,080
Sewer - Portland Water District assessments	-	-	1,089,984	-	-	-	-	-	-	-	-	1,089,984
Capital improvements	89,147	-	55,645	-	-	-	-	-	-	-	-	144,792
Debt service	-	-	219,563	123,200	-	-	-	-	-	-	-	342,763
Total expenditures	1,910,123	571,477	1,479,272	1,095,394	488,224	151,351	44,442	483	-	5,068	11,229	5,757,063
Other financing sources (uses):												
Lease proceeds	89,147	-	-	-	-	-	-	-	-	-	-	89,147
Transfer to other funds	(125,000)	-	-	-	-	-	-	-	(11,161)	(21,100)	-	(157,261)
Transfer from other funds	-	-	-	208,093	-	-	-	-	-	-	-	208,093
Total other sources (uses)	(35,853)	-	-	208,093	-	-	-	-	(11,161)	(21,100)	-	139,979
Net change in fund balances	(15,084)	(14,395)	180,268	66,153	81,013	2,557	(7,327)	25,326	(11,161)	87,530	(2,992)	391,888
Fund balances, beginning of year	720,663	15,698	831,508	3,437	373,305	312,002	355,229	139,919	11,161	840,626	28,237	3,631,785
Fund balances, end of year	\$ 705,579	1,303	1,011,776	69,590	454,318	314,559	347,902	165,245	-	928,156	25,245	4,023,673

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:

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. Funds are used for capital improvements and equipment purchases.

High School Boiler

This fund is used to account for the high school boiler improvements, including the related issuance of and repayment of a capital lease used to partially fund the project.

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 and are used for land purchases.

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 are made for improvements to the municipal infrastructure.

Turf Field

This fund is for the 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 each budget \$7,000 annually as a contribution to this interest bearing fund.

Fort Williams Park Fund

This fund accounts for revenues from Fort Williams Park, which are used for the maintenance of the park.

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Capital Project Fund
Balance Sheet
June 30, 2011

	Riverside Cemetery Capital Improvements	High School Boiler	Land Acquisition Fund	Infrastructure Improvement	Turf Field	Fort Williams Park Fund	Total
ASSETS							
Cash and cash equivalents	\$ 81,618	-	-	-	-	-	81,618
Interfund loans receivable	-	174,413	199,211	150,457	108,965	85,983	719,029
Total assets	\$ 81,618	174,413	199,211	150,457	108,965	85,983	800,647
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	159,238	-	-	-	-	159,238
Total liabilities	-	159,238	-	-	-	-	159,238
Fund balances:							
Assigned	81,618	15,175	199,211	150,457	108,965	85,983	641,409
Total fund balances	81,618	15,175	199,211	150,457	108,965	85,983	641,409
Total liabilities and fund balances	\$ 81,618	174,413	199,211	150,457	108,965	85,983	800,647

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2011

	Riverside Cemetery Capital Improvements	High School Boiler	Land Acquisition Fund	Infrastructure Improvement	Turf Field	Fort Williams Park Fund	Total
Revenues:							
Building and other fees	\$ -	-	-	24,100	-	55,384	79,484
Other revenues	4,300	-	18,735	-	-	-	23,035
Investment income	1,019	-	284	199	113	-	1,615
Total revenues	5,319	-	19,019	24,299	113	55,384	104,134
Expenditures:							
Capital improvements	-	184,825	-	42,632	-	29,885	257,342
Total expenditures	-	184,825	-	42,632	-	29,885	257,342
Other financing uses:							
Transfer from other funds	-	200,000	-	-	14,000	-	214,000
Total other financing uses	-	200,000	-	-	14,000	-	214,000
Net change in fund balances	5,319	15,175	19,019	(18,333)	14,113	25,499	60,792
Fund balances, beginning of year	76,299	-	180,192	168,790	94,852	60,484	580,617
Fund balances, end of year	\$ 81,618	15,175	199,211	150,457	108,965	85,983	641,409

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, 2011

	Seaside Cemetery	School Scholarship Trust	Zimpritch Library Trust	Total
ASSETS				
Cash and cash equivalents	\$ 492	67,423	19,770	87,685
Total assets	\$ 492	67,423	19,770	87,685
NET ASSETS				
Held in trust	492	67,423	19,770	87,685
Total net assets	\$ 492	67,423	19,770	87,685

TOWN OF CAPE ELIZABETH, MAINE
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private-Purpose
For the Year Ended June 30, 2011

		Seaside Cemetery	School Scholarship Trust	Zimpritch Library Trust	Total
Additions:					
Interest earned	\$	6	935	227	1,168
Donations		-	1,283	5,000	6,283
Total additions		6	2,218	5,227	7,451
Deductions:					
School scholarships		-	3,650	-	3,650
Other		-	10	1,529	1,539
Total deductions		-	3,660	1,529	5,189
Change in fiduciary net assets		6	(1,442)	3,698	2,262
Net assets, beginning of year		486	68,865	16,072	85,423
Net assets, end of year	\$	492	67,423	19,770	87,685

