

TOWN OF CUMBERLAND, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year ended June 30, 2011

Prepared by: Alex Kimball, Finance Director

TOWN OF CUMBERLAND, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

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TOWN OF CUMBERLAND, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

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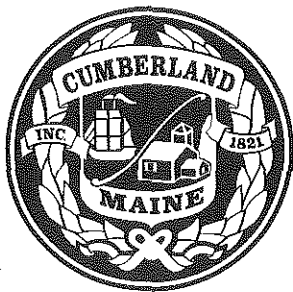
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INTRODUCTORY SECTION

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TOWN OF CUMBERLAND, MAINE

290 Tuttle Road

Cumberland Center, Maine 04021-9321

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

December 13, 2011

To the Citizens of the Town of Cumberland:

The comprehensive annual financial report of the Town of Cumberland for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures rests with the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Town on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

This report includes all funds of the Town, as well as the entity-wide financial statements required by GASB Statement No. 34 and required supplementary information. The Town provides a full range of services. These services include police, ambulance and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; harbor control and emergency preparedness; municipal planning and code enforcement; human services; senior housing; wastewater system; recreational activities (including a golf course) and cultural events. Other than these general government activities, it has been determined that the Town is not financially accountable for any other entity, board or commission.

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

Economic Condition and Outlook

The best way to describe fiscal year 2010-11 would be "Work in Progress". The major construction projects along Route 88 and Range Road that began in prior years were in full swing during the year, but will not be completed until FY 2011-12. These and a few much smaller projects accounted for nearly \$4.2 million spent on projects not yet completed during the year, bringing the running total up to over \$7 million worth of construction in progress. This will all change in FY 2011-12, as both of these projects will be completed by the end of calendar year 2011, and this line will shrink back to its normal, much smaller amount.

These multiple major bonded projects have also had an odd effect on some of the financial statements for the Town. At first glance, it would appear that the Town has far less cash and cash equivalents on hand than a year earlier. This is because this is in fact true, but only because 2010-11 marked the first year out of the last three that ended without a new bond issuance showing large amounts of restricted but still unspent funds. As a result, overall cash and cash equivalents dropped from \$5,470,331 in 2010 to \$2,092,865 at the end of 2011. This amount will drop further in 2012, but not by nearly the same amount as this year.

"Work in Progress" can also describe the activities of the General Fund. A number of changes occurred near the beginning of the year that altered the overall budget both positively and negatively. While the net result of all these moves was neutral, they will cause the budgets for the Town Clerk and Waste Disposal Departments to drop significantly in the future, and corresponding increases in Public Safety and Insurance and Benefits, as the budgets catch up to changing conditions.

As with prior years, the Town of Cumberland is still a predominantly a residential community with a small commercial sector concentrated in pockets along the major corridors - Rt. 100, Rt. 9, and Rt. 1. Approximately 3% of the tax base is commercial and industrial, 5% is seasonal property, and the remainder is residential (these figures include vacant parcels as well as developed parcels). This translates to a very stable source of property tax revenues. Of the vacant parcels in Town, approximately 80% are zoned for residential use, with the remaining 20% being zoned for commercial and industrial uses, thus ensuring the growth pattern of residence predominance with an opportunity to expand the commercial tax base to a small degree.

The rate of tax collection continued to be strong, coming in at 98.37% for last year and 98.37% for this year as well. The Town's legal debt margin is set by State law at 15% of estimated actual valuation. Currently, the Town's outstanding indebtedness is at 1.5% of the State's equalized valuation.

Using information gathered from the Maine Home Sales Connection, the median home sales price in Cumberland decreased 9.1% from calendar year 2009 to \$261,000 in 2010, although overall sales actually increased by 8.3%. These statistics suggest that the Cumberland housing market is continuing to bump along the bottom of a very bad and extended period of poor sales. As a result of this extended downturn, Cumberland's Assessed Value rose to 102% of the State Equalized Value for the Town with a quality rating of 8%. While this is not a good thing, it is still well within the acceptable range, and should fall below 100% again in the coming year. Many municipalities in the region are presently carrying a much higher ratio than Cumberland, showing that this is a regional issue rather than one specific to the Town.

The Town of Cumberland's budget (including MSAD #51) for 2011 showed an increase of 5.9% from 2010. The Town rate increased from \$4.01 in 2010 to \$4.04 in 2011, the School increased from \$9.98 in 2010 to \$10.72, and the County dropped from \$.56 to \$.54. The overall rate increased from \$14.55 to \$15.30. To put these all in relative terms, the overall rate increased 5.2%, while the Town rate increased .7%, the school 7.4%, and the county -3.7%.

The unemployment rate for the Town of Cumberland for calendar year 2010 was 5.5% as compared to the state as a whole at 7.9%. This shows a much better than average unemployment rate and thus a better than average economic outlook.

Major Initiatives

The major initiatives for the Town in 2010-11 included:

- The completion of the bulk of the work on both Range Road and Route 88. At year end, Range Road was more than 95% complete, and Route 88 more than 80% complete. Both projects will be completed in the fall of 2011, and will represent an enormous upgrade to the infrastructure of the Town. Both projects will come in on or under budget.
- The Town built two new waterlines. One was along Route 100 and cost \$277,965, and other along Middle Road for \$123,191. The Route 100 waterline was built for present and future economic development, while the Middle Road needed to be built to solve a well contamination issue.
- The Town purchased two large vehicles. The Fire/EMS Department purchased a 2010 Chevy C4500 ambulance for a total cost of \$206,309 including supplies and accessories, and Public Works bought a 2011 International 7400 dump truck and body for a total cost of \$163,740. The ambulance was needed due to reliability issues with existing ambulances, and the dump truck replaced a much older model.

Other than Range Road and Route 88, no other significant road improvements were completed during the year.

Current and New Initiatives-

Major economic development projects and the sale of two Town assets will serve as the main events of 2011-12. Two major commercial projects along Route 1 should break ground during the year, adding considerable value to this underdeveloped area. Many smaller projects are also in the pipeline for the year, making Cumberland a surprising "hot spot" in an otherwise quiet Portland area market. It appears that attention to Town infrastructure in commercial areas, competitive TIF rebates, and the presence of an Economic Development Director, have all begun to pay dividends. Additionally, Central Maine Power will add line upgrades and a substation, which will also add taxable value.

The first asset to be sold will be the banquet center at Val Halla Golf Course. Built in 1998, the banquet center presented problems to the Town from the start. While the space was attractive and functional, its location alone made it difficult to keep the room used at full capacity. When it did achieve full usage it was often at discounted rates, making the entire venture a loss center rather than the profit center it was intended to be.

Thus, the Town agreed to sell the area to the Maine State Golf Association for the sum of \$515,000. They will use the area as office and meeting space. This is in many ways a win-win situation, as the Town will eliminate a problematic asset while gaining a helpful presence at the course itself. While the banquet room will be missed, the debt payments and heating bills will not!

Another large space that needs to be repurposed is the Drowne Road School, which is located across the street from the Public Works garage. The building is owned by the Town, but leased to MSAD 51. The building housed the MSAD 51 3rd graders until recently, but declining enrollment throughout the district caused consolidation to the main campus and rendered the building obsolete. Fortunately, the Town had already begun negotiating with a developer to include the school as part of a plan to develop housing in the adjacent area known as the Doane Property. While the housing development was originally scheduled to be the first phase of this project, changing economic conditions have allowed a plan to convert the school to senior housing units to move to first on the list.

MSAD 51 voted to opt out of their lease with the Town as of July 1, 2011, paving the way for the sale of the structure to the developer during the coming year. While the 99 year lease of the building will not represent a major windfall after the remaining debt payments are paid, this will still enable the Town to add senior housing at a time when the waiting list for the existing units is years long, and will also eliminate a building that would otherwise have sat vacant and still cost large amounts in utilities and maintenance.

The Five Year Capital Improvement Plan includes a commitment to maintain the infrastructure, to continue to purchase capital equipment, to guarantee reliability and to maintain and upgrade the Town's facilities. The intent is to provide quality services to the residents and to ensure that these services will continue in the future without major increases in property taxes.

Financial Information

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

The audit was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. As required by these standards, an understanding of the relevant policies and procedures is needed in order to assess whether the policies and procedures had been placed in operation, and also to determine the level of control risk. As a result of the level of control risk, tests of controls are performed to determine adequacy of the internal control structure. Additionally, tests are performed to determine the Town's compliance with certain laws, regulations, contracts and grants. The results of these tests indicated the Town had no instances of material weaknesses in internal control structure and no violations of applicable laws and regulations tested. The report on compliance and on internal control over financial reporting has been issued under separate cover entitled "Reports Required by *Government Auditing Standards*" dated December 13, 2011 and is available at the Finance Office at the Town Office.

Budgeting Controls. In addition, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Council. Activities of the General Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the department. Special revenue and enterprise funds do not have legally adopted budgets.

