

**TOWN OF CAPE ELIZABETH, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2012**

**TOWN OF CAPE ELIZABETH, MAINE**  
**Annual Financial Report**  
**Year ended June 30, 2012**

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**Annual Financial Report**

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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, 2012, 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, 2012, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2012, on our consideration of the Town of Cape Elizabeth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress, 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 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 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.



September 11, 2012  
South Portland, Maine

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2012**

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## 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 \$49,349,178. The total net assets are \$27,245,657. Net assets include \$18,252,324 invested in capital assets, net of related debt, \$3,021,539 in restricted net assets and \$5,971,794 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 \$903,751. The fund balance for the General Fund increased \$449,488. This is attributable to revenues meeting targets and expenditure savings from budgeted levels. The School General Fund balance increased from \$825,123 to \$1,002,013 as a result of budgetary savings. The Town General Fund unassigned fund balance increased \$151,350.

## 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*, only one type of activities is presented:

- 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.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2012**

**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.

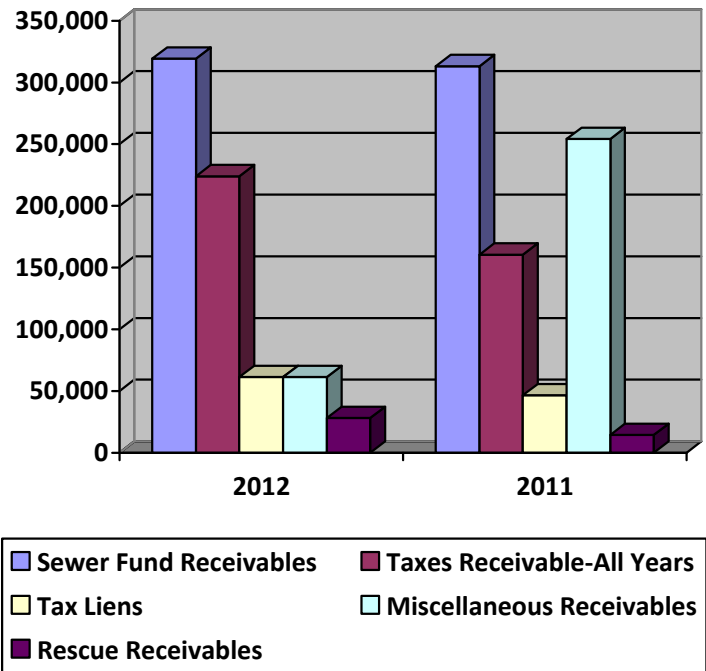
**Comparison of Information from Current Year and Prior Year**

**Assets**

**Cash, Cash Equivalents and Investments**

The portion of the fund balance in cash, cash equivalents and investments increased \$920,557, from \$10,639,902 to \$11,560,459. The cash increase is attributable in large part due to expenditures falling below planned budget levels.

	<b>FY 2011</b>	<b>FY 2012</b>
Sewer Fund Receivables	\$313,217	355,072
Taxes Receivable-Current Year	160,316	224,025
Taxes Receivable-Prior Yrs.	121	186
Tax Liens	46,583	61,374
Miscellaneous Receivables	254,263	142,877
Rescue Receivables	14,411	28,160
Tax Acquired Property	206	206
<b>Total</b>	<b>\$789,117</b>	<b>\$811,900</b>
% Sewer	40%	44%
% Taxes etc.	60%	56%



**Receivables**

The Town continues to have an excellent record of tax receivables, maintaining the collection rate of the levy for the current year at 99.11%. 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 increase is attributable to unpaid taxes from one residential property. The sewer receivable has increased and appears at a high level as billing occurs just before the end of each fiscal year. The Town places tax liens on uncollected sewer fees, so eventually the entire receivable is paid.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2012**

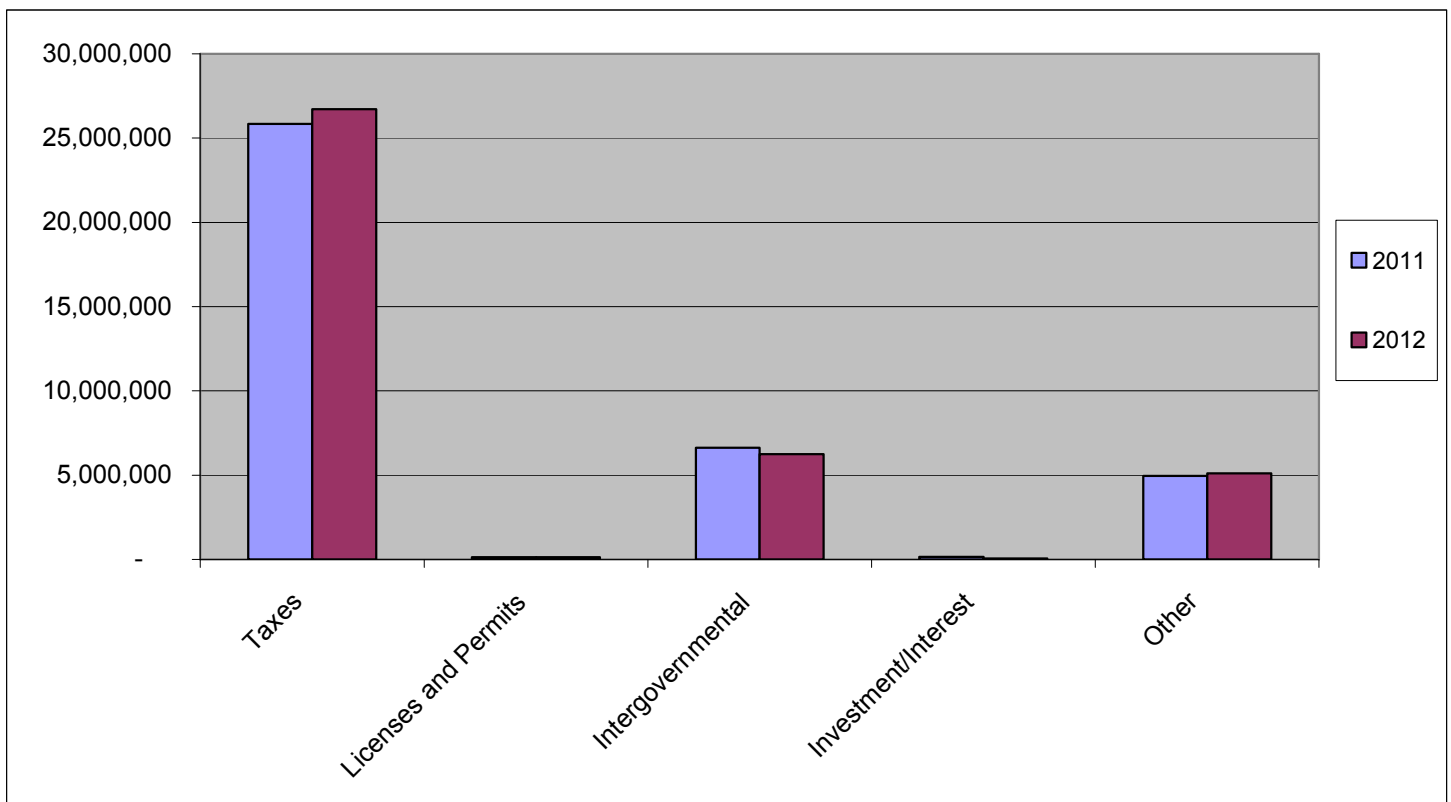
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**Revenues by Major Source**

Property and other taxes amounted to 69.8% of revenue in FY 2012. This compares to 68.5% in FY 2011. Intergovernmental revenues decreased \$390,127 due to the phase out of the American Recovery and Reinvestment Act and a decline in MaineCare support. Investment income decreased 63% from \$156,228 to \$58,320. Overall, revenues were up \$596,496 or 1.58%. The total increase in revenue from taxes this past year was \$874,411 or 3.4% compared with 2.9% the previous year.

		<b>2012</b>	<b>2011</b>	<b>% Change</b>
Taxes	\$	26,721,699	25,847,288	874,411
Licenses and Permits		140,616	128,899	11,717
Intergovernmental		6,238,168	6,628,295	(390,127)
Investment/Interest		58,320	156,228	(97,908)
Other		5,150,902	4,952,499	198,403
<b>Total</b>	<b>\$</b>	<b>38,309,705</b>	<b>37,713,209</b>	<b>596,496</b>

**Revenues Chart**





**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2012**

**Expenditures**

Total expenditures increased by \$1,304,842 or 3.5%. The increase was due to more spending for capital outlay, for schools and for facilities and park maintenance. Spending, excluding capital outlay, increased \$764,611 or 2.1%. Expenditures changed as follows:

	<b>2012</b>	<b>2011</b>	<b>\$ Change</b>	<b>% Change</b>
General Government	\$ 965,257	\$ 963,702	\$ 1,555	0.2%
Public Works	1,643,224	1,681,078	(37,854)	-2.3%
Facilities	291,201	241,459	49,742	20.6%
Public Safety	1,725,819	1,674,776	51,043	3.0%
Cultural and Parks	1,281,201	1,130,800	150,401	13.3%
Human Services	46,245	52,482	(6,237)	-11.9%
Education	24,316,858	24,004,036	312,822	1.3%
Intergovernmental Assessments	1,013,039	968,416	44,623	4.6%
Unclassified	2,151,037	1,913,676	237,361	12.4%
Sewer	1,251,089	1,204,064	47,025	3.9%
School Lunch Program	596,544	571,477	25,067	4.4%
Capital Outlay	1,954,783	1,414,562	540,221	38.2%
Non-School Debt Service	1,243,078	1,354,015	(110,937)	-8.2%
<b>Total Expenditures</b>	<b>\$ 38,479,375</b>	<b>\$ 37,174,543</b>	<b>\$ 1,304,832</b>	<b>3.5%</b>
<b>Excluding Capital Outlay</b>	<b>\$ 36,524,592</b>	<b>\$ 35,759,981</b>	<b>\$ 764,611</b>	<b>2.1%</b>

**Transfers**

In FY 2012, \$186,993 was transferred from the General Fund to the Community Services Fund as a planned contribution and the Community Services Fund received a \$21,000 grant from the Thomas Jordan Fund. The General Fund transferred a budgeted \$14,000 to the Turf Field Fund.