TOWN OF CAPE ELIZABETH, MAINE
Agency Funds
Statement of Changes in Balances
For the Year Ended June 30, 2011

	Balances beginning of year	Net additions/ (deductions)	Balances end of year
Activity funds:			
High School Student Activities	\$ 127,042	(3,911)	123,131
Middle School Student Activities	31,596	2,110	33,706
Pond Cove Student Activities	19,380	969	20,349
Total	\$ 178,018	(832)	177,186

TOWN OF CAPE ELIZABETH, MAINE
Statement of Changes in Long-term Debt
For the Year Ended June 30, 2011

	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:										
2000 Capital Improvement bonds	4.00-4.90%	2021	Var.	\$ 4,100,000	4,100,000	1,975,000	2,125,000	-	215,000	1,910,000
2002 Capital Improvement bonds	3.25-5.00%	2022	Var.	1,500,000	1,500,000	560,000	940,000	-	80,000	860,000
2004 School Revolving Renovation Fund bond	0%	2014	Var.	800,000	(1) 800,000	480,000	320,000	-	80,000	240,000
2004 School Renovation bond	3.00-4.36%	2024	Var.	3,725,000	3,725,000	1,215,000	2,510,000	-	180,000	2,330,000
2006 Clean Water Revolving Loan Fund	1.73%	2026	Var.	3,510,000	3,510,000	609,120	2,900,880	-	158,922	2,741,958
2006 Sewer bond	1.90%-5.50%	2027	Var.	1,890,000	1,890,000	283,500	1,606,500	-	94,500	1,512,000
2006 School Renovation bond	3.75-4.20%	2025	Var.	4,725,000	4,725,000	1,200,000	3,525,000	-	235,000	3,290,000
2008 Capital Improvement bonds	3.25%-4.13%	2028	Var.	2,550,000	2,550,000	259,960	2,290,040	-	130,040	2,160,000
2009 Refunding bond	2.00% - 2.75%	2020	Var.	5,850,000	5,850,000	-	5,850,000	-	895,000	4,955,000
Total general obligation bonds				28,650,000	28,650,000	6,582,580	22,067,420	-	2,068,462	19,998,958
				\$ 28,650,000	28,650,000	6,582,580	22,067,420	-	2,068,462	19,998,958

(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, 2011 was \$240,000.

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, 2011
(with comparative actual amount for the year ended June 30, 2010)

	2011			2010 Actual
	Budget	Actual	Variance positive (negative)	
Revenues:				
State education subsidy--school	\$ 1,953,465	1,953,465	-	1,250,711
Miscellaneous	93,000	97,979	4,979	170,227
Total revenues	2,046,465	2,051,444	4,979	1,420,938
Expenditures:				
Current:				
Regular instruction	8,631,760	8,159,040	472,720	8,206,946
Special education instruction	2,608,678	2,690,656	(81,978)	2,552,275
Career and technical education	50,122	50,122	-	46,242
Other instruction	606,748	618,603	(11,855)	563,767
Student and staff support	2,199,310	2,231,860	(32,550)	2,156,975
System administration	661,727	675,318	(13,591)	569,730
School administration	979,749	930,779	48,970	887,987
Transportation	654,058	631,737	22,321	609,871
Facilities maintenance	1,960,695	1,953,081	7,614	1,771,202
Debt service	1,391,953	1,391,680	273	1,468,285
Total expenditures	19,744,800	19,332,876	411,924	18,833,280
Other financing sources (uses):				
Town appropriation	17,330,335	17,330,335	-	16,746,005
Transfer from Medicaid	125,000	125,000	-	154,810
Transfer to turf field fund (budgeted in facilities maintenance)	(7,000)	(7,000)	-	(7,000)
Budgeted use of surplus	250,000	-	(250,000)	-
Total other financing sources (uses)	17,698,335	17,448,335	(250,000)	16,893,815
Net change in fund balance	-	166,903	166,903	(518,527)
Fund balance, beginning of year (budgetary)		473,412		991,939
Fund balance, end of year (budgetary)		640,315		473,412
Reconciliation to GAAP:				
Add back encumbrances		184,808		81,858
Fund balance, end of year (GAAP)		825,123		555,270
Assigned for encumbrances		(184,808)		(81,858)
Reappropriated to subsequent year budget		(250,000)		(250,000)
Unassigned school fund balance, end of year	\$	390,315		223,412

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, 2011
 (with comparative actual amount for the year ended June 30, 2010)