Budgets are legally adopted by the Town Council through the passage of an appropriations order. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

General Fund Balance. The overall General Fund balance increased by \$150,236, which represents a change of 7.5%. The overall General Fund balance would have been higher, but the majority of the potential increase was instead used to offset certain funds that had deficit balances. The Town plans to achieve a minimum fund balance of 16.67% of total revenues in the future, but this will only occur once all of the remaining deficit funds are first eliminated. More details of this process are discussed under *Financial Policies*.

Enterprise Operations. The Town's enterprise operations are comprised of three separate and distinct activities: Senior Housing, the Sewer System, and Val Halla Golf Course & Recreation Center.

The changes in net assets for 2011 are listed below:

Senior Housing	\$(52,455)
Sewer System	48,106
Val Halla	(77,605)

The decrease in net assets for Senior Housing occurred primarily as a result of one time fees associated with refinancing the bond that serves as the largest yearly cost to the fund by far. This refinancing will not reduce yearly payments in future years, but will instead shave two years off of the remaining term. Once the bond is fully paid, a new round of repairs and upgrades to the units can occur, particularly redoing the roofs.

The increase in net assets for the Sewer Fund is the result of operational profits for the year. However, this will likely represent the most profitable year for the fund, as the Portland Water District assessment will increase in the coming years. This year's gain also helped to reduce the interfund loans payable to the General Fund from \$226,985 to \$95,668. This amount should be reduced to near zero by the end of FY 2011-12.

Val Halla showed a decrease of \$77,605. While this decrease is much less than prior years, an improvement in operating profits is only partially responsible. In order to at least slow down the growth of the interfund loan payable to the General Fund, the Town Council authorized a transfer of \$97,000 at the end of the year. Without the transfer, the decrease would have been \$174,605, which is still an improvement from the prior year, but only a small one. When the banquet center is sold to the Maine State Golf Association on November 1, 2011, the net proceeds from the sale will go towards reducing the current interfund loan payable of \$1,751,587.

Debt Administration. As of June 30, 2011, the Town's Governmental Activities had a total of \$16,971,545 of outstanding general obligation debt and capital leases. This amount is \$965,256 less than 2010, a decrease of 5.4%. The total outstanding debt of the enterprise funds is \$1,123,735, down \$116,508 from the prior year. The Town currently has an AA rating from with Standard and Poor's, and an AA3 rating from Moody's on its general obligation bond issues. State statutes provide for an overall debt limit for the Town of 15% of state equalized valuation of real and personal property. As of June 30, 2011, the Town's outstanding indebtedness is roughly 1.5% of the State's equalized valuation.

Financial Policies. In the spring of 2011, the Town voted to adopt a new fund balance policy. GASB 54 required all municipalities to adopt a fund balance policy that met some basic General Fund target balances, but the Town took these concepts one step farther. While the GASB 54 requirement that communities adopt a target fund balance for the General Fund and a plan to maintain this balance is helpful, a more aggressive policy was needed in the case of Cumberland, since the General Fund alone does not tell the full story.

The real problem facing the Town is not a lack of General Fund balance, but instead the large deficit balances showing on some of the capital funds, and the very large interfund loan due from Val Halla Golf Course. These "underwater" funds essentially wipe out any positive balances in the General Fund.

To fix this issue, the Town first decided to set a target General Fund balance of 16.67% of General Fund revenues. The areas where things are a bit different are in the steps that follow this goal.

1. Excess General Fund balances will be used to eliminate negative balances in Capital Project funds, where appropriate.
2. Excess General Fund balances will be used to offset intergovernmental loans. This will occur by building unassigned General Fund balance until it reaches the point where the unassigned balance minus intergovernmental loans is still greater than or equal to the target unassigned fund balance.
3. Excess amounts will then be used to build Capital Project funds to appropriate levels for future purchases, as determined by the Town Council and Town Manager.
4. If conditions 1, 2 and 3 are all met, then the Town can then use excess balances to offset future tax levy amounts through a stabilization fund.

It will take many years for this policy to make its way to full fruition, but it will result in a Town that is better prepared for unforeseen circumstances and no longer needs to rely on tax anticipation notes every year. While this policy received little fanfare when enacted, it will have a major impact on Town finances for many years to come.

Other Information

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Runyon Kersteen Ouellette was selected. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors were not required to do a single audit under OMB Circular A-133 as the Town spent less than \$500,000 in federal funds.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financing Reporting to the Town of Cumberland, Maine for its fiscal year ended June 30, 2010. The Town of Cumberland has received Certificates of Achievement for the previous years ending December 31, 1993 through 1999, and June 30, 2001 through 2010. We did not submit a report for 2000 as it was a six month budget year. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

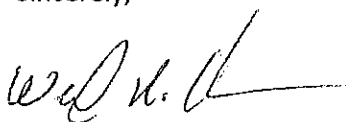
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

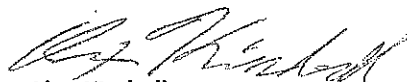
Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire office staff. Each member of the various departments has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the Town, preparation of this report would not have been possible.

Sincerely,



William R. Shane
Town Manager



Alex Kimball
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Cumberland
Maine

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

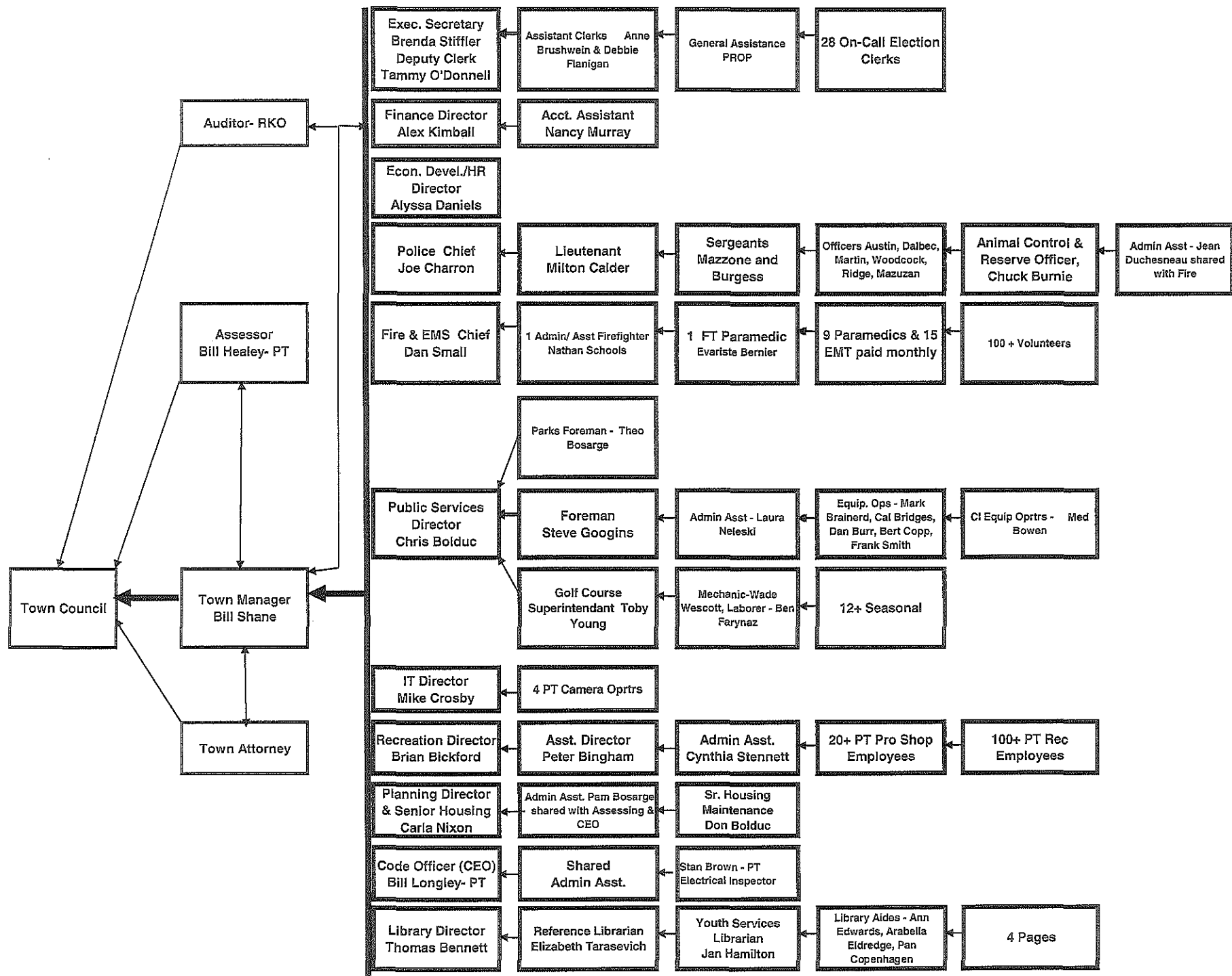


Linda C. Sandison

President

Jeffrey R. Enen

Executive Director



TOWN OF CUMBERLAND, MAINE
List of Principal Officials
June 30, 2011

Council Member	William Stiles
Council Member	Jeffrey Porter
Council Member	Stephen Moriarty
Council Member	George Turner
Council Member	Ron Copp, Chairman
Council Member	Shirley Storey-King
Council Member	Mike Perfetti
Manager	William Shane
Town Clerk/Human Resource Director	Nadeen Daniels
Code Enforcement Officer	William Longley
Recreation Director	Brian Bickford
Finance Director	Alex Kimball
Public Safety Director	Chris Bolduc
Fire Chief	Daniel Small
Planner	Carla Nixon
Police Chief	Joseph Charron
Librarian	Thomas Bennett
Assessor	William Healey, Jr.
Economic Development	Alyssa Daniels