**The Overall Financial Position of the Town**

The overall financial condition continued to be healthy in FY 2012. Despite a tough economy nationally, the tax collection rate stayed above 99% of the current levy. The unassigned fund balance remained a healthy \$2.93 million. The ratio of bonded debt to assessed value decreased from 1.48 % to 1.10%. \$1.88 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. 83% of all debt is to be retired in the next ten years with 100% of the debt to be retired in the next 18 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 6.1% in June 2012, compared to a state unemployment rate of 7.5% and a national rate of 8.2%.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2012**

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**Significant Changes in Individual Fund Balances**

	<b>6/30/2012</b>	<b>6/30/2011</b>	<b>\$ Change</b>	<b>% Change</b>
General Fund	\$ 5,313,731	\$ 4,864,243	\$ 449,488	9.2%
School Categorical Funds	712,708	705,579	7,129	1.0%
School Lunch Program	13,507	1,303	12,204	936.6%
Sewer User Fund	1,299,931	1,011,776	288,155	28.5%
Community Services Fund	47,056	69,590	(22,534)	-32.4%
Riverside Cemetery Capital Improvements	93,461	81,618	11,843	14.5%
Fort Williams Park Fund	178,909	85,983	92,926	108.1%
Portland Head Light Fund	518,081	454,318	63,763	14.0%
Rescue Fund	194,526	314,559	(120,033)	-38.2%
Cemetery Perpetual Care	346,019	347,902	(1,883)	-0.5%
Library Fund	173,406	165,245	8,161	4.9%
Land Acquisition Fund	213,379	199,211	14,168	7.1%
Spurwink Church Fund	34,724	25,245	9,479	37.5%
Thomas Jordan Fund	886,538	928,156	(41,618)	-4.5%
Turf Field	131,304	108,965	22,339	20.5%
Infrastructure Improvement	168,102	150,457	17,645	11.7%
High School Boiler	-	15,175	(15,175)	-100.0%
School Technology	107,694	-	107,694	100.0%

The General Fund increase reflects the increase in revenues. The Thomas Jordan Fund decreased due to its investments. The Portland Head Light Fund increased due to good sales at the gift shop. The Community Services Fund decreased primarily due to revenue shortfalls at the fitness center. The Infrastructure Improvement Fund was established in FY 2007 and is receiving steady income

The Sewer User Fund is benefiting from a three year implementation of sewer fee increases intended to meet the debt service expense of Portland Water District sewer plant upgrades begun in September 2010. The Portland Water District borrowed approximately \$2.5 million from the Maine State Revolving Loan Fund Program at a minimal interest rate.

**Significant Budget Variances**

There were no negative budget variances.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2012**

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**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, 2012 stood at \$18,122,786. This equated to 1.10% of assessed value and to \$2,010 net bonded debt per capita. The ratio of debt service to general governmental expenditures was 7.75% on June 30, 2012 compared to 8.18% on June 30, 2011.

<b>Existing Debt Service Requirements</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	2,068,969	532,850	2,301,819
2014	2,061,814	480,535	2,542,349
2015	1,969,708	428,449	2,398,157
2016	1,407,654	381,448	1,789,102
2017	1,385,648	340,584	1,726,232
2018-2022	6,150,023	1,083,890	7,233,913
2023-2027	2,953,970	256,140	3,210,110
<u>2028-2029</u>	<u>125,000</u>	<u>5,156</u>	<u>130,156</u>
<b>Totals</b>	<b>18,122,786</b>	<b>3,509,052</b>	<b>21,631,838</b>

**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](mailto:michael.mcgovern@capeelizabeth.org)

# **BASIC FINANCIAL STATEMENTS**

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Net Assets**  
**June 30, 2012**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,096,926
Investments	463,533
Receivables:	
Accounts	142,877
Taxes and liens	285,791
Rescue (net of allowance for uncollectible of \$24,500)	28,160
Sewer fees (net of allowance for uncollectible of \$4,000)	355,072
Prepaid expenses	8,660
Inventory	132,257
Capital assets, not being depreciated	1,326,913
Capital assets, being depreciated	35,508,989
<b>Total assets</b>	<b>49,349,178</b>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	161,860
Accrued payroll	1,548,333
Compensated absences payable	954,760
Deferred revenue	177,383
Taxes collected in advance	8,624
Accrued interest	131,207
Other postemployment benefits liability	230,082
Noncurrent liabilities:	
Due within one year	2,370,076
Due in more than one year	16,521,196
<b>Total liabilities</b>	<b>22,103,521</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	18,252,324
Restricted	3,021,539
Unrestricted	5,971,794
<b>Total net assets</b>	<b>\$ 27,245,657</b>

*See accompanying notes to financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

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
<b>Governmental activities:</b>					
General government	\$ 1,174,591	140,616	-	-	(1,033,975)
Public works	2,196,861	107,029	83,952	-	(2,005,880)
Facilities	291,201	147,322	-	-	(143,879)
Public safety	1,984,056	13,571	-	-	(1,970,485)
Human services	46,245	-	-	-	(46,245)
Cultural and parks	1,281,201	204,462	-	-	(1,076,739)
Education	23,643,004	587,740	5,096,035	-	(17,959,229)
School lunch	596,544	45,673	84,994	-	(465,877)
Intergovernmental assessments	1,013,039	-	-	-	(1,013,039)
Unclassified	2,210,612	2,747,083	-	-	536,471
Sewer	1,251,089	918,046	-	-	(333,043)
Capital maintenance expenses	954,434	-	-	-	(954,434)
Interest on debt	277,245	-	-	-	(277,245)
<b>Total governmental activities</b>	<b>36,920,122</b>	<b>4,911,542</b>	<b>5,264,981</b>	<b>-</b>	<b>(26,743,599)</b>
General revenues:					
Property taxes					25,101,996
Excise taxes					1,691,116
Interest and costs on taxes					26,587
Franchise fees					157,125
Grants and contributions not restricted to specific programs:					
State Revenue Sharing					631,898
Homestead exemption					218,553
Other intergovernmental revenues					122,736
Unrestricted investment earnings					58,320
Miscellaneous revenues					222,851
<b>Total general revenues</b>					<b>28,231,182</b>
Change in net assets					
					1,487,583
Net assets - beginning					
					25,758,074
<b>Net assets - ending</b>					
				<b>\$</b>	<b>27,245,657</b>

*See accompanying notes to financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,026,311	1,070,615	11,096,926
Investments	-	463,533	463,533
Receivables:			
Accounts	77,118	65,759	142,877
Taxes receivable - prior years	186	-	186
Taxes receivable - current year	224,025	-	224,025
Tax liens	61,374	-	61,374
Tax acquired property	206	-	206
Rescue (net of allowance for uncollectible of \$24,500)	-	28,160	28,160
Sewer fees (net of allowance for uncollectible of \$4,000)	-	355,072	355,072
Prepaid expenses	-	8,660	8,660
Inventory	-	132,257	132,257
Interfund loans receivable	-	3,172,672	3,172,672
<b>Total assets</b>	<b>\$ 10,389,220</b>	<b>5,296,728</b>	<b>15,685,948</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other current liabilities	161,860	-	161,860
Accrued payroll	1,548,333	-	1,548,333
Interfund loans payable	3,172,672	-	3,172,672
Deferred revenue	184,000	177,383	361,383
Taxes collected in advance	8,624	-	8,624
<b>Total liabilities</b>	<b>5,075,489</b>	<b>177,383</b>	<b>5,252,872</b>
Fund balances:			
Nonspendable	-	140,917	140,917
Restricted	1,208,900	2,012,639	3,221,539
Committed	-	107,694	107,694
Assigned	1,166,474	2,862,554	4,029,028
Unassigned	2,938,357	(4,459)	2,933,898
<b>Total fund balances</b>	<b>5,313,731</b>	<b>5,119,345</b>	<b>10,433,076</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,389,220</b>	<b>5,296,728</b>	
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.			36,835,902
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			184,000
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			(954,760)
Accrued interest			(131,207)
Other postemployment benefits liability			(230,082)
Capital leases			(768,486)
Bonds payable			(18,122,786)
<b>Net assets of governmental activities</b>			<b>\$ 27,245,657</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 26,721,699	-	26,721,699
Licenses and permits	140,616	-	140,616
Intergovernmental	5,201,125	1,037,043	6,238,168
Investment income	49,116	9,204	58,320
Other	769,024	4,381,878	5,150,902
Total revenues	32,881,580	5,428,125	38,309,705
<b>Expenditures:</b>			
Current:			
General government	965,257	-	965,257
Public works	1,643,224	-	1,643,224
Facilities	291,201	-	291,201
Public safety	1,725,819	-	1,725,819
Cultural and parks	1,281,201	-	1,281,201
Human services	46,245	-	46,245
Education	22,070,283	2,246,575	24,316,858
Intergovernmental assessments	1,013,039	-	1,013,039
School lunch	-	596,544	596,544
Unclassified	1,244,944	906,093	2,151,037
Sewer	-	1,251,089	1,251,089
Capital improvements	1,414,189	540,594	1,954,783
Debt service	1,023,515	219,563	1,243,078
Total expenditures	32,718,917	5,760,458	38,479,375
Excess (deficiency) of revenues over (under) expenditures	162,663	(332,333)	(169,670)
<b>Other financing sources (uses):</b>			
Proceeds from bonds issued	200,000	-	200,000
Refunding bonds issued	2,690,000	-	2,690,000
Payment to refunded bond escrow agent	(2,690,000)	-	(2,690,000)
Proceeds from capital leases	287,818	585,603	873,421
Transfers from other funds	-	221,993	221,993
Transfers to other funds	(200,993)	(21,000)	(221,993)
Total other financing sources (uses)	286,825	786,596	1,073,421
Net change in fund balances	449,488	454,263	903,751
Fund balances, beginning of year	4,864,243	4,665,082	9,529,325
<b>Fund balances, end of year</b>	<b>\$ 5,313,731</b>	<b>5,119,345</b>	<b>10,433,076</b>



**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, 2012**

Net change in fund balances - total governmental funds (from Statement 4)	\$	903,751
<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 (\$1,863,995) exceeded capital outlays (\$1,000,349) in the current period.</p>		
		(863,646)
<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>		
		98,000
<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 (\$69,657) and the change in accrued interest (\$6,923), less the change in other postemployment benefits liability (\$10,224).</p>		
		66,356
<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 by which repayments in the current year (\$4,766,172) exceeded current year bond proceeds (\$2,890,000).</p>		
		1,876,172
<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 proceeds (\$873,421) exceeded capital lease payments (\$280,371).</p>		
		(593,050)
<b>Change in net assets of governmental activities (see Statement 2)</b>		<b>\$ 1,487,583</b>