	2011		Variance positive (negative)	2010 Actual
	Budget	Actual		
Revenues:				
State receipts--adult education	\$ -	30,367	30,367	32,936
Adult and community education	100,000	120,397	20,397	103,881
Summer program	218,500	204,280	(14,220)	193,221
Adult gym	4,000	6,062	2,062	4,862
Prepaid Summer program	124,445	207,684	83,239	192,472
Senior citizens and adult trips	30,900	10,788	(20,112)	81,503
After school adventure	62,000	52,084	(9,916)	57,431
Middle School athletics	31,300	33,642	2,342	42,511
Extended school care	178,500	180,753	2,253	175,576
Rental of facilities	35,500	47,704	12,204	38,480
Fitness center	75,500	58,748	(16,752)	53,237
Miscellaneous	-	945	945	774
Total revenues	860,645	953,454	92,809	976,884
Other financing sources:				
Transfer from Thomas Jordan Fund	16,000	21,100	5,100	16,000
Town appropriation	186,993	186,993	-	126,400
Total revenues and other financing sources	1,063,638	1,161,547	97,909	1,119,284
Expenditures:				
Administration	186,869	181,796	5,073	177,781
Adult education	187,633	205,875	(18,242)	198,910
Summer program	160,241	157,499	2,742	137,602
Other programs	138,298	192,821	(54,523)	197,422
Extended school care	114,387	93,628	20,759	88,996
Facilities rental and maintenance	22,586	29,608	(7,022)	12,155
Debt service	123,200	123,200	-	126,400
Senior citizens	24,595	17,386	7,209	61,017
Middle School athletics	32,718	28,853	3,865	32,507
Fitness center	72,061	61,309	10,752	73,703
Miscellaneous	1,050	3,419	(2,369)	263
Total expenditures	1,063,638	1,095,394	(31,756)	1,106,756
Net change in fund balance	-	66,153	66,153	12,528
Fund balance (deficit), beginning of year		3,437		(9,091)
Fund balance, end of year	\$	69,590		3,437

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, 2011

	Fund balances beginning of year	Program revenues	Program expenditures	Transfers	Fund balances end of year
Title IA	\$ -	29,035	29,035	-	-
Title IIA	-	51,929	51,929	-	-
Local Entitlement	188	360,134	360,322	-	-
ARRA-Local Entitlement	934	210,718	209,389	-	2,263
Pre-School Grant	-	3,750	3,750	-	-
ARRA-Pre-School Grant	-	1,132	1,132	-	-
ARRA Stabilization Funds	23,260	907,089	930,349	-	-
ARRA-Jobs Creation Grant	-	60,992	80,736	-	(19,744)
State MaineCare	605,127	162,100	-	(125,000)	642,227
Administrative Recertification	271	8,900	8,629	-	542
Cape Coalition	830	-	-	-	830
H.S. Art Donations	300	-	300	-	-
Escapade Program	317	-	-	-	317
PCPA Grant	7,687	5,113	12,318	-	482
Kevin Brady Memorial Fund	7,811	104	-	-	7,915
Laptop Maintenance	7,476	15,277	9,334	-	13,419
Arts Commission Grant	204	-	204	-	-
MMA Grant	-	3,650	3,150	-	500
Baseball Donation	-	6,000	6,000	-	-
Prop-Leadership Conference	-	5,197	4,984	-	213
Rotary Grant	1,353	-	1,353	-	-
H1N1 Grant	10,469	-	-	-	10,469
Text We Can Book Fundraiser	13,100	-	-	-	13,100
Healthy Schools	1,300	-	-	-	1,300
Technology/bus lease	-	89,147	89,147	-	-
Wellness Grant	590	4,500	4,368	-	722
Actem Grant	-	1,000	1,000	-	-
Cape Olympians	-	1,051	821	-	230
Environmental Club	-	3,057	118	-	2,939
CS Sun Screen Grant	-	4,500	-	-	4,500
School gate receipts-Athletics	2,075	15,178	16,975	-	278
School gate receipts-Drama	-	14,949	13,965	-	984
C.E. Education Foundation	37,371	55,537	70,815	-	22,093
Total	\$ 720,663	2,020,039	1,910,123	(125,000)	705,579

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.