FINANCIAL SECTION

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Independent Auditor's Report

Town Council
Town of Cumberland, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Maine as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Cumberland, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Maine as of and for the year ended June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

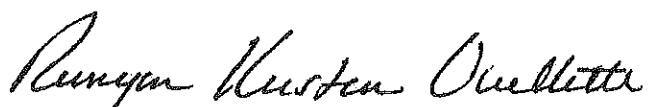
In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2011, on our consideration of the Town of Cumberland, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Town Council
Town of Cumberland, Maine

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 Cumberland, Maine's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, exhibits, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and exhibits 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 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



December 13, 2011
South Portland, Maine

**TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2011**

As management of the Town of Cumberland, we offer readers of the Town of Cumberland's financial statements this narrative overview and analysis of the financial activities of the Town of Cumberland for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, on page 1 and the basic financial statements, which begin on page 30.

FINANCIAL HIGHLIGHTS

- Total assets of the Town of Cumberland exceeded its liabilities by \$17,300,111. The governmental activities' net assets are \$14,351,233 while the business-type activities' are \$2,948,878.
- The ending fund balance for the General Fund was \$2,150,042. This is an increase over last year of \$150,236, which is the amount by which revenues exceeded expenditures.
- At the end of the fiscal year, the General Fund unassigned fund balance was \$2,150,042 or 11% of total General Fund expenditures. This ratio was 11% in 2010, as well. The Town adopted a new fund balance policy in FY 2010-11 with a target ratio of 16.67% of total General Fund revenues. The existing fund balance is 10% of overall revenues, and this standard will be used for comparison from this point forward.
- The business-type activities reported unrestricted net assets of \$(1,454,977), which represents -80% of operating expenses.

USING THIS ANNUAL REPORT

The Town of Cumberland's financial statements are comprised of a series of statements. The *Statement of Net Assets* and the *Statement of Activities* (pages 31 and 32) provide an overview of the government as a whole and its activities. The *Fund Financial Statements* start on page 33. These statements provide a more detailed look at the governmental funds and the enterprise funds. For a detailed look at revenues and expenditures in the General Fund, go to the *Statement of Revenues, Expenditures and Changes in Fund Balance* starting on Page 64. The remaining statements are funds for which the Town acts only as an agent, or trustee for the benefit of others outside the government.

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

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

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

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

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

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

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

- Business-type Activities – The Town charges a fee to customers to cover all or most of the cost of certain services it provides. The Town's Senior Housing, Sewer System, and Val Halla Golf & Recreation Center are reported here.

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The *Fund Financial Statements* provide details of the Town's most significant funds – not the Town as a whole. These statements begin on page 33. Some funds are required to be established by state law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds – governmental and proprietary – use different 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.
- *Proprietary funds* – When the Town charges customers for the services it provides – whether to outside customers or to other units of the Town – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Assets* and the *Statement of Activities*. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail.

THE TOWN AS TRUSTEE

Reporting the Town's Fiduciary Responsibilities

The Town is the trustee, or *fiduciary*, for trust funds that are set up primarily as scholarships. 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* on pages 40 and 41. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS, CONTINUED

THE TOWN AS A WHOLE

The following information is a condensed version of the *Statement of Net Assets*. Our analysis below focuses on the net assets of the Town's governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current & other assets	\$ 4,796,035	8,217,576	(1,328,197)	(1,341,462)	3,467,838	6,876,114
Capital assets	28,501,744	23,540,224	5,527,590	5,711,393	34,029,334	29,251,617
Total assets	33,297,779	31,757,800	4,199,393	4,369,931	37,497,172	36,127,731
Long-term debt outstanding	16,971,545	17,936,801	1,123,735	1,178,009	18,095,280	19,114,810
Other liabilities	1,975,001	1,324,999	126,780	161,090	2,101,781	1,486,089
Total liabilities	18,946,546	19,261,800	1,250,515	1,339,099	20,197,061	20,600,899
Net assets:						
Invested in:						
Capital assets	12,802,336	11,713,982	4,403,855	4,471,150	17,206,191	16,185,132
Restricted	1,547,844	6,017,503	-	-	1,547,844	6,017,503
Unrestricted	1,053	(5,235,485)	(1,454,977)	(1,440,318)	(1,453,924)	(6,675,803)
Total net assets	\$ 14,351,233	12,496,000	2,948,878	3,030,832	17,300,111	15,526,832

Looking at the net assets and net expenses of governmental and business-type activities separately show two very different pictures.

The net assets of the Town's governmental activities increased from \$12,496,000 to \$14,351,233, a net change of 14.8%. Construction resulting from prior year's bond issuances caused capital assets to increase while decreasing current assets. Other factors contributing to the increase included General Fund revenues that exceeded expenditures, and continued decreases in long-term debt.

Unrestricted net assets can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. The unrestricted net assets of Governmental activities changed from June 30, 2010 at \$(5,235,485) to June 30, 2011 at \$1,053. The large decrease in restricted unspent bond funds created the large increase in unrestricted net assets.

The unrestricted net assets of business-type activities decreased slightly from \$(1,440,318) to \$(1,454,977). Operating losses at Val Halla Golf and Recreation Center decreased unrestricted assets. While Val Halla actually did show continued improvement, net assets still decreased. Net assets for the Senior Housing also decreased as a result of additional costs related to a bond refinancing. Net assets for the Sewer Fund increased, nearly offsetting the combined losses from the other two funds.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS, CONTINUED

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Program revenues:						
Charges for services	\$ 1,668,636	\$ 1,492,929	1,677,643	1,655,325	3,346,279	3,148,254
Operating grants & contributions	110,018	257,629	-	-	110,018	257,629
Capital grants & contributions	718,795	170,238		59,789	718,795	230,027
General revenues:						
Property taxes	17,706,815	16,651,007	-	-	17,706,815	16,651,007
Motor vehicle excise tax	1,377,972	1,372,271	-	-	1,377,972	1,372,271
Interest and penalties	54,697	56,098	-	-	54,697	56,098
Homestead exemption	148,209	181,958	-	-	148,209	181,958
State revenue sharing	558,723	566,153	-	-	558,723	566,153
Investment earnings	13,069	16,342	-	-	13,069	16,342
Miscellaneous revenues	121,144	100,622	16,200	-	137,344	100,622
Total revenues	<u>22,478,078</u>	<u>20,865,247</u>	<u>1,693,843</u>	<u>1,715,114</u>	<u>24,171,921</u>	<u>22,580,361</u>
Program expenses:						
General government	2,915,710	3,285,510	-	-	2,915,710	3,285,510
Public safety	2,056,052	2,120,117	-	-	2,056,052	2,120,117
Public works	1,283,560	1,208,065	-	-	1,283,560	1,208,065
Health, sanitation & welfare	773,763	857,366	-	-	773,763	857,366
Recreation	618,226	650,799	-	-	618,226	650,799
Education/libraries	12,259,218	11,368,432	-	-	12,259,218	11,368,432
Interest on debt	619,316	648,993	-	-	619,316	648,993
Senior expenses	-	-	323,468	270,422	323,468	270,422
Sewer system	-	-	791,667	831,988	791,667	831,988
Val Halla Golf & Rec. Center	-	-	757,662	789,926	757,662	789,926
Total expenses	<u>20,525,845</u>	<u>20,139,282</u>	<u>1,872,797</u>	<u>1,892,336</u>	<u>22,398,642</u>	<u>22,031,618</u>
Excess (deficiency) of revenues over (under) expenditures	1,952,233	725,965	(178,954)	(177,222)	1,773,279	548,743
Transfers	(97,000)	(7,702)	97,000	7,702	-	-
Change in net assets	1,855,233	718,263	(81,954)	(169,520)	1,773,279	548,743
Net assets - July 1	<u>12,496,000</u>	<u>11,777,737</u>	<u>3,030,832</u>	<u>3,200,352</u>	<u>15,526,832</u>	<u>14,978,089</u>
Net assets - June 30	<u>\$ 14,351,233</u>	<u>\$ 12,496,000</u>	<u>2,948,878</u>	<u>3,030,832</u>	<u>17,300,111</u>	<u>15,526,832</u>

The overall change in net assets shows an increase from the prior year. Governmental Activities net assets rose, while business-type Activities decreased. The primary reasons for the gain in net assets from 2010 to 2011 of \$1,855,233 for governmental activities are:

1. The budgeted overlay of \$697,019 was used to pay down outstanding negative balances in funds such as Road Improvements, Twin Brooks and the Town Building Fund, which meant that the amounts stayed in Governmental Activities.
2. Budgeted transfers to reserve funds which were used to purchase new assets.
3. The continuation of a policy to build up reserves in the TIF district funds to cover bond costs and to save for future projects.