*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, 2012**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 26,719,125	26,719,125	26,721,699	2,574
Licenses and permits	106,000	106,000	140,616	34,616
Intergovernmental	3,222,050	3,222,050	3,364,205	142,155
Investment income	50,000	50,000	49,116	(884)
Other	583,800	583,800	769,024	185,224
Total revenues	30,680,975	30,680,975	31,044,660	363,685
<b>Expenditures:</b>				
Current:				
General government	995,855	1,069,273	965,257	104,016
Public works	1,822,531	1,769,296	1,643,224	126,072
Facilities	319,212	319,212	291,201	28,011
Public safety	1,808,489	1,827,776	1,725,819	101,957
Cultural and parks	1,260,209	1,384,705	1,281,201	103,504
Human services	49,600	57,600	46,245	11,355
Education	20,665,166	20,665,166	20,184,134	481,032
Intergovernmental assessments	1,013,165	1,013,165	1,013,039	126
Unclassified	1,604,040	1,616,866	1,244,944	371,922
Capital improvements	566,000	1,352,961	1,126,371	226,590
Debt service	975,715	1,175,715	1,023,515	152,200
Total expenditures	31,079,982	32,251,735	30,544,950	1,706,785
Excess (deficiency) of revenues over (under) expenditures	(399,007)	(1,570,760)	499,710	2,070,470
<b>Other financing sources (uses):</b>				
Transfer to special revenue funds	(186,993)	(186,993)	(186,993)	-
Transfer from capital projects funds	(14,000)	(14,000)	(14,000)	-
Carryforward balances and subsequent authorizations	-	3,861,753	-	(3,861,753)
Proceeds from bond issued	-	-	200,000	200,000
Refunding bonds issued	-	-	2,690,000	2,690,000
Payment to refunded bond escrow agent	-	(2,690,000)	(2,690,000)	-
Utilization of prior year surplus - School	250,000	250,000	-	(250,000)
Utilization of prior year surplus - Town	350,000	350,000	-	(350,000)
Total other financing sources (uses)	399,007	1,570,760	(993)	(1,571,753)
Net change in fund balance	-	-	498,717	498,717
Reconciliation to GAAP:				
Change in encumbrances			(49,229)	
Fund balance, beginning of year			4,864,243	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>5,313,731</b>	

*See accompanying notes to financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

		Private- purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$	84,257	173,209
Total assets		84,257	173,209
<b>LIABILITIES</b>			
Due to student groups		-	173,209
Total liabilities		-	173,209
<b>NET ASSETS</b>			
Held in trust	\$	<b>84,257</b>	-

*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, 2012**

	<b>Private- purpose Trust Funds</b>
<b>Additions:</b>	
Interest earned	\$ 1,169
Donations	800
<b>Total additions</b>	<b>1,969</b>
<b>Deductions:</b>	
School scholarships	3,960
Other	1,437
<b>Total deductions</b>	<b>5,397</b>
Change in net assets	(3,428)
Net assets, beginning of year	87,685
<b>Net assets, end of year</b>	<b>\$ 84,257</b>

*See accompanying notes to financial statements.*

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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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**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**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** - 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**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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- *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 unassigned General Fund fund balance of 8.33% of annual General Fund operating revenues. If the unassigned municipal (excluding schools) fund balance target is exceeded, excess fund between 100%-115% of the target shall be used to reduce the tax commitment in the next budget to be considered by the Town Council. Any amount over 115% of the target may be committed or assigned for any capital need or unanticipated expenditures or may be placed in an assigned fund for future property tax relief. In addition, in those years in which the General Fund fund balance is less than the targeted percentage, the balance may not be used to support the annual budget or for capital needs if 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.



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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**E. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds.

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2012:

Capital assets	\$ 63,719,032
Accumulated depreciation	(26,883,130)
Bonds and notes payable	(18,122,786)
Capital leases	(768,486)
Unspent lease proceeds	107,694
Unspent bond proceeds	200,000
<b><u>Total invested in capital assets, net of related debt</u></b>	<b><u>\$ 18,252,324</u></b>

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STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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**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 \$1,836,920. 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.

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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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, only the Town Council can amend the budget.

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

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>
2011-2012 budget as originally adopted	\$ 30,944,185	30,944,185	-
Overlay/abatements	509,790	509,790	-
Local homestead exemption	(173,000)	(173,000)	-
Interfund transfers	-	(14,000)	(14,000)
Utilization of prior year balances:			
Town	(350,000)	-	350,000
School	(250,000)	-	250,000
Community services	-	(186,993)	(186,993)
Assigned carry-forward balances – Town	-	890,994	890,994
Budgetary adjustments:			
Subsequent authorizations and transfers	-	2,970,759	2,970,759
<b>Total adjusted budget</b>	<b>\$ 30,680,975</b>	<b>34,941,735</b>	<b>4,260,760</b>

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**CASH DEPOSITS AND INVESTMENTS**

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**A. Deposits**

*Custodial Credit Risk-Town Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does have a deposit policy for custodial credit risk that requires that the FDIC insure the deposit of funds in institutions. Any funds deposited above the \$250,000 insurance limit must be collateralized by the financial institution, or the excess funds be placed with other financial institutions. As of June 30, 2012, the Town reported deposits of \$11,354,392 with a bank balance of \$12,096,126. None of the Town’s bank balances were exposed to custodial credit risk as the FDIC covered them or they were covered by additional insurance purchased on behalf of the Town by the respective banking institutions.

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

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CASH DEPOSITS AND INVESTMENTS, CONTINUED

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Deposits have been reported as follows:

Reported in governmental funds	\$ 11,096,926
Reported in fiduciary funds	257,466
<b><u>Total deposits</u></b>	<b><u>\$ 11,354,392</u></b>

**B. Investments**

At June 30, 2012, the Town had the following investments reported in governmental funds:

	<u>Fair value</u>
Mutual funds (1)	\$ 463,533

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

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PROPERTY TAXES

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Property taxes for the current year were committed on August 11, 2011 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 4, 2011 and April 3, 2012. Assessed values are periodically established by the Town's Assessor at 100% 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 \$336,790 for the year ended June 30, 2012.

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 2012 and 2011 levy:

	<u>2012</u>	<u>2011</u>
Assessed valuation:		
Land	\$ 710,072,900	530,822,600
Buildings	937,055,100	812,675,800
Personal property	5,910,500	6,003,900
<b><u>Total assessed valuation</u></b>	<b><u>\$ 1,653,038,500</u></b>	<b><u>1,349,502,300</u></b>
Assessed valuation	1,653,038,500	1,349,502,300
<u>Tax rate (per \$1,000)</u>	<u>15.18</u>	<u>17.86</u>
Commitment	25,093,125	24,102,111
<u>Supplemental taxes assessed</u>	<u>8,871</u>	<u>21,993</u>
Total tax levy	25,101,996	24,124,104
<u>Change in deferred tax revenues</u>	<u>(98,000)</u>	<u>40,000</u>
Total property tax revenues	25,003,996	24,164,104

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

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PROPERTY TAXES, CONTINUED

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	<u>2012</u>	<u>2011</u>
Less:		
Collections and abatements	\$ 24,779,971	24,003,788
<hr/>		
<b>Current year receivables at June 30,</b>		
<b>2012 and 2011</b>	<b>\$ 224,025</b>	<b>160,316</b>
<hr/>		
Due date(s)	10/4/2011	10/5/2010
	4/3/2012	4/5/2011
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	99.11%	99.33%

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CAPITAL ASSETS

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Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2012</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,116,995	-	-	1,116,995
Construction in progress	272,387	394,671	457,140	209,918
<u>Total capital assets, not being depreciated</u>	<u>1,389,382</u>	<u>394,671</u>	<u>457,140</u>	<u>1,326,913</u>
Capital assets, being depreciated:				
Land improvements	669,581	-	-	669,581
Buildings and building improvements	39,423,271	377,495	-	39,800,766
Furniture and equipment	1,708,589	124,575	-	1,833,164
Vehicles	4,293,398	430,748	88,824	4,635,322
Infrastructure	15,323,286	130,000	-	15,453,286
<u>Total capital assets being depreciated:</u>	<u>61,418,125</u>	<u>1,062,818</u>	<u>88,824</u>	<u>62,392,119</u>
Less accumulated depreciation for:				
Land improvements	171,115	44,639	-	215,754
Buildings and building improvements	14,143,229	1,156,100	-	15,299,329
Furniture and equipment	956,618	84,058	-	1,040,676
Vehicles	2,835,196	265,170	88,824	3,011,542
Infrastructure	7,001,801	314,028	-	7,315,829
<u>Total accumulated depreciation</u>	<u>25,107,959</u>	<u>1,863,995</u>	<u>88,824</u>	<u>26,883,130</u>
<u>Total capital assets being depreciated, net</u>	<u>33,310,166</u>	<u>(801,177)</u>	<u>-</u>	<u>35,508,989</u>
<b><u>Governmental activities capital assets, net</u></b>	<b><u>\$ 37,699,548</u></b>	<b><u>(406,506)</u></b>	<b><u>457,140</u></b>	<b><u>36,835,902</u></b>

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

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**CAPITAL ASSETS**

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

Governmental activities:		
General government		\$ 199,110
Public safety		258,237
Public works, including depreciation of general infrastructure assets		553,637
Education		823,918
Unclassified		29,093
<b>Total depreciation expense – governmental activities</b>		<b>\$ 1,863,995</b>

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**INTERFUND BALANCES**

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Individual interfund receivables and payables at June 30, 2012 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	3,172,672
Nonmajor special revenue funds:		
School Categorical Programs	653,640	-
School Lunch Program	7,009	-
Sewer User Fund	944,859	-
Community Services Fund	197,620	-
Portland Head Light	403,790	-
Rescue Fund	166,366	-
<b>Total nonmajor special revenue funds</b>	<b>2,373,284</b>	<b>-</b>
Nonmajor capital project funds:		
School Technology	107,694	-
Land Acquisition Fund	213,379	-
Infrastructure Improvement	168,102	-
Turf Field	131,304	-
Fort Williams Park Fund	178,909	-
<b>Total nonmajor capital project funds</b>	<b>799,388</b>	<b>-</b>
<b>Totals</b>	<b>\$ 3,172,672</b>	<b>3,172,672</b>

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**

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**INTERFUND BALANCES**

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Individual fund transfers for the year ended June 30, 2012 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
<u>General Fund</u>	\$ -	200,993
Nonmajor special revenue funds:		
Community Services Fund	207,993	-
<u>Thomas Jordan Fund</u>	-	21,000
<u>Total nonmajor special revenue funds</u>	207,993	21,000
Nonmajor capital projects fund:		
Turf Field	14,000	-
<u>Total nonmajor capital projects funds</u>	14,000	-
<b><u>Totals</u></b>	<b><u>\$ 221,993</u></b>	<b><u>221,993</u></b>

These transfers were budgeted transfers to fund certain activities.