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

Fiscal year	General government	Public works	Facilities (1)	Public safety	Human services	Cultural and parks	Education	School Lunch	Inter-governmental assessments	Unclassified	Sewer	Capital maintenance expenses	Interest on Long-term debt	Total
2011	\$ 1,257,993	2,237,584	241,459	2,059,682	52,482	1,130,800	23,709,591	571,477	968,416	1,937,776	1,204,064	787,528	396,145	36,554,997
2010	1,294,806	2,246,229	-	1,962,717	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	2,315,932	-	1,894,280	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	2,049,562	-	1,948,994	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	1,577,438	-	1,836,578	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	1,198,183	-	1,413,509	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	1,722,222	-	1,456,877	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	1,308,371	-	1,625,315	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	1,394,954	-	1,498,615	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 nine years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

(1) The Town started budgeting facilities separately from other functions in 2011

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

Fiscal year	Program Revenues			General Revenues				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous	Total
2011	\$ 4,820,801	5,693,378	-	25,807,288	934,917	156,228	260,597	37,673,209
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 nine 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 works	Facilities (3)	Public safety	Cultural and Parks	Human services	Education	Intergovernmental	Debt service (2)	Capital improvements	Other expenditures and transfers	Total
2011	\$ 963,702	1,681,078	241,459	1,674,776	1,130,800	52,482	21,210,866	968,416	1,011,252	926,646	1,212,879	31,074,356
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	1,761,263	-	1,742,865	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	1,764,844	-	1,763,795	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	1,708,817	-	1,634,144	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	1,617,744	-	1,555,527	1,007,748	25,833	17,384,139	908,923	1,041,047	565,427	1,051,217	26,159,469
2005	978,190	1,632,315	-	1,510,851	955,867	24,251	16,265,351	876,464	1,117,157	952,293	1,145,370	25,458,109
2004	921,003	1,368,989	-	1,479,148	943,217	33,470	15,095,013	833,973	1,117,653	1,017,485	1,084,398	23,894,349
2003	905,843	1,277,245	-	1,431,047	939,856	29,491	14,568,738	782,596	1,136,554	1,124,596	872,641	23,068,607
2002	872,797	1,221,467	-	1,378,508	925,205	24,535	13,839,381	648,229	1,313,744	1,148,189	834,146	22,206,201

(1) General Fund expenditures only.

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

(3) The Town started budgeting facilities separately from other functions in 2011

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

Fiscal year	Property Taxes	Other taxes	Licenses and permits	Intergov- ernmental	Investment income	Other Revenues	Transfers and other financing sources	Total
2011	\$ 24,164,104	1,683,184	128,899	2,998,682	33,343	610,951	136,161	29,755,324
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

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

Fiscal year end	Direct			Overlapping County	Total tax rate
	Town	School	Community service		
2011	\$ 4.13	12.89	0.14	0.70	17.86
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

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
2011	\$ 24,102,111	24,003,788	99.59%	161,370	24,165,158	100.26%
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%

Note: excludes supplemental taxes

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)	
2011 (2)	\$ 1,343,498,400	6,003,900	1,349,502,300	1,789,750,000	75.40%
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%

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

(2) Revaluation

TOWN OF CAPE ELIZABETH, MAINE
Principal Taxpayers
For the Year Ended June 30, 2011

Name	Assessed valuation	% of total tax commitment
Sprague Corporation	\$ 13,828,300	1.02%
Inn By the Sea LLC	11,187,600	0.83%
Haffenreffer IV, R.F	5,863,700	0.43%
Health Care Property Investors Inc	5,876,300	0.44%
Purpoodock Club	4,612,600	0.34%
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	0.26%
Hansen, Lisa O.	3,419,600	0.25%

TOWN OF CAPE ELIZABETH, MAINE
Computation of Legal Debt Margin
For the Year Ended June 30, 2011

Total estimated actual valuation by State		\$	<u>1,789,750,000</u>
Legal debt margin:			
Debt limitation - 15% of estimated actual valuation			268,462,500
Debt applicable to debt limitation:			
Municipal	7.5%	134,231,250	7,149,356
School	10.0%	178,975,000	8,595,644
Storm and sanitary sewers	7.5%	134,231,250	4,253,958
Airport, water and special districts	3.0%	53,692,500	-
<u>Total</u>	<u>28.0%</u>	<u>501,130,000</u>	<u>19,998,958</u>
Total bonded debt applicable to debt limit			<u>19,998,958</u>
Legal debt margin		\$	<u>248,463,542</u>

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
2011	9,015	\$ 1,349,502,300	19,998,958	1.48%	2,218
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

(1) U. S. Bureau of the Census

(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
2011	\$ 1,011,252	1,391,680	2,402,932	29,383,359	8.18%
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%

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

TOWN OF CAPE ELIZABETH, MAINE
Computation of Direct, Overlapping and Contingent Debt
For the Year Ended June 30, 2011

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
Town of Cape Elizabeth bonds and notes	\$ 19,998,958	100.00%	19,998,958
Overlapping debt:			
Cumberland County	1,445,000	4.39%	63,496
Portland Water District -- sewer debt	30,598,961	0.28%	85,500
Contingent debt:			
Portland Water District -- water debt	28,463,828	6.78%	1,930,758
Regional Waste Systems, Inc.:			
Resource recovery system	2,660,000	4.88%	129,766
Materials recovery facility	1,900,000	4.03%	76,570
Landfill closure	15,138,502	4.86%	735,918