For business-type activities:

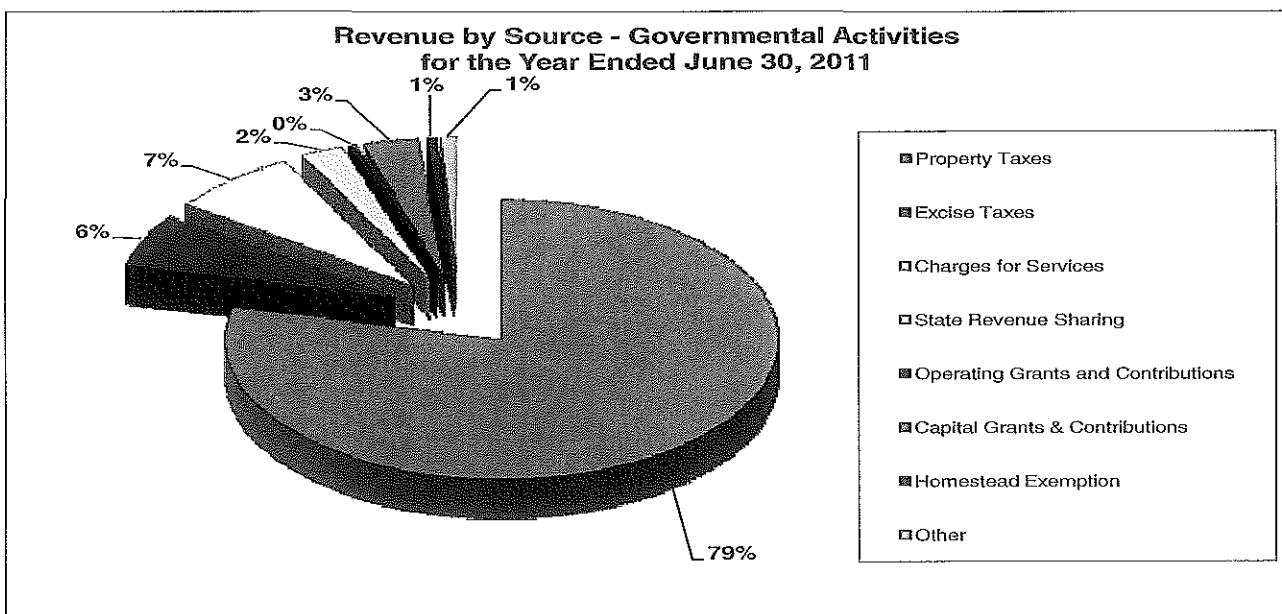
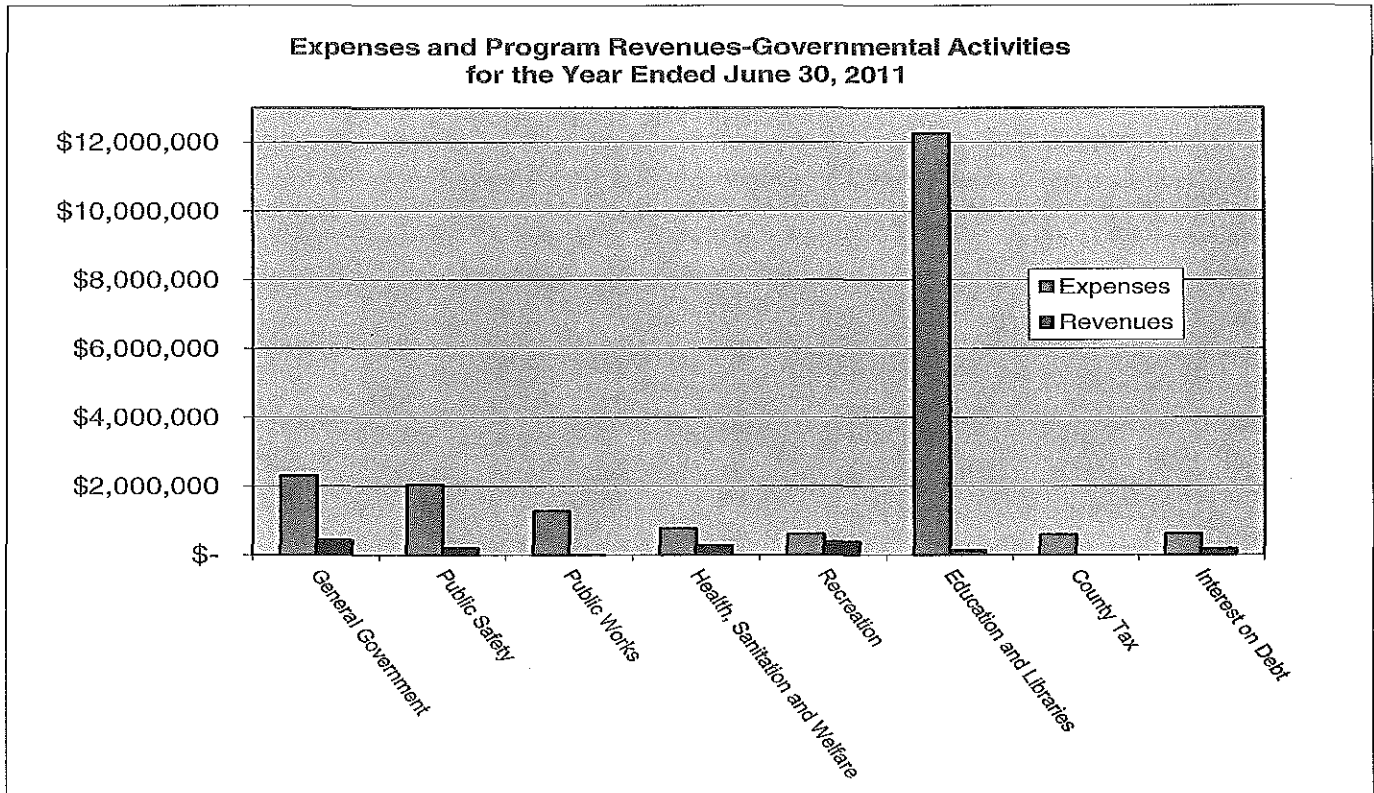
1. Operating losses at Val Halla would have accounted for a larger majority of the decline in net assets, but the Town Council decided to cover \$97,000 of the year's losses out of excess General Fund revenues, resulting in a net decrease of \$77,605.
2. Operating revenues in the sewer fund were greater than the expenses including yearly depreciation, resulting in an increase of \$48,106 in net assets.
3. The Senior Housing Fund showed a decrease in net assets of \$52,455, but this was largely the result of one-time closing costs related to a bond refinancing. This refinance will shave two years off of the debt repayment schedule.

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

GOVERNMENTAL ACTIVITIES

The total cost of governmental activities this year was \$20,525,845. After taking into consideration the program revenues, the ultimate cost to the taxpayer was \$18,028,396 (on the Statement of Activities). Many programs are subsidized through user fees, grants and contributions.

Governmental activities resulted in an increase to the Town of Cumberland's net assets of \$1,855,233.