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**STATUTORY DEBT LIMIT**

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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, 2012, the Town was in compliance with these limitations.

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**COMMITMENTS**

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As of June 30, 2012, the Town had an ongoing commitment for the construction contract of the Shore Road Path, with a remaining balance of \$717,767.

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 19,998,958	2,890,000	4,766,172	18,122,786	2,068,969
Capital leases	175,436	873,421	280,371	768,486	301,107
Other post employment benefits	219,858	10,224	-	230,082	-
Accrued compensated absences	1,024,417	954,760	1,024,417	954,760	-
<b>Governmental activity long-term liabilities</b>	<b><u>\$ 21,418,669</u></b>	<b><u>4,728,405</u></b>	<b><u>6,070,960</u></b>	<b><u>20,076,114</u></b>	<b><u>2,370,076</u></b>

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

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**LONG-TERM DEBT**

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Long-term debt payable at June 30, 2012 is comprised of the following:

	<u>Amount of Original issue</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
General obligation bonds				
2004 School Revolving Renovation Fund (1)	\$ 800,000	0%	2014	160,000
2004 School Renovation	3,725,000	3.00-4.36%	2024	2,150,000
2006 School Renovation	4,725,000	3.75-4.20%	2025	3,055,000
2006 Clean Water Revolving Fund	3,510,000	1.73%	2026	2,580,286
2006 Sewer bond	1,890,000	1.90%-5.50%	2027	1,417,500
2008 Capital improvements	2,550,000	3.25%-4.13%	2028	2,030,000
2009 Refunding bond	5,850,000	2.00%-2.75%	2020	4,065,000
2011 Refunding bond	2,110,000	2.00%-2.70%	2021	1,885,000
2012 Refunding bond	780,000	2.00%-2.50%	2022	780,000
<b>Total general obligation bonds</b>				<b>18,122,786</b>
<b>Total</b>				<b>\$ 18,122,786</b>

(1) The original amount of this note was for \$1,000,000, of which the State has forgiven \$200,000. The Town's outstanding portion at June 30, 2012 was \$160,000.

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, 2012 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>
2013	\$ 2,068,969	532,850	2,601,819
2014	2,061,814	480,535	2,542,349
2015	1,969,708	428,449	2,398,157
2016	1,407,654	381,448	1,789,102
2017	1,385,648	340,584	1,726,232
2018-2022	6,150,023	1,083,890	7,233,913
2023-2027	2,953,970	256,140	3,210,110
2028	125,000	5,156	130,156
<b>Totals</b>	<b>\$ 18,122,786</b>	<b>3,509,052</b>	<b>21,631,838</b>

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

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

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**CAPITAL LEASES**

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The Town has entered into seven lease agreements as lessee for financing of computers and technology equipment, 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, 2012:

Computer and technology equipment	\$ 937,354
Buses	246,880
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, 2012:

Fiscal year ending	
<u>June 30,</u>	
2013	\$ 320,344
2014	260,288
2015	113,070
2016	76,124
2017	44,259
<u>Total minimum lease payments</u>	<u>814,085</u>
<u>Less amounts representing interest</u>	<u>45,599</u>
<b>Present value of future minimum</b>	
<b>    <u>lease payments</u></b>	<b><u>\$ 768,486</u></b>

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**OPERATING LEASES**

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The Town has seven operating lease agreements for rental of Town-owned buildings and land. Rental income from these operating leases in June 30, 2012 was \$54,408.

The following is a schedule of the future minimum rentals on operating leases as of June 30, 2012:

Fiscal year ending	
<u>June 30,</u>	
2013	\$ 39,016
2014	19,573
2015	19,055
2016	19,551
2017	14,093
2018-2022	12,500
2023-2027	7,500
<b><u>Total of future rental income</u></b>	<b><u>\$ 131,288</u></b>

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

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**Overlapping Debt**

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's state valuation to the County's state valuation. At June 30, 2012, the Town's share is \$1,612,125 (4.33%) of Cumberland County's outstanding debt of \$37,220,000.



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

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED**

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**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 Spurwink Avenue Treatment Plant (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, 2012, the Town was responsible for \$2,510,750 of its portion of PWD’s Wastewater Fund Debt (or 8.14% of PWD’s \$30,855,879 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, 2012, the Town was contingently responsible for approximately 6.65%, or \$1,891,705, of the PWD’s \$28,438,885 Water Fund Debt.

**ecomaine** – ecomaine is a solid waste management corporation service 40 municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and operates an extensive recycling program. The Town is a member community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore; has not reported an asset in these financial statements in connection with its participation in ecomaine. Selected balance sheet information for ecomaine for the year ended June 30, 2011, the latest date available, includes total assets of \$59,636,994, total liabilities of \$28,808,855 and unrestricted net assets of \$7,088,994. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,693,920. Ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date. The separate audited financial statements of ecomaine may be obtained from the Town’s finance office.

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

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**RISK MANAGEMENT**

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

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, 2012.

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**POSTCLOSURE CARE COSTS**

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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.

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**FUND BALANCES**

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At June 30, 2012, portions of the Governmental Funds fund balances were assigned, committed or restricted for future periods or classified as nonspendable for specific amounts as follows:

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>Nonspendable:</b>			
Portland Head Light - inventory	\$ -	114,291	114,291
School Lunch program - inventory	-	17,966	17,966
Community Services - prepaid expenses	-	8,660	8,660
Total nonspendable	-	140,917	140,917
<b>Restricted:</b>			
School Department grants	-	712,708	712,708
School Department General Fund	1,002,013	-	1,002,013
Sewer Fund - user fees	-	1,299,931	1,299,931
Unspent bond proceeds	200,000	-	200,000
Town grants and donations	6,887	-	6,887
Total restricted	1,208,900	2,012,639	3,221,539
<b>Committed:</b>			
School Technology - unspent lease proceeds	-	107,694	107,694
Total committed	-	107,694	107,694

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

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**FUND BALANCES, CONTINUED**

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Assigned:

Town capital projects:			
Roadway and drainage repairs	\$ 250,210	-	250,210
Sidewalk improvements	22,443	-	22,443
Library projects	87,267	-	87,267
Library building improvements	39,516	-	39,516
GIS improvements	12,189	-	12,189
Fort Williams repairs	12,445	-	12,445
Fort Williams tree planting	5,407	-	5,407
Police donations	10,528	-	10,528
Cruiser replacement	30,539	-	30,539
Records preservation	4,579	-	4,579
Family fun day	2,000	-	2,000
Town hall meetings spaces/office spaces	25,000	-	25,000
Election equipment	16,000	-	16,000
Shore Road path	186,414	-	186,414
Public works pavement markings	16,542	-	16,542
Town center building repairs	13,643	-	13,643
Cemetery stonewall	45,000	-	45,000
Capital needs planning	30,000	-	30,000
Fuel and food donations	6,752	-	6,752
Town - re-appropriation of fund balance	350,000	-	350,000
Nonmajor special revenue funds	-	2,077,399	2,077,399
Nonmajor capital project funds	-	785,155	785,155
Total assigned	\$ 1,166,474	2,862,554	4,029,028

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)**

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**Maine Public Employees Retirement System - District Group**

The Town participates in the Maine Public Employees Retirement System, which is a single-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement, disability, and death benefits to plan members and beneficiaries. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the state legislature. The authority to establish and amend benefit provisions rests with the 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. As of June 30, 2012, the Town had three active covered employees, zero vested, inactive employee and 54 vested/retired employees.

Except for police officers and sergeants, the Town has elected not to participate in the Maine Public Employees Retirement System Consolidated Plan. New employees not eligible to participate in the Maine Public Employees Retirement System participate in the Town's ICMA Plan.

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).

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

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MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED

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**Funding Policy** - The Town's status as a withdrawn participating local district requires that the Town continue to fund the plan on an actuarially sound basis for liabilities of any currently active, inactive-vested, or retired participants. The Town makes employer contributions in accordance with funding requirements determined by Maine PERS' actuary. For the year ended June 30, 2012, the Town contributed a minimum required monthly contribution of \$3,270, which amounted to \$39,240 for the year. Covered employees are required to contribute 6.5% of their salary to the Maine Public Employees Retirement System and amounted to \$7,510 for the year ended June 30, 2012.

**Funding Status and Progress** - As of June 30, 2011, the most recent actuarial valuation date, the plan was 90.2% funded. The actuarial accrued liability for benefits was \$6.2 million, and the actuarial value of assets was \$5.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$605,793. The covered payroll (annual payroll of active employees covered by the plan) was \$115,544, and the ratio of the UAAL to the covered payroll was 524%.

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Significant methods and assumptions were as follows:

Actuarial valuation date	6/30/11
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	13 years closed

Actuarial assumptions:	
Investment rate of return	7.25%
Annual rate of salary increase	3.50%
Annual cost of living increase	3.12%
Average retirement age	60

For determining plan costs, assets are valued at "actuarial value". The actuarial value recognizes the assumed rate of investment return, plus one-third of the difference between the actual rate and the assumed rate.

**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.

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

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MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED

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**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, 2012, 2011, and 2010 were \$48,204, \$64,890, and \$66,012, respectively.

**Maine Public Employees Retirement System - Teacher's Group**

**Description of Plan** - All schoolteachers, 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 same statute requires the State of Maine Department of Education,, to contribute the employer contribution which amounts to \$1,836,920 (16.36%) for the fiscal year 2012. There is no contribution required by the School except for federally funded teachers, for which the School contributed 16.36% 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, 2012, the Town and School's contributions to the plan totaled \$197,084.

**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.

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

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MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED

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**Other**

Additionally, the Town participates in the Social Security Retirement Program. The Town's contribution to Social Security (including Medicare) was approximately \$625,983 for the year ended June 30, 2012.

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OTHER POST EMPLOYMENT BENEFITS

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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. The consultants completed the latest OPEB liability actuarial valuation in October 2011.