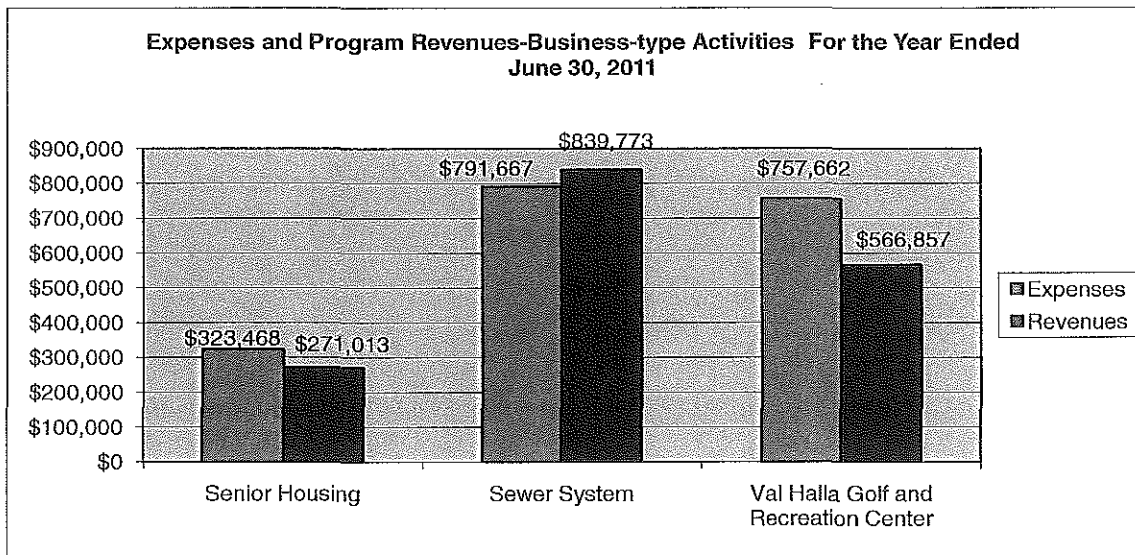
TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS, CONTINUED

BUSINESS-TYPE ACTIVITIES

The total expense in business-type activities this year was \$1,872,797; however, after considering the total amounts paid by users, the total cost was \$195,154. These costs are usually absorbed by the individual funds and the costs are not passed on to the taxpayer. However, this year the Town Council did authorize a transfer of \$97,000 out of General Fund balance to cover operating losses. These costs are almost entirely due to depreciation and operating losses in the Val Halla fund.

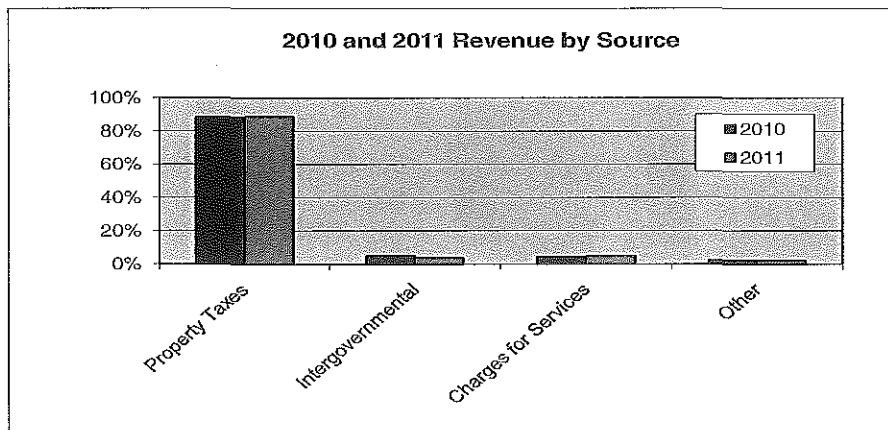
Business-type revenues were 100% derived from charges for services.

(Information from Statement 2)



THE TOWN'S FUNDS

As of June 30, 2011, the Town's governmental funds reported a combined fund balance of \$3,347,966, down significantly from \$7,477,341 a year ago. This decrease is primarily due to spending the majority of the funds from the bonding of Route 88 and Range Road Improvements. With a small amount left to spend in each fund, this amount will drop a bit more in the next year, and should then stabilize or increase.



TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS, CONTINUED

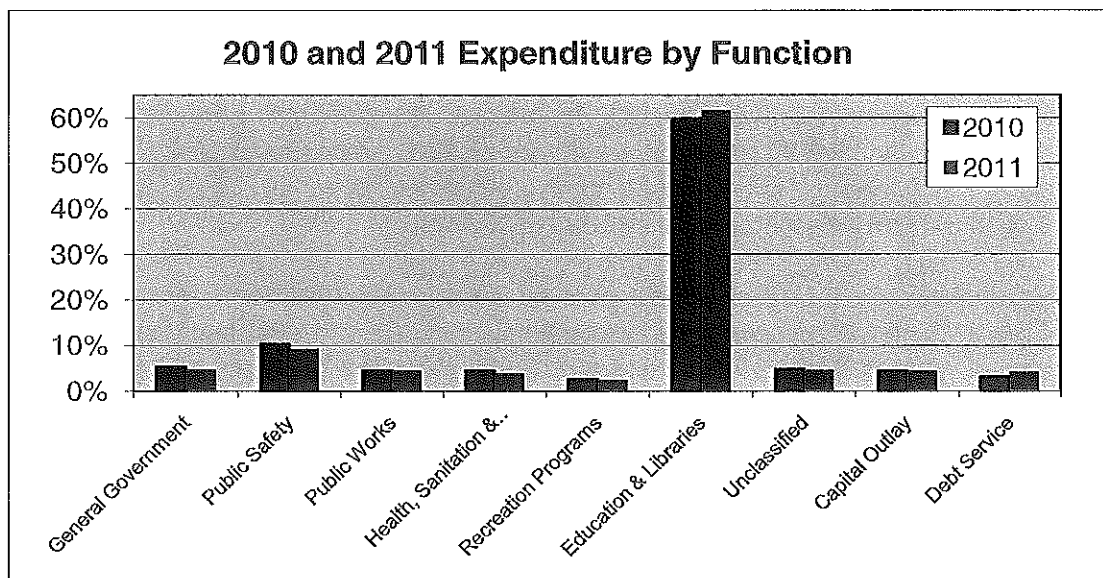
GENERAL MAJOR GOVERNMENTAL FUNCTIONS

The information below summarizes revenues of the General Fund for 2011 and 2010. Information is extracted from Statement 4.

<u>Revenues by Function</u>	<u>2011</u>	<u>2010</u>
Taxes	\$ 18,227,305	17,226,310
Licenses & Permits	110,504	101,642
Intergovernmental	827,692	987,905
Charges for Services	999,346	819,907
Other	<u>352,226</u>	<u>323,470</u>
	\$ 20,517,073	19,459,234

The information below summarizes expenditures of the General Fund for 2011 and 2010. Information is extracted from Statement 4.

<u>Expenditures by Function</u>	<u>2011</u>	<u>2010</u>
General Government	\$ 950,235	1,031,502
Public Safety	1,835,525	1,949,939
Public Works	915,444	866,539
Health, Sanitation & Welfare	772,472	856,075
Recreation Programs	472,959	498,395
Education & Libraries	12,182,332	11,291,481
Unclassified	1,539,434	1,525,919
Debt Service	<u>837,692</u>	<u>589,514</u>
Subtotal Expenditures	19,506,093	18,609,364
Transfers for Capital Outlay	<u>860,744</u>	<u>844,840</u>
Total	\$ 20,366,837	19,454,204



Overall, Governmental expenditures and transfers for capital outlay increased by \$896,729 compared to the prior year. The largest dollar increase in the amount of \$916,438 came from MSAD #51, largely due to decreases in state funding.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS, CONTINUED

The next largest increase of \$300,640 was in debt service, as the Town began to repay the bonds issued in May 2010 for the Route 88 drainage and road improvements. Public Works showed a small increase in dollars spent due to a harsher winter than the prior year, but a decrease in terms of the percentage spent. All other governmental expenditures decreased or remained essentially flat. General government decreased due to staff reductions. Public Safety decreased due to reductions in assigned shifts in both Police and Fire/EMS. Health, Sanitation and Welfare decreased as a result of less expensive contracts with ecomaine, and also a decline in General Assistance payments. Recreation programs, capital outlay and unclassified remained essentially unchanged.

PROPRIETARY FUNDS

The Town of Cumberland has three (3) enterprise funds (Senior Housing, Sewer System, and Val Halla Golf & Recreation Center). The total assets for these funds are \$6,046,648. The total net assets (assets – liabilities) are \$2,948,878. The total unrestricted net assets are \$(1,454,977). This represents a decrease in both total and net assets. This information is extracted from Statement 7. Depreciation accounts for the decrease in total assets. While decreases in principal owed in the Val Halla and Senior Housing funds helps to decrease the overall liabilities, operating losses from those same two funds increased interfund loans payable, and thus dragged down the net assets of the proprietary funds overall.

On a positive note, the net assets of the Sewer Fund have begun to increase over prior years, and this year's drop in Senior Housing will be a one-time event, as the amount paid in principal on bond payments will increase sharply next year and expenses will return to normal.

GENERAL FUND BUDGETARY HIGHLIGHTS

As demonstrated by the following description and the schedule at the bottom of this page, the Town continues to meet its responsibilities for sound financial management. Actual revenues were remarkably close to budgeted revenues, exceeding them by only \$2,930. This is an overage of .014%, which is the equivalent of an extra penny and a half on a budget of \$100. This is particularly surprising because there were a number of significant variances, both positive and negative.

State Revenue Sharing continues to be a difficult number to forecast. Revenues fell well short of budget in FY 09-10, but exceeded the budget by \$58,723 this year, a variance of 12%. Excise taxes also exceeded budget by \$42,526, but this is only a 3% variance. Homestead Reimbursements were over by \$20,301, donations to heating assistance added \$20,000 over their budget, and Block Grants \$16,672.

Once again, the biggest misses on the revenue side involved investments. With short term yields hovering as close to 0% as they can get and without any long-term cash balances, the Town has been unable to raise much investment revenue at all. Thus, interest revenue fell short by \$76,931. The Town had also planned to sell off a number of small tax acquired parcels during the year but ran into difficulties finding parcels that were both easy to sell and had interested buyers, resulting in a shortfall of \$74,200 in sale of assets. The next largest shortfall of \$42,485 was in universal waste, which is primarily the sale of trash bags for curbside pickup. The Town increased the cost per bag for FY 10-11 and attempted to increase the budgeted revenues accordingly. However, bags actually purchased declined more than expected and led to the shortfall.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS, CONTINUED

While General Fund expenditures did come in very close to budget, this was actually the result of multiple offsetting factors that happened to even out, much like the revenues. Waste disposal benefitted from new contracts signed after the budget process, resulting in expenditures \$80,690 below budget. The Treasurer and Tax Collector department lost two positions near the start of the year, and neither had a direct replacement. This resulted in expenses \$77,371 below budget. The final large sources of savings were in Debt Service. A lower than budgeted interest rate on the Route 88 bond, and lower amounts borrowing against the Tax Anticipation Note produced a variance of \$72,666 below budget.

These large variances below budget were offset by a number of overages. The Insurance department came in over budget by \$70,344 due to much higher than expected increases in workman's compensation, property insurance and Maine State Retirement contributions. The next overage comes from the Circuit Breaker program, for \$67,138. This area has been funded out of year ending fund balance for the past few years, but will become a budgeted item in the future. The Public Works department exceeded budget by \$45,894 due to a relatively snowy winter. The Fire department finished over budget by \$43,446, largely due to the need for additional paramedic shifts. Budget increases in this area in the coming year and adjustments to the schedule will bring this area back in line in 2012. Increases to pay schedules and shifting staffing from the Town Clerk department accounted for an overage of \$41,128 in Administration.

Excluding the budgeted overlay of \$697,019, actual expenditures were above budget by \$95,424. The budgeted overlay would normally create a positive budget variance of \$697,019. However, expenditures other than the overlay exceeded their budget by \$95,424, which reduces the positive variance of the overlay to \$607,525. Excess revenues brought the positive variance back up to \$601,595. This excess was partially used to repay deficits in Twin Brook and other reserve funds. After transfers, the change in fund balance was \$150,236.

The excess was handled in the following manner:

- \$225,000 to refund deficits in the Twin Brook Fund related to past improvement projects
- \$85,000 to cover extra expenditures in the Town Building Reserve Fund
- \$65,000 to cover overages in the Equipment Reserve Fund
- \$97,000 to cover operating losses within the Val Halla Fund
- \$30,000 to the Town Building Fund to aid in completion of the Veteran's Monument
- \$3,900 to cover overages and close the Unemployment and Police Funds

The Town also closed several special revenue funds related to recreation programs at the end of the year. Positive balances from these funds totaled \$51,611, and thus make up the difference between the amounts transferred to other funds and the final gain in fund balance.

The bottom line is a General Fund fund balance that increased by \$150,236, resulting in an ending fund balance of \$2,150,042. This amount represents 10% of the total General Fund revenues. The Town adopted a new fund balance policy during the year, which set the target fund balance at 16.67% of General Fund revenues. The Town plans to keep adding to fund balance to meet this goal in the coming years.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2011, the Town of Cumberland's Governmental Activities had invested \$1,544,641 in a range of capital assets including police, fire and public works equipment, building improvements, and major infrastructure improvements. The depreciation for 2011 was \$922,074, resulting in a net capital asset investment of \$622,567. The Town also had \$7,183,826 worth of construction in progress, up from \$2,809,619 in the prior year.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS, CONTINUED

Much like prior years, 2010-11 was another busy year for infrastructure improvements, and also like prior years, an even greater amount is still listed as construction in progress. By the end of the fiscal year, construction on both Range Road and Route 88 was nearly complete, and both will be added to the Town's infrastructure in FY 2011-12. Route 88 accounted for \$3,234,407 in work in progress during the year, and Range Road added \$1,134,268. This brings the construction in progress total for Route 88 to \$3,574,638 spent, and Range Road finished the year with \$3,589,828 spent. The Route 88 project should finish extremely close to its \$4.1 budget, and Range Road will end up costing less than the \$4 million bonded. This excess will be refunded by using the extra amount to cover a portion of next year's bond payment.

The largest infrastructure addition during the year came in the form of accepting private roads as public roads. Old Colony and Liberty Lanes serve as the roadways for the Old Colony Subdivision in West Cumberland, and are valued at \$430,233.

The next largest infrastructure additions came from waterlines. The waterline along Route 100 completed in the prior year was extended northward to cover the entire commercial district along the road. A number of businesses along this stretch were able to stop using well water as a result, including a greenhouse and nursery business. As with the waterline extending to the south along this road, this was a vital component of the plan to bring new business to this area. This project cost \$277,965.

A waterline extension along Middle Road costing \$123,191 occurred for very different reasons. Over the years, the wells along this stretch of road had become increasingly salinated, to the point where the water had become unsafe to drink. While a definite reason for this issue was impossible to prove, the most likely source of this contamination was from excess road salt left over from winter plowing operations.

As a result, the Town opted to build a waterline that actually connects to the Yarmouth Water District, as this was much closer than any other connecting point within the Town.

Other smaller infrastructure projects included \$55,020 for completion of a repaving project on Bea and Karole Lanes, a final paving coat along Chet's Way at an expense of \$41,333, and expenses of \$19,243 to do final paving on Rose Drive.

Using grant funds from the American Reinvestment and Recovery Act, the Town replaced a portion of the HVAC system for the Town hall at a cost of \$54,975, and added a solar hot water heater to the Fire department living quarters for \$11,500. 90% of the cost of both of these items was reimbursed by the grant. Both improvements will save on heating costs in future years.

The Town also made a number of other Town building and building related improvements. The Town purchased a new network security server for the Town hall for \$21,375, an increasingly important item as more and more of the Town's business occurs online. Three new copiers for the Town hall and library were leased at a total cost of \$21,250, replacing models whose service contracts and leases had expired. The Prince Memorial Library spent \$8,245 to retrofit much of its existing lighting with more energy efficient bulbs, and also spent \$6,493 to replace the basement bathrooms. The library also purchased a \$3,959 file server to store their historical and operational documents.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS, CONTINUED

The Police Department purchased two 2010 Crown Victoria cruisers, one costing \$26,293, and the other \$20,117. The less expensive of the vehicles used lights and accessories from a retired cruiser, while the other added new lightbars. These vehicles accumulate 30,000 hard miles every year, and thus are on a four-year replacement schedule.

The largest capital expense for the year came from the Fire/EMS Department, which purchased a 2010 Chevy C4500 ambulance for a total cost of \$206,309 including supplies and accessories. This purchase was needed because of major reliability troubles with an ambulance purchased in 2006, and the increasingly advanced age of the other 1999 ambulance. The 1999 vehicle had become the primary of the two existing ambulances, with the 2006 sidelined more often than not. The Town then opted to retain both of the older ambulances for the short term, as it was unclear which would need to be retired first. The Fire Department also purchased a thermal imaging camera using grant funds for \$11,605. The camera can be used to quickly find hot spots within structures.

Public Works was responsible for the second largest purchase in the form of a 2011 International 7400 dump truck and body for a total cost of \$163,740. These trucks are the backbone of the Public Works department; plowing roads in the winter and hauling materials in the summer.

Public Works also made four smaller purchases. A used 2001 Peterbilt 330 truck was purchased for use as a "loader" for \$25,000. These trucks are used to haul snow and other materials, and have twice the capacity of the plow trucks, but are set up for hauling materials only. Other purchases included \$7,000 to retrofit the back of an existing pickup truck and turn it into a mobile wood chipper (look for it around town, you can't miss it!), \$6,000 to replace the vehicle lift at the garage, and \$3,795 for a 12' snow plow to be used specifically for parking lots.

The business-type activities received \$65,494 in capital investments and \$16,200 worth of land as a capital contribution. The depreciation expense in 2010-11 was \$265,497. The capital net investment for 2011 was -\$183,803.