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

	<u>FY2012</u>	<u>FY2011</u>	<u>FY2010</u>	<u>FY2009</u>
Normal Cost	\$ 25,717	25,717	25,717	25,717
Amortization of Unfunded	47,976	47,976	47,976	47,976
Interest	8,229	6,008	4,465	1,459
Adjustment to ARC	-9,787	-6,577	-4,346	-
Annual Required Contribution	72,135	73,124	73,812	75,152
Contributions made	-11,299	-17,614	-35,228	-
Increase in Net OPEB	60,836	55,510	38,584	75,152
Net OPEB Obligation – beginning of year	169,246	113,736	75,152	-
Net OPEB Obligation – end of year	\$ 230,082	169,246	113,736	75,152

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

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2012 and the three preceding years. The Town implemented GASB 45 effective with fiscal year ended June 30, 2009 and data for the year ended June 30, 2008 is not available.

Fiscal Year End	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 75,152	- %	\$ 75,152
June 30, 2010	73,812	47.73%	113,736
June 30, 2011	73,124	24.09%	169,246
June 30, 2012	72,135	15.66%	230,082

**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, 2012 and three preceding years are as follows:

	<u>FY2012</u>	<u>FY2011</u>	<u>FY2010</u>	<u>FY2009</u>
Actuarial accrued liability	\$ 862,794	\$ 862,794	\$ 862,794	\$ 862,794
Plan assets	-	-	-	-
Unfunded actuarial accrued liability	\$ 862,794	\$ 862,794	\$ 862,794	\$ 862,794
Funded ratio	0%	0%	0%	0%
Covered payroll	\$ 2,792,351	\$ 2,647,373	\$ 2,864,998	\$ 3,079,336
Unfunded actuarial accrued liability as a percentage of covered payroll	30.90%	32.59%	30.11%	28.02%

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

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

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OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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**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	1/1/11
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 9.6%



**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of Funding Progress**

**Retiree Healthcare Plan**

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)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2009	1/1/11	\$ -	\$862,794	\$862,794	0.00%	\$3,079,336	28.02%
2010	1/1/11	\$ -	\$862,794	\$862,794	0.00%	\$2,864,998	30.11%
2011	1/1/11	\$ -	\$862,794	\$862,794	0.00%	\$2,647,373	32.59%
2012	1/1/11	\$ -	\$862,794	\$862,794	0.00%	2,792,351	30.90%

**Town Pension 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)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2011	6/30/10	\$5,783,951	\$6,068,206	\$284,255	95.3%	\$117,988	240.92%
2012	6/30/11	\$5,604,485	\$6,210,278	\$605,793	90.2%	\$115,544	524.29%

## **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, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,026,311	9,091,736
Taxes and liens receivable	224,025	207,226
Taxes receivable - prior years	186	121
Tax liens	61,374	46,583
Tax acquired property	206	206
Accounts receivable	77,118	-
<b>Total assets</b>	<b>\$ 10,389,220</b>	<b>9,345,872</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and other current liabilities	161,860	53,173
Accrued payroll	1,548,333	1,553,473
Deferred revenues	184,000	86,000
Taxes collected in advance	8,624	3,257
Interfund loans payable	3,172,672	2,738,816
<b>Total liabilities</b>	<b>5,075,489</b>	<b>4,434,719</b>
Fund balance:		
Restricted:		
Town grants and donations	6,887	11,119
School Department General Fund	1,002,013	825,123
Unspent bond proceeds	200,000	-
Assigned	1,166,474	1,240,994
Unassigned	2,938,357	2,787,007
<b>Total fund balance</b>	<b>5,313,731</b>	<b>4,864,243</b>
<b>Total liabilities and fund balance</b>	<b>\$ 10,389,220</b>	<b>9,298,962</b>

**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, 2012**  
**(with comparative actual amounts for the year ended June 30, 2011)**

	2012		Variance positive (negative)	2011 Actual
	Revised budget	Actual		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 25,093,125	25,093,125	-	24,102,111
Supplemental taxes	-	8,871	8,871	21,993
Change in deferred taxes	-	(98,000)	(98,000)	40,000
Excise taxes	1,591,000	1,691,116	100,116	1,653,622
Interest and costs on taxes	35,000	26,587	(8,413)	29,562
<b>Total taxes</b>	<b>26,719,125</b>	<b>26,721,699</b>	<b>2,574</b>	<b>25,847,288</b>
<b>Licenses and permits:</b>				
Auto registration fees	24,000	24,581	581	24,757
Building, electrical and plumbing fees	70,000	101,237	31,237	90,795
Town clerk fees	12,000	14,798	2,798	13,347
<b>Total licenses and permits</b>	<b>106,000</b>	<b>140,616</b>	<b>34,616</b>	<b>128,899</b>
<b>Intergovernmental:</b>				
State revenue sharing	622,000	631,898	9,898	610,264
Education - State subsidies	2,297,965	2,297,953	(12)	1,953,465
State agency clients	25,000	9,113	(15,887)	29,628
D.O.T. block grant	67,000	83,952	16,952	80,672
BETE reimbursement	4,062	-	(4,062)	-
Homestead revenue	176,923	218,553	41,630	128,612
Other miscellaneous - State and Federal	29,100	122,736	93,636	196,041
<b>Total intergovernmental</b>	<b>3,222,050</b>	<b>3,364,205</b>	<b>142,155</b>	<b>2,998,682</b>
<b>Investment income:</b>				
Investment earnings	50,000	49,116	(884)	33,343
<b>Total investment income</b>	<b>50,000</b>	<b>49,116</b>	<b>(884)</b>	<b>33,343</b>
<b>Other revenues:</b>				
Cable television franchise	145,000	157,125	12,125	154,202
Refuse disposal	70,000	107,029	37,029	93,391
School department	53,000	63,986	10,986	68,351
Police specials and fees	11,000	13,571	2,571	12,119
Library fines and fees	6,500	8,501	2,001	7,876
Miscellaneous donations	-	117,250	117,250	7,450
Community pool and fitness center	183,800	195,961	12,161	168,617
Miscellaneous	114,500	105,601	(8,899)	98,945
<b>Total other revenues</b>	<b>583,800</b>	<b>769,024</b>	<b>185,224</b>	<b>610,951</b>
<b>Total revenues</b>	<b>30,680,975</b>	<b>31,044,660</b>	<b>363,685</b>	<b>29,619,163</b>

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

	2012			2011 Actual
	Revised budget	Actual	Variance positive (negative)	
Expenditures:				
Current:				
General government:				
Administration	\$ 555,245	493,913	61,332	489,882
Assessing, codes and planning	370,756	349,759	20,997	347,761
Town council	500	40	460	2,918
Legal and audit	54,400	53,175	1,225	73,513
Elections	30,143	22,490	7,653	13,616
Boards and commissions	13,780	9,018	4,762	4,643
Public information	44,449	36,862	7,587	31,369
Total general government	1,069,273	965,257	104,016	963,702
Public works:				
General public works	1,012,388	922,046	90,342	947,569
Refuse disposal/recycling	756,908	721,178	35,730	733,509
Total public works	1,769,296	1,643,224	126,072	1,681,078
Facilities:				
Facilities and property management	164,487	160,921	3,566	104,566
Town hall maintenance	29,080	23,094	5,986	25,997
Library building	29,675	27,586	2,089	29,976
Town center fire station	23,317	19,232	4,085	17,003
Cape cottage fire station	7,880	5,410	2,470	5,395
Police station	64,773	54,958	9,815	58,522
Total facilities	319,212	291,201	28,011	241,459
Public safety:				
Fire department	285,592	254,706	30,886	267,560
Police department	1,180,000	1,127,172	52,828	1,078,282
Animal control	22,311	22,311	-	17,585
Public safety communications	159,156	155,684	3,472	149,622
WETeam	24,307	18,115	6,192	16,388
Miscellaneous public protection	152,398	144,705	7,693	142,529
Emergency preparedness	4,012	3,126	886	2,810
Total public safety	1,827,776	1,725,819	101,957	1,674,776
Cultural and parks:				
Library	503,995	459,624	44,371	429,321
Parks and grounds	480,665	429,830	50,835	380,446
Community pool	374,970	366,744	8,226	301,661
Trees	25,075	25,003	72	19,372
Total cultural and parks	1,384,705	1,281,201	103,504	1,130,800
Human services	57,600	46,245	11,355	52,482
Education:				
Regular instruction	8,989,287	8,856,763	132,524	8,159,040
Special education instruction	2,884,823	2,830,478	54,345	2,690,656
Career and technical education	45,136	45,136	-	50,122
Other instruction	634,245	632,985	1,260	618,603
Student and staff support	2,353,886	2,319,182	34,704	2,231,860
System administration	641,643	634,298	7,345	675,318
School administration	974,347	969,575	4,772	930,779
Transportation	676,255	646,530	29,725	631,737
Facilities maintenance	2,107,628	1,891,271	216,357	1,953,081
Debt service	1,357,916	1,357,916	-	1,391,680
Total education	20,665,166	20,184,134	481,032	19,332,876
Intergovernmental assessments	1,013,165	1,013,039	126	968,416

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

	2012			2011 Actual
	Revised budget	Actual	Variance positive (negative)	
Expenditures, continued				
Current, continued:				
Unclassified:				
Abatements/overlay	\$ 509,790	128,299	381,491	65,422
Insurance	98,500	94,801	3,699	89,601
Employee benefits	990,300	954,976	35,324	903,972
Contributions	7,450	5,940	1,510	5,923
Grants	10,826	55,685	(44,859)	140,402
Other	-	5,243	(5,243)	7,559
Total unclassified	1,616,866	1,244,944	371,922	1,212,879
Debt service (excluding School Department)	1,175,715	1,023,515	152,200	1,011,252
Capital improvements:				
Engine II body work	-	-	-	19,590
Cruiser replacement	35,000	32,045	2,955	55,779
Road and sidewalk projects	370,322	332,916	37,406	464,158
Pick up truck replacement	-	-	-	24,887
Fire department radio repeater	-	-	-	14,898
Mower replacement	-	-	-	23,016
High school tennis court	-	-	-	40,463
Computer hardware and software	22,161	12,170	9,991	15,753
Public works miscellaneous equipment	9,800	9,753	47	-
Town Hall building	32,176	39,266	(7,090)	16,824
Election equipment	16,000	-	16,000	-
Town Hall roof and external repairs	15,730	26,487	(10,757)	-
Library computer	-	-	-	11,978
Community center siding	-	-	-	922
Fort Williams park ramp repair	-	-	-	3,109
Town hall heating design	-	-	-	3,000
Library improvements	50,000	13,617	36,383	-
Revaluation	13,363	747	12,616	6,067
Public works building repairs	10,500	9,669	831	-
Fire station repairs	42,425	25,740	16,685	-
Pool building repairs	14,400	15,491	(1,091)	8,990
Alewives' Brook monitor	-	-	-	1,241
Parks utility cart	-	-	-	14,501
Refuse container	-	-	-	3,832
Ice storm damage	-	-	-	2,332
Shore road light local	-	-	-	5,425
Alternative energy	-	-	-	8,770
Municipal energy project	51,100	51,278	(178)	55,239
Shore road path engineering	161,000	118,926	42,074	33,321
Replace 1998 rack	-	-	-	34,816
Cemetery stonewall	45,000	-	45,000	-
Pool work	14,850	14,664	186	14,766
Fort Williams park	40,000	37,677	2,323	14,500
Future open space	25,000	38,275	(13,275)	-
Fire Department breathing apparatus	85,384	66,879	18,505	-
Pool boiler	40,000	39,916	84	28,469
Town hall area/server	9,250	4,529	4,721	-
Police department in-vehicle camera	3,000	-	3,000	-
Rebuild loader engine	12,500	11,607	893	-
Replace 1970 road grader	140,000	136,081	3,919	-
Public works used truck chassis	18,000	18,288	(288)	-
Library project design	50,000	44,350	5,650	-
Network server	26,000	26,000	-	-
Total capital improvements	1,352,961	1,126,371	226,590	926,646
Total expenditures	32,251,735	30,544,950	1,706,785	29,196,366
Excess (deficiency) of revenues over (under) expenditures	(1,570,760)	499,710	2,070,470	422,797

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

	2012			2011 Actual
	Revised budget	Actual	Variance positive (negative)	
Other financing sources (uses):				
Transfer from special revenue funds	\$ -	-	-	136,161
Transfer to special revenue funds	(186,993)	(186,993)	-	(186,993)
Transfer to capital projects funds	(14,000)	(14,000)	-	(214,000)
Carryforward balances and subsequent authorizations	3,861,753	-	(3,861,753)	-
Proceeds from bonds issued	-	200,000	200,000	-
Refunding bonds issued	-	2,690,000	2,690,000	-
Payment to refunded bond escrow agent	(2,690,000)	(2,690,000)	-	-
Utilization of prior year surplus - School	250,000	-	(250,000)	-
Utilization of prior year surplus - Town	350,000	-	(350,000)	-
Total other financing sources (uses)	1,570,760	(993)	(1,571,753)	(264,832)
Net change in fund balance	-	498,717	498,717	157,965
Reconciliation to GAAP:				
Change in encumbrances		(49,229)		102,950
Fund balance, beginning of year		4,864,243		4,603,328
<b>Fund balance, ending of year</b>	<b>\$</b>	<b>5,313,731</b>		<b>4,864,243</b>

**ALL OTHER GOVERNMENTAL FUNDS**



**TOWN OF CAPE ELIZABETH, MAINE**  
**Combining Balance Sheet**  
**All Other Governmental Funds**  
**June 30, 2012**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 977,154	93,461	1,070,615
Investments	463,533	-	463,533
Receivables:			
Accounts	65,759	-	65,759
Rescue (net of allowance for uncollectible of \$24,500)	28,160	-	28,160
Sewer fees (net of allowance for uncollectible of \$4,000)	355,072	-	355,072
Prepaid expenses	8,660	-	8,660
Inventory	132,257	-	132,257
Interfund loans receivable	2,373,284	799,388	3,172,672
<b>Total assets</b>	<b>\$ 4,403,879</b>	<b>892,849</b>	<b>5,296,728</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deferred revenue	177,383	-	177,383
<b>Total liabilities</b>	<b>177,383</b>	<b>-</b>	<b>177,383</b>
Fund balances:			
Nonspendable	140,917	-	140,917
Restricted	2,012,639	-	2,012,639
Committed	-	107,694	107,694
Assigned	2,077,399	785,155	2,862,554
Unassigned	(4,459)	-	(4,459)
<b>Total fund balances</b>	<b>4,226,496</b>	<b>892,849</b>	<b>5,119,345</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,403,879</b>	<b>892,849</b>	<b>5,296,728</b>

**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, 2012**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental:			
Federal and State subsidies	\$ 1,010,621	-	1,010,621
Federal commodities	26,422	-	26,422
Investment income	7,725	1,479	9,204
Other:			
Building and park rentals and fees	7,350	139,972	147,322
Sewer assessments	1,775,468	-	1,775,468
Sale of cemetery lots	45,673	-	45,673
School lunch	523,754	-	523,754
Community services	918,046	-	918,046
Lighthouse admissions	45,337	-	45,337
Lighthouse gift shop sales	505,801	-	505,801
Rescue charges	217,457	-	217,457
Miscellaneous	168,701	34,319	203,020
<b>Total revenues</b>	<b>5,252,355</b>	<b>175,770</b>	<b>5,428,125</b>
Expenditures:			
Current:			
Educational/recreation program	2,246,575	-	2,246,575
School lunch	596,544	-	596,544
Unclassified:			
Church	6,139	-	6,139
Portland Head Light - operations and staff	256,918	-	256,918
Portland Head Light - gift shop costs	232,713	-	232,713
Rescue expenditures	337,490	-	337,490
Maintenance	52,215	-	52,215
Miscellaneous	20,618	-	20,618
Sewer	1,251,089	-	1,251,089
Capital improvements	16,661	523,933	540,594
Debt service	219,563	-	219,563
<b>Total expenditures</b>	<b>5,236,525</b>	<b>523,933</b>	<b>5,760,458</b>
Excess (deficiency) of revenues over (under) expenditures	15,830	(348,163)	(332,333)
Other financing sources (uses):			
Lease proceeds	-	585,603	585,603
Transfer to other funds	(21,000)	-	(21,000)
Transfer from other funds	207,993	14,000	221,993
<b>Total other financing sources</b>	<b>186,993</b>	<b>599,603</b>	<b>786,596</b>
Net change in fund balances	202,823	251,440	454,263
Fund balances, beginning of year	4,023,673	641,409	4,665,082
<b>Fund balances, end of year</b>	<b>\$ 4,226,496</b>	<b>892,849</b>	<b>5,119,345</b>

# 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.

### **Thomas Jordan Fund**

The Thomas Jordan Trust accounts for funds received from the Thomas Jordan investment, which is available to benefit the poor of the Town of Cape Elizabeth.

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS, CONTINUED**

#### **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.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2012**

	School Categorical Programs	School Lunch Program	Sewer User Fund	Community Services Fund	Portland Head Light	Rescue Fund	Riverside Perpetual Care	Library Fund	Thomas Jordan Fund	Spurwink Church Fund	Totals
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	-	-	-	-	-	346,019	173,406	423,005	34,724	977,154
Investments	-	-	-	-	-	-	-	-	463,533	-	463,533
Accounts receivable	59,068	6,691	-	-	-	-	-	-	-	-	65,759
Rescue receivable (net of allowance for uncollectible of \$24,500)	-	-	-	-	-	28,160	-	-	-	-	28,160
Sewer fees receivable allowance for uncollectible of \$4,000)	-	-	355,072	-	-	-	-	-	-	-	355,072
Prepaid expenses	-	-	-	8,660	-	-	-	-	-	-	8,660
Inventory	-	17,966	-	-	114,291	-	-	-	-	-	132,257
Interfund loans receivable	653,640	7,009	944,859	197,620	403,790	166,366	-	-	-	-	2,373,284
<b>Total assets</b>	<b>\$ 712,708</b>	<b>31,666</b>	<b>1,299,931</b>	<b>206,280</b>	<b>518,081</b>	<b>194,526</b>	<b>346,019</b>	<b>173,406</b>	<b>886,538</b>	<b>34,724</b>	<b>4,403,879</b>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Deferred revenue	-	18,159	-	159,224	-	-	-	-	-	-	177,383
<b>Total liabilities</b>	<b>-</b>	<b>18,159</b>	<b>-</b>	<b>159,224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177,383</b>
Fund balances:											
Nonspendable	-	17,966	-	8,660	114,291	-	-	-	-	-	140,917
Restricted	712,708	-	1,299,931	-	-	-	-	-	-	-	2,012,639
Assigned	-	-	-	38,396	403,790	194,526	346,019	173,406	886,538	34,724	2,077,399
Unassigned	-	(4,459)	-	-	-	-	-	-	-	-	(4,459)
<b>Total fund balances</b>	<b>712,708</b>	<b>13,507</b>	<b>1,299,931</b>	<b>47,056</b>	<b>518,081</b>	<b>194,526</b>	<b>346,019</b>	<b>173,406</b>	<b>886,538</b>	<b>34,724</b>	<b>4,226,496</b>
<b>Total liabilities and fund balances</b>	<b>\$ 712,708</b>	<b>31,666</b>	<b>1,299,931</b>	<b>206,280</b>	<b>518,081</b>	<b>194,526</b>	<b>346,019</b>	<b>173,406</b>	<b>886,538</b>	<b>34,724</b>	<b>4,403,879</b>