The largest addition was the creation of a charging and storage area for a new fleet of leased electric golf carts at Val Halla. This cost \$43,220 and will save on energy costs and also create a better golf experience. A "Juniors Room" was also built at the base of the clubhouse for \$16,559, funded largely through donations. This gives the growing juniors program at the course a meeting place away from the rest of the clubhouse area. Other improvements included a replacement fuel tank in the Val Halla maintenance area for \$2,585, and \$3,130 worth of new carpeting for one of the Elderly Housing units.

The Town also purchased \$16,200 worth of land from the Portland Water District. This consisted of a small sliver of land located near one of the water district's decommissioned pump houses. When the district went to sell the parcel, they discovered that at some point in the past a portion of the course had been placed on their property. Rather than forcing the Town to remove a portion of the course, the District sold the impacted portion of the lot to the Town.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS, CONTINUED

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Land	\$ 3,020,000	3,020,000	16,200	-	3,036,200	3,020,000
Construction in progress	7,183,826	2,809,619	-	-	7,183,826	2,809,619
Land improvements	1,254,999	1,352,976	1,257,175	1,321,679	2,512,174	2,674,655
Buildings & building improvements	4,692,294	4,796,722	1,704,987	1,720,865	6,397,281	6,517,587
Machinery & equipment	588,714	670,680	170,878	209,859	759,592	880,539
Furniture & office equipment	1,007,326	1,031,967	2,967	3,675	1,010,293	1,035,642
Computer equipment	74,859	85,393	-	-	74,859	85,393
Vehicles	1,961,632	1,753,351	1,871	3,054	1,963,503	1,756,405
Infrastructure	8,718,094	8,019,516	2,373,512	2,452,261	11,091,606	10,471,777
Totals	\$ 28,501,744	23,540,224	5,527,590	5,711,393	34,029,334	29,251,617

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds and Notes	\$ 16,740,922	17,835,201	1,091,881	1,178,009	17,832,803	19,013,210

In fiscal year 2011-12, the majority of the funds located in construction in progress will move to the infrastructure line as work on both Route 88 and Range Road concludes during the year. While the scope of work on these projects will be considerably smaller than in prior years, they will still be the largest capital expenditures by far. The only other infrastructure project of note will be improvements to the sidewalks and bike lanes along Tuttle Road.

Non-infrastructure purchases in 2012 will once again be minimal. Other than work on the roof of West Cumberland Rec Center, no major equipment purchases are budgeted for the year.

Additional information on the Town of Cumberland's capital assets can be found in the *Notes to the Basic Financial Statements* on pages 51-52 of this report.

DEBT

At year end, the Town had \$17,832,803 in bonds and notes payable, versus \$19,013,210 last year; a decrease of 6.2% or \$1,180,407.

The Town of Cumberland's rating for our bond issues is AA with Standard & Poors, and AA3 with Moody's. This is the 3rd highest rating given by Standard & Poor. It is the second highest grade quality (with AAA being the highest grade quality and AA+, AA, and AA- being high grade quality ratings). AA3 is Moody's 4th highest rating.

Both agencies reviewed the Town's rating during the course of FY 10-11. Standard & Poors upgraded the Town from AA- to AA as a result of sound financial management and stable revenues and expenses. Moody's downgraded the Town from AA2 to AA3 based on the effects to the overall Town fund balance from Val Halla's losses from operations.

Additional information on the Town of Cumberland's long-term debt can be found in the *Notes to the Basic Financial Statements* on pages 56-57 of this report.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS, CONTINUED

Economic Factors and Next Year's Budget and Rates

For a 4th year, the Town of Cumberland's FY 11-12 municipal expenditures budget remained essentially unchanged from the prior 3 years. The "municipal" budget refers to all General Fund expenditures other than those assessed by MSAD 51. Because the Town does not control the SAD assessment, the municipal budget is created and approved in April of each year prior to the announcement of the school assessment to the Town. Thus, the municipal budget for FY 11-12 is \$7,964,843, compared with \$7,986,788 in 2010-11, \$8,013,776 in 2009-10, and \$7,998,577 in 2008-09.

Many of the reductions that enabled a flat budget for FY 2011-12 actually occurred at or near the beginning of FY 2010-11. Staff reductions or decreases in hours budgeted in Planning and Tax Collector and Town Clerk helped, as did new contracts for Solid Waste removal and disposal. Another factor which reduced expenditures was the pending sale of the Val Halla banquet center to the Maine State Golf Association. This sale will remove \$61,666 from the Debt Service budget.

These savings were then used in two general areas. The first was payroll increases related to a 2% cost of living increase for all full-time non-union employees, and new contracts for the Police and Public Works unions, both of which contained pay increases.

The second general area was an attempt to add to the budgets of specific line items that had been struggling to stay under budget in recent years. A Holiday Pay line item was added to the Police budget to reflect provisions from past and existing contracts that had caused the full-time wages budget to come up short. Funds were added to Fire/EMS to better account for the existing Paramedic staffing levels. In Public Works, the road salt and vehicle parts line items added \$13,000 collectively. General assistance received an increase of over \$10,000 based on past performance. Finally, the amount allocated to Maine Public Employees Retirement System contributions needed to increase, based on increased usage of the system and increased employer allocations mandated by MainePERS. None of these increases reflected a policy change. They were simply areas that had been underfunded in the past, and needed to be brought up to correct levels.

Prior to FY 08-09, the Town's revenues and expenditures had followed a pattern of both sides exceeding budgeted amounts roughly equally. As a result, the expense overages did not eat into fund balance, and so the Town continued to budget expenditures perhaps too tightly. This all changed in 2009-10, as a recession, a lack of housing growth, and declining state funding all brought in a new era of revenues that either missed or barely made their budgets. This decline meant that expense overages were no longer as acceptable, and a budget that better accounted for unknown variables was needed. Thus, the Town produced a flat budget for FY 2011-12, in spite of reductions in costs in some other areas.

However, the MSAD 51 assessment increased by roughly \$524,226 over the prior year. This increase was more a function of major losses in state aid to the school, rather than actual spending increases, and has become a pattern for the past few years. This caused an overall increase in spending of 2.5%.

Similar to the expenditure side, non-property tax revenues also needed some large adjustments from the prior year. Interest on investment decreased \$35,000 due to poor short term investment potential, sales of assets dropped by \$25,000, ACO revenues lost \$23,500 because Falmouth terminated their involvement in the shared program, and trash bags budgeted \$25,000 less due to do poorer than expected sales. These decreases were partially offset by an increase of \$50,000 in State revenue sharing. The net result of these and other smaller changes was a drop of \$53,617 in non-property tax revenues.

In the end, the General Fund budget came in at \$20,319,318, up from \$19,817,125 in 2010-11. This combined with the drop in non-property tax revenues contributed to a mil rate increase from \$15.30 to \$15.80.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS, CONTINUED

As for the Town's business-type activities: The Sewer Fund enjoyed its best year of operating profits in 2010-11, but there is an increase to the Town's assessment scheduled for calendar year 2012. This will result in a decrease in profits for the year, but the Sewer Fund should still eliminate its interfund loan payable by the end of FY 2011-12. This will then make it easier to mitigate rate increases that will occur in subsequent years.

Expenses for Senior Housing were greater than revenues in 2011, but much of the expenses were one-time charges related to a successful bond reissuance. While the re-issuance yielded over \$200,000 in savings, the Town elected to use these decreases to shorten the length of the bond repayments, rather than decreasing the yearly payments. This means that \$90,000 in principal will be paid in 2011-12 rather than \$60,000, and the overall bond will be paid off in 9 years rather than 11. As the housing units age, the decrease in time before repairs can be made may become extremely helpful.

The financial statements for Val Halla showed some real improvement, but still have a long way to go before the fund achieves true profitability. Val Halla showed an operating loss of \$189,550 compared to \$246,247 in the prior year. Ignoring accumulated depreciation, Val Halla's operating loss improved by \$52,619 over the prior year, bringing the operating loss down to \$45,318. It is hoped that the continued positive reviews of the course and a sizable membership rate increase will help to bring Val Halla closer to break-even in the coming year.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors, creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact *Alex Kimball, Finance Director, 290 Tuttle Road, Cumberland, ME, 04021.*

BASIC FINANCIAL STATEMENTS

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TOWN OF CUMBERLAND, MAINE
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,078,835	14,030	2,092,865
Investments	265,481	275,917	541,398
Receivables:			
Accounts	122,556	171,262	293,818
Intergovernmental	58,492	-	58,492
Taxes receivable - prior years	170,825	-	170,825
Taxes receivable - current year	288,271	-	288,271
Tax liens	22,169	-	22,169
Internal balances	1,789,406	(1,789,406)	-
Capital assets not being depreciated	11,193,942	16,200	11,210,142
Capital assets being depreciated, net	17,307,802	5,511,390	22,819,192
Total assets	33,297,779	4,199,393	37,497,172
LIABILITIES			
Accounts payable and other current liabilities	1,119,242	32,173	1,151,415
Accrued payroll	107,947	14,270	122,217
Accrued interest payable	155,317	-	155,317
Unearned revenue	24,880	22,094	46,974
Noncurrent liabilities:			
Due within one year	1,233,332	158,307	1,391,639
Due in more than one year	16,305,828	1,023,671	17,329,499
Total liabilities	18,946,546	1,250,515	20,197,061
NET ASSETS			
Invested in capital assets, net of related debt	12,802,336	4,403,855	17,206,191
Restricted for:			
TIF Districts	322,221	-	322,221
Capital projects	960,124	-	960,124
Expendable trust	166,258	-	166,258
Nonexpendable trust principal	99,241	-	99,241
Unrestricted	1,053	(1,454,977)	(1,453,924)
Total net assets	\$ 14,351,233	2,948,878	17,300,111