**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, 2012**

	School Categorical Programs	School Lunch Program	Sewer User Fund	Community Services Fund	Portland Head Light	Rescue Fund	Riverside Perpetual Care	Library Fund	Thomas Jordan Fund	Spurwink Church Fund	Totals
<b>Revenues:</b>											
Intergovernmental:											
Federal and state subsidies	\$ 920,450	58,572	-	31,599	-	-	-	-	-	-	1,010,621
Federal commodities	-	26,422	-	-	-	-	-	-	-	-	26,422
Investment income	-	-	-	-	515	-	4,659	2,213	-	338	7,725
Other revenue:											
Building and park rentals and fees	-	-	-	-	-	-	-	-	-	7,350	7,350
Sewer assessments	-	-	1,775,468	-	-	-	-	-	-	-	1,775,468
Sale of cemetery lots	-	-	-	-	-	-	45,673	-	-	-	45,673
School lunch	-	523,754	-	-	-	-	-	-	-	-	523,754
Community services	-	-	-	918,046	-	-	-	-	-	-	918,046
Lighthouse admissions	-	-	-	-	45,337	-	-	-	-	-	45,337
Lighthouse gift shop sales	-	-	-	-	505,801	-	-	-	-	-	505,801
Rescue charges	-	-	-	-	-	217,457	-	-	-	-	217,457
Miscellaneous	153,082	-	-	-	1,741	-	-	5,948	-	7,930	168,701
<b>Total revenues</b>	<b>1,073,532</b>	<b>608,748</b>	<b>1,775,468</b>	<b>949,645</b>	<b>553,394</b>	<b>217,457</b>	<b>50,332</b>	<b>8,161</b>	<b>-</b>	<b>15,618</b>	<b>5,252,355</b>
<b>Expenditures:</b>											
Current:											
Educational/recreation program	1,066,403	-	-	1,180,172	-	-	-	-	-	-	2,246,575
School lunch	-	596,544	-	-	-	-	-	-	-	-	596,544
Unclassified:											
Church	-	-	-	-	-	-	-	-	-	6,139	6,139
Portland Head Light - operations and staff	-	-	-	-	256,918	-	-	-	-	-	256,918
Portland Head Light - gift shop costs	-	-	-	-	232,713	-	-	-	-	-	232,713
Rescue expenditures	-	-	-	-	-	337,490	-	-	-	-	337,490
Maintenance	-	-	-	-	-	-	52,215	-	-	-	52,215
Miscellaneous	-	-	-	-	-	-	-	-	20,618	-	20,618
Sewer - Operations and maintenance	-	-	59,327	-	-	-	-	-	-	-	59,327
Sewer - Portland Water District assessments	-	-	1,191,762	-	-	-	-	-	-	-	1,191,762
Capital improvements	-	-	16,661	-	-	-	-	-	-	-	16,661
Debt service	-	-	219,563	-	-	-	-	-	-	-	219,563
<b>Total expenditures</b>	<b>1,066,403</b>	<b>596,544</b>	<b>1,487,313</b>	<b>1,180,172</b>	<b>489,631</b>	<b>337,490</b>	<b>52,215</b>	<b>-</b>	<b>20,618</b>	<b>6,139</b>	<b>5,236,525</b>
<b>Other financing sources (uses):</b>											
Transfer to other funds	-	-	-	-	-	-	-	-	(21,000)	-	(21,000)
Transfer from other funds	-	-	-	207,993	-	-	-	-	-	-	207,993
<b>Total other sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>207,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,000)</b>	<b>-</b>	<b>186,993</b>
<b>Net change in fund balances</b>	<b>7,129</b>	<b>12,204</b>	<b>288,155</b>	<b>(22,534)</b>	<b>63,763</b>	<b>(120,033)</b>	<b>(1,883)</b>	<b>8,161</b>	<b>(41,618)</b>	<b>9,479</b>	<b>202,823</b>
<b>Fund balances, beginning of year</b>	<b>705,579</b>	<b>1,303</b>	<b>1,011,776</b>	<b>69,590</b>	<b>454,318</b>	<b>314,559</b>	<b>347,902</b>	<b>165,245</b>	<b>928,156</b>	<b>25,245</b>	<b>4,023,673</b>
<b>Fund balances, end of year</b>	<b>\$ 712,708</b>	<b>13,507</b>	<b>1,299,931</b>	<b>47,056</b>	<b>518,081</b>	<b>194,526</b>	<b>346,019</b>	<b>173,406</b>	<b>886,538</b>	<b>34,724</b>	<b>4,226,496</b>

# 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.

### **School Technology**

This fund is used to account for the lease proceeds and subsequent expenditures for school technology, including computer equipment.

### **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**  
**Combining Balance Sheet**  
**June 30, 2012**

		Riverside Cemetery Capital Improvements	School Technology	High School Boiler	Land Acquisition Fund	Infrastructure Improvement	Turf Field	Fort Williams Park Fund	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$	93,461	-	-	-	-	-	-	93,461
Interfund loans receivable		-	107,694	-	213,379	168,102	131,304	178,909	799,388
<b>Total assets</b>	<b>\$</b>	<b>93,461</b>	<b>107,694</b>	<b>-</b>	<b>213,379</b>	<b>168,102</b>	<b>131,304</b>	<b>178,909</b>	<b>892,849</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable		-	-	-	-	-	-	-	-
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:									
Committed		-	107,694	-	-	-	-	-	107,694
Assigned		93,461	-	-	213,379	168,102	131,304	178,909	785,155
<b>Total fund balances</b>		<b>93,461</b>	<b>107,694</b>	<b>-</b>	<b>213,379</b>	<b>168,102</b>	<b>131,304</b>	<b>178,909</b>	<b>892,849</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>93,461</b>	<b>107,694</b>	<b>-</b>	<b>213,379</b>	<b>168,102</b>	<b>131,304</b>	<b>178,909</b>	<b>892,849</b>



**TOWN OF CAPE ELIZABETH, MAINE**  
**Nonmajor Capital Project Fund**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2012**

	Riverside Cemetery Capital Improvements	School Technology	High School Boiler	Land Acquisition Fund	Infrastructure Improvement	Turf Field	Fort Williams Park Fund	Total
Revenues:								
Building and other fees	\$ -	-	-	-	28,180	-	111,792	139,972
Investment income	1,093	-	-	247	-	139	-	1,479
Other revenues	10,750	-	-	15,369	-	8,200	-	34,319
Total revenues	11,843	-	-	15,616	28,180	8,339	111,792	175,770
Expenditures:								
Capital improvements	-	327,909	165,175	1,448	10,535	-	18,866	523,933
Total expenditures	-	327,909	165,175	1,448	10,535	-	18,866	523,933
Other financing uses:								
Lease proceeds	-	435,603	150,000	-	-	-	-	585,603
Transfer from other funds	-	-	-	-	-	14,000	-	14,000
Total other financing uses	-	435,603	150,000	-	-	14,000	-	599,603
Net change in fund balances	11,843	107,694	(15,175)	14,168	17,645	22,339	92,926	251,440
Fund balances, beginning of year	81,618	-	15,175	199,211	150,457	108,965	85,983	641,409
<b>Fund balances, end of year</b>	<b>\$ 93,461</b>	<b>107,694</b>	<b>-</b>	<b>213,379</b>	<b>168,102</b>	<b>131,304</b>	<b>178,909</b>	<b>892,849</b>

**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, 2012**

	Seaside Cemetery	School Scholarship Trust	Zimpritch Library Trust	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 499	65,160	18,598	84,257
<b>Total assets</b>	<b>\$ 499</b>	<b>65,160</b>	<b>18,598</b>	<b>84,257</b>
<b>NET ASSETS</b>				
Held in trust	499	65,160	18,598	84,257
<b>Total net assets</b>	<b>\$ 499</b>	<b>65,160</b>	<b>18,598</b>	<b>84,257</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds - Private-Purpose**  
**For the Year Ended June 30, 2012**

	Seaside Cemetery	School Scholarship Trust	Zimpritch Library Trust	Total
Additions:				
Interest earned	\$ 7	897	265	1,169
Donations	-	800	-	800
Total additions	7	1,697	265	1,969
Deductions:				
School scholarships	-	3,960	-	3,960
Other	-	-	1,437	1,437
Total deductions	-	3,960	1,437	5,397
Change in fiduciary net assets	7	(2,263)	(1,172)	(3,428)
Net assets, beginning of year	492	67,423	19,770	87,685
<b>Net assets, end of year</b>	<b>\$ 499</b>	<b>65,160</b>	<b>18,598</b>	<b>84,257</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Agency Funds**  
**Statement of Changes in Balances**  
**For the Year Ended June 30, 2012**

		<b>Balances beginning of year</b>	<b>Net additions/ (deductions)</b>	<b>Balances end of year</b>
Activity funds:				
High School Student Activities	\$	123,131	778	123,909
Middle School Student Activities		33,706	(4,637)	29,069
Pond Cove Student Activities		20,349	(118)	20,231
<b>Total</b>	<b>\$</b>	<b>177,186</b>	<b>(3,977)</b>	<b>173,209</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Changes in Long-term Debt**  
**For the Year Ended June 30, 2012**

	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	4.00-4.90%	2021	Var.	\$ 4,100,000	4,100,000	2,190,000	1,910,000	-	1,910,000	-
2002 Capital Improvement	3.25-5.00%	2022	Var.	1,500,000	1,500,000	640,000	860,000	-	860,000	-
2004 School Revolving Renovation Fund	0%	2014	Var.	800,000	(1) 800,000	560,000	240,000	-	80,000	160,000
2004 School Renovation	3.00-4.36%	2024	Var.	3,725,000	3,725,000	1,395,000	2,330,000	-	180,000	2,150,000
2006 School Renovation	3.75-4.20%	2025	Var.	4,725,000	4,725,000	1,435,000	3,290,000	-	235,000	3,055,000
2006 Clean Water Revolving Loan Fund	1.73%	2026	Var.	3,510,000	3,510,000	768,042	2,741,958	-	161,672	2,580,286
2006 Sewer bond	1.90%-5.50%	2027	Var.	1,890,000	1,890,000	378,000	1,512,000	-	94,500	1,417,500
2008 Capital Improvement	3.25%-4.13%	2028	Var.	2,550,000	2,550,000	390,000	2,160,000	-	130,000	2,030,000
2009 Refunding bond	2.00% - 2.75%	2020	Var.	5,850,000	5,850,000	895,000	4,955,000	-	890,000	4,065,000
2011 Refunding bond	2.00% - 2.70%	2021	Var.	2,110,000	2,110,000	-	-	2,110,000	225,000	1,885,000
2012 Refunding bond	2.00% - 2.50%	2022	Var.	780,000	780,000	-	-	780,000	-	780,000
Total general obligation bonds				31,540,000	31,540,000	8,651,042	19,998,958	2,890,000	4,766,172	18,122,786
				<b>\$ 31,540,000</b>	<b>31,540,000</b>	<b>8,651,042</b>	<b>19,998,958</b>	<b>2,890,000</b>	<b>4,766,172</b>	<b>18,122,786</b>

(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, 2012 was \$160,000.