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Activities
For the year ended June 30, 2011

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 2,915,710	449,371	-	718,795	(1,747,544)	-	(1,747,544)
Public safety	2,056,052	213,768	20,966	-	(1,821,318)	-	(1,821,318)
Public works	1,283,560	6,864	81,672	-	(1,195,024)	-	(1,195,024)
Health, sanitation and welfare	773,763	282,515	-	-	(491,248)	-	(491,248)
Recreation	618,226	393,779	7,380	-	(217,067)	-	(217,067)
Education and libraries	12,259,218	140,098	-	-	(12,119,120)	-	(12,119,120)
Interest on debt	619,316	182,241	-	-	(437,075)	-	(437,075)
Total governmental activities	20,525,845	1,668,636	110,018	718,795	(18,028,396)	-	(18,028,396)
Business-type activities:							
Senior Housing	323,468	271,013	-	-	-	(52,455)	(52,455)
Sewer System	791,667	839,773	-	-	-	48,106	48,106
Val Halla Golf and Recreation Center	757,662	566,857	-	-	-	(190,805)	(190,805)
Total business-type activities	1,872,797	1,677,643	-	-	-	(195,154)	(195,154)
Total primary government	\$ 22,398,642	3,346,279	110,018	718,795	(18,028,396)	(195,154)	(18,223,550)
General revenues:							
Property taxes, levied for general purposes					\$ 16,776,645	-	16,776,645
TIF district taxes					890,507	-	890,507
Outer Island property taxes					39,663	-	39,663
Motor vehicle excise taxes					1,377,972	-	1,377,972
Interest and penalties					54,697	-	54,697
Grants and contributions not restricted to specific programs:							
Homestead exemption					148,209	-	148,209
State Revenue Sharing					558,723	-	558,723
Unrestricted investment earnings					13,069	-	13,069
Miscellaneous revenues					121,144	16,200	137,344
Transfers					(97,000)	97,000	-
Total general revenues, special items, and transfers					19,883,629	113,200	19,996,829
Change in net assets					1,855,233	(81,954)	1,773,279
Net assets - beginning					12,496,000	3,030,832	15,526,832
Net assets - ending					\$ 14,351,233	2,948,878	17,300,111

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Balance Sheet
Governmental Funds
June 30, 2011

	General	Bond Fund	Range Road	Twin Brook Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,078,835	-	-	-	-	2,078,835
Investments	-	-	-	-	265,481	265,481
Receivables:						
Accounts	121,455	-	-	-	1,101	122,556
Intergovernmental	58,492	-	-	-	-	58,492
Taxes receivable - prior years	170,825	-	-	-	-	170,825
Taxes receivable - current year	288,271	-	-	-	-	288,271
Tax liens	22,169	-	-	-	-	22,169
Interfund loans receivable	-	1,575,932	315,163	-	788,018	2,679,113
Total assets	\$ 2,740,047	1,575,932	315,163	-	1,054,600	5,685,742
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	147,986	895,774	35,197	-	38,285	1,117,242
Accrued payroll	107,947	-	-	-	-	107,947
Interfund loans payable	113,917	-	-	381,439	396,351	891,707
Deferred revenue	220,155	-	-	-	-	220,155
Security deposit	-	-	-	-	725	725
Total liabilities	590,005	895,774	35,197	381,439	435,361	2,337,776
Fund balances (deficits):						
Nonspendable:						
Permanent fund principal	-	-	-	-	99,241	99,241
Restricted for:						
Permanent fund accumulated earnings	-	-	-	-	166,258	166,258
Capital projects funds	-	680,158	279,966	-	322,221	1,282,345
Committed						
Special revenue funds	-	-	-	-	25,200	25,200
Assigned:						
Capital projects funds	-	-	-	-	415,127	415,127
Unassigned						
General fund	2,150,042	-	-	-	-	2,150,042
Special revenue funds	-	-	-	-	(15,119)	(15,119)
Capital projects funds	-	-	-	(381,439)	(393,689)	(775,128)
Total fund balances (deficits)	2,150,042	680,158	279,966	(381,439)	619,239	3,347,966
Total liabilities and fund balances	\$ 2,740,047	1,575,932	315,163	-	1,054,600	

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.	28,501,744
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	196,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:	
Bonds and notes payable	(16,740,922)
Capital leases	(230,623)
Accrued interest	(155,317)
Accrued compensated absences	(150,915)
Landfill liability	(416,700)
	(17,694,477)

Net assets of governmental activities **\$ 14,351,233**

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2011

	General	Bond Fund	Range Road	Twin Brook Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 18,227,305	-	-	-	890,507	19,117,812
Licenses and permits	110,504	-	-	-	-	110,504
Intergovernmental	827,692	-	-	-	13,219	840,911
Charges for services	999,346	-	-	-	108,896	1,108,242
Rental income	-	-	-	-	182,241	182,241
Other	352,226	-	-	2,221	742,249	1,096,696
Total revenues	20,517,073	-	-	2,221	1,937,112	22,456,406
Expenditures:						
Current:						
General government	950,235	-	-	-	-	950,235
Public safety	1,835,525	-	-	-	-	1,835,525
Public works	915,444	-	-	-	-	915,444
Health, sanitation and welfare	772,472	-	-	-	-	772,472
Recreation	472,959	-	-	-	-	472,959
Education and libraries	12,182,332	-	-	-	-	12,182,332
County tax	600,901	-	-	-	-	600,901
Unclassified	917,283	-	-	-	136,105	1,053,388
Capital outlay	21,250	3,522,060	1,264,474	118	1,379,478	6,187,380
Debt service:						
Principal	516,390	-	-	-	577,889	1,094,279
Interest	321,302	-	-	-	298,014	619,316
Total expenditures	19,506,093	3,522,060	1,264,474	118	2,391,486	26,684,231
Excess (deficiency) of revenues over (under) expenditures	1,010,980	(3,522,060)	(1,264,474)	2,103	(454,374)	(4,227,825)
Other financing sources (uses):						
Issuance of capital lease	21,250	-	-	-	174,200	195,450
Transfers in	51,611	-	-	225,000	657,107	933,718
Transfers out	(933,605)	(9,248)	-	-	(87,865)	(1,030,718)
Total other financing sources (uses)	(860,744)	(9,248)	-	225,000	743,442	98,450
Net change in fund balances	150,236	(3,531,308)	(1,264,474)	227,103	289,068	(4,129,375)
Fund balances (deficits), beginning of year	1,999,806	4,211,466	1,544,440	(608,542)	330,171	7,477,341
Fund balances (deficits), end of year	\$ 2,150,042	680,158	279,966	(381,439)	619,239	3,347,966

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2011

Net change in fund balances - total governmental funds (from Statement 4)	\$	(4,129,375)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$5,918,848) exceeded depreciation expense (\$922,074) and loss on disposal (\$35,254).		4,961,520
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.		21,672
Expenses in the statement of activities that do not consume current financial resources are not reported as expenses in the funds.		36,160
The issuance of capital leases provide current financial resources to governmental funds, but capital leases 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 (\$195,450) exceeded principal payments (\$66,427).		(129,023)
The bond issuance provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of bond payments (\$1,094,279).		1,094,279

Change in net assets of governmental activities (see Statement 2)	\$	1,855,233
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See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2011

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 18,183,430	18,183,430	18,227,305	43,875
Licenses and permits	97,965	97,965	110,504	12,539
Intergovernmental	724,026	724,026	827,692	103,666
Charges for services	1,031,147	1,031,147	999,346	(31,801)
Other	477,575	477,575	352,226	(125,349)
Total revenues	20,514,143	20,514,143	20,517,073	2,930
Expenditures:				
Current:				
General government	979,422	979,422	950,235	29,187
Public safety	1,792,273	1,792,273	1,835,525	(43,252)
Public works	869,550	869,550	915,444	(45,894)
Health, sanitation and welfare	784,826	784,826	772,472	12,354
Recreation programs	444,489	444,489	472,959	(28,470)
Education and libraries	12,183,917	12,183,917	12,182,332	1,585
County tax	600,901	600,901	600,901	-
Unclassified