# **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, 2012**  
**(with comparative actual amount for the year ended June 30, 2011)**

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
<b>Revenues:</b>				
State education subsidy--school	\$ 2,297,965	2,297,953	(12)	1,953,465
Miscellaneous	78,000	73,099	(4,901)	97,979
Total revenues	2,375,965	2,371,052	(4,913)	2,051,444
<b>Expenditures:</b>				
Current:				
Regular instruction	8,989,287	8,856,763	132,524	8,159,040
Special education instruction	2,884,823	2,830,478	54,345	2,690,656
Career and technical education	45,136	45,136	-	50,122
Other instruction	634,245	632,985	1,260	618,603
Student and staff support	2,353,886	2,319,182	34,704	2,231,860
System administration	641,643	634,298	7,345	675,318
School administration	974,347	969,575	4,772	930,779
Transportation	676,255	646,530	29,725	631,737
Facilities maintenance	2,107,628	1,891,271	216,357	1,953,081
Debt service	1,357,916	1,357,916	-	1,391,680
Total expenditures	20,665,166	20,184,134	481,032	19,332,876
<b>Other financing sources (uses):</b>				
Town appropriation	18,046,201	18,046,201	-	17,330,335
Transfer from Medicaid	-	-	-	125,000
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)	18,289,201	18,039,201	(250,000)	17,448,335
Net change in fund balance	-	226,119	226,119	166,903
Fund balance, beginning of year (budgetary)		640,315		473,412
Fund balance, end of year (budgetary)		866,434		640,315
<b>Reconciliation to GAAP:</b>				
Add back encumbrances		135,579		184,808
Fund balance, end of year (GAAP)		1,002,013		825,123
Assigned for encumbrances		(135,579)		(184,808)
Reappropriated to subsequent year budget		(250,000)		(250,000)
<b>Restricted school fund balance, end of year</b>	<b>\$</b>	<b>616,434</b>		<b>390,315</b>



**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, 2012**  
**(with comparative actual amount for the year ended June 30, 2011)**

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Revenues:				
State receipts--adult education	\$ -	31,599	31,599	30,367
Adult and community education	104,000	120,225	16,225	120,397
Summer program	215,000	193,361	(21,639)	204,280
Adult gym	5,000	5,919	919	6,062
Prepaid Summer program	142,000	192,605	50,605	207,684
Senior citizens and adult trips	26,000	31,976	5,976	10,788
After school adventure	45,500	50,852	5,352	52,084
Middle School athletics	31,950	31,647	(303)	33,642
Extended school care	165,800	193,961	28,161	180,753
Rental of facilities	44,251	50,089	5,838	47,704
Fitness center	58,000	47,155	(10,845)	58,748
Miscellaneous	-	256	256	945
Total revenues	837,501	949,645	112,144	953,454
Expenditures:				
Administration	191,617	201,779	(10,162)	181,796
Adult education	199,954	227,765	(27,811)	205,875
Summer program	154,151	136,642	17,509	157,499
Other programs	133,267	209,262	(75,995)	192,821
Extended school care	125,744	127,991	(2,247)	93,628
Facilities rental and maintenance	32,441	24,418	8,023	29,608
Debt service	120,000	120,000	-	123,200
Senior citizens	19,595	34,894	(15,299)	17,386
Middle School athletics	30,805	27,224	3,581	28,853
Fitness center	58,120	60,144	(2,024)	61,309
Miscellaneous	4,800	10,053	(5,253)	3,419
Total expenditures	1,070,494	1,180,172	(109,678)	1,095,394
Other financing sources:				
Use of surplus	30,000	-	(30,000)	-
Transfer from Thomas Jordan Fund	16,000	21,000	5,000	21,100
Town appropriation	186,993	186,993	-	186,993
Total other financing sources	232,993	207,993	(25,000)	208,093
Net change in fund balance	-	(22,534)	(22,534)	66,153
Fund balance, beginning of year		69,590		3,437
<b>Fund balance, end of year</b>	<b>\$</b>	<b>47,056</b>		<b>69,590</b>

## **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**  
**School Department Special Revenue Funds**  
**School Categorical Programs**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2012**

	Fund balances beginning of year	Program revenues	Program expenditures	Fund balances end of year
Title IA	\$ -	24,680	24,680	-
Title IIA	-	43,652	43,652	-
Local Entitlement	-	309,629	306,953	2,676
ARRA-Local Entitlement	2,263	2,263	4,526	-
Pre-School Grant	-	4,625	4,625	-
ARRA Stabilization Funds	-	18,081	18,081	-
ARRA-Jobs Creation Grant	(19,744)	480,882	461,138	-
CS Sun Screen Grant	4,500	-	-	4,500
State MaineCare	642,227	36,638	-	678,865
Total state and federal programs	629,246	920,450	863,655	686,041
Administrative Recertification	542	8,500	7,198	1,844
Cape Coalition	830	-	-	830
Escapade Program	317	312	-	629
PCPA Grant	482	12,132	12,009	605
Kevin Brady Memorial Fund	7,915	18	7,933	-
i3 Grant-UMO	-	1,049	1,049	-
Laptop/iPad Maintenance	13,419	12,901	21,838	4,482
PCPA Donations	500	6,350	2,025	4,825
Prop-Leadership Conference	213	-	213	-
H1N1 Grant	10,469	-	5,370	5,099
Text We Can Book Fundraiser	13,100	-	13,100	-
Healthy Schools	1,300	-	-	1,300
Wellness Grant	722	-	-	722
Coke Donation	-	14,000	14,000	-
Cape Olympians	230	3,028	1,647	1,611
Environmental Club	2,939	-	2,939	-
School gate receipts-Athletics	278	21,244	21,522	-
School gate receipts-Drama	984	7,840	7,370	1,454
C.E. Education Foundation	22,093	65,709	84,535	3,267
Total other programs	76,333	153,082	202,748	26,667
<b>Total</b>	<b>\$ 705,579</b>	<b>1,073,532</b>	<b>1,066,403</b>	<b>712,708</b>

Table 1

**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
2012	\$ 1,174,591	2,196,861	291,201	1,984,056	46,245	1,281,201	23,643,004	596,544	1,013,039	2,210,612	1,251,089	954,434	277,245	36,920,122
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

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

Table 2

**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
2012	\$ 4,911,542	5,264,981	-	26,819,699	973,187	58,320	379,976	38,407,705
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

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

<b>Fiscal year</b>	<b>General government</b>	<b>Public works</b>	<b>Facilities (3)</b>	<b>Public safety</b>	<b>Cultural and Parks</b>	<b>Human services</b>	<b>Education</b>	<b>Intergovernmental assessments</b>	<b>Debt service (2)</b>	<b>Capital improvements</b>	<b>Other expenditures and transfers</b>	<b>Total</b>
2012 (4) \$	965,257	1,643,224	291,201	1,725,819	1,281,201	46,245	20,184,134	1,013,039	1,023,515	1,414,189	1,445,937	31,033,761
2011	963,702	1,681,078	241,459	1,674,776	1,130,800	52,482	19,332,876	968,416	1,011,252	926,646	1,613,872	29,597,359
2010	1,018,929	1,680,662	-	1,702,665	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

(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.

Table 4

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

<b>Fiscal year</b>	<b>Property Taxes</b>	<b>Other taxes</b>	<b>Licenses and permits</b>	<b>Intergovernmental</b>	<b>Investment income</b>	<b>Other Revenues</b>	<b>Transfers and other financing sources</b>	<b>Total</b>
2012	\$ 25,003,996	1,717,703	140,616	3,364,205	49,116	769,024	3,177,818	34,222,478
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

Table 5

**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			
2012	\$	3.48	10.98	0.12	0.60	15.18
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



Table 6

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

<b>Fiscal year</b>		<b>Current year's tax levy</b>	<b>Current year's end collections</b>	<b>Percent of current levy collected</b>	<b>Current year collections of prior year taxes</b>	<b>Total collections</b>	<b>Tax collections as percent of each year's levy</b>
2012	\$	25,093,125	24,869,100	99.11%	145,460	25,014,560	99.69%
2011		24,102,111	23,941,795	99.33%	161,370	24,103,165	100.00%
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%

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)	
2012 (2)	\$ 1,647,128,000	5,910,500	1,653,038,500	1,710,750,000	96.63%
2011	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%

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

(2) Revaluation

Table 8

**TOWN OF CAPE ELIZABETH, MAINE**  
**Principal Taxpayers**  
**For the Year Ended June 30, 2012**

Name	Assessed valuation	% of total tax commitment
Sprague Corporation	\$ 16,711,300	1.01%
Inn By the Sea LLC	10,851,400	0.66%
Brewer, Nancy Clarke Revocable Trust	6,030,300	0.36%
Health Care Property Investors Inc	5,787,000	0.35%
Haffenreffer, RF IV	5,556,500	0.34%
McGinn, Suzanne	5,470,900	0.33%
Rams Head Partners LLC	5,337,600	0.32%
Cutler, ER & S	4,789,800	0.29%
Purpoodock Club	4,663,400	0.28%
Hansen, Lisa O.	4,055,600	0.25%

**TOWN OF CAPE ELIZABETH, MAINE  
Computation of Legal Debt Margin  
For the Year Ended June 30, 2012**

Total estimated actual valuation by State		\$	<u>1,710,750,000</u>
Legal debt margin:			
Debt limitation - 15% of estimated actual valuation			256,612,500
Debt applicable to debt limitation:			
Municipal	7.5%	128,306,250	5,745,368
School	10.0%	171,075,000	7,478,382
Storm and sanitary sewers	7.5%	128,306,250	4,899,036
Airport, water and special districts	3.0%	51,322,500	-
Total	28.0%	479,010,000	18,122,786
Total bonded debt applicable to debt limit			<u>18,122,786</u>
<b>Legal debt margin</b>			<b>\$ 238,489,714</b>

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**

<b>Fiscal year</b>	<b>Population (1)</b>	<b>Assessed value (2)</b>	<b>Net bonded debt (3)</b>	<b>Ratio of net bonded debt to assessed value</b>	<b>Net bonded debt per capita</b>
2012	9,015	\$ 1,653,038,500	18,122,786	1.10%	2,010
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

(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**

<b>Fiscal year</b>		<b>Municipal debt service(1)</b>	<b>School debt service</b>	<b>Total service - bonded debt</b>	<b>Total general governmental expenditures</b>	<b>Ratio of debt service to general governmental expenditures</b>
2012	\$	1,023,515	1,357,916	2,381,431	30,731,943	7.75%
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%

(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, 2012**

<b>Jurisdiction</b>		<b>Net general obligation bonded debt outstanding</b>	<b>Percentage applicable to government</b>	<b>Amount applicable to government</b>
Direct:				
Town of Cape Elizabeth bonds and notes	\$	18,122,786	100.00%	18,122,786
Overlapping debt:				
Cumberland County		37,220,000	4.33%	1,612,125
Portland Water District -- sewer debt		29,043,379	8.14%	2,510,750
Contingent debt:				
Portland Water District -- water debt		28,438,885	6.65%	1,891,705
ecomaine, Inc.:				
Landfill closure		15,693,920	4.89%	767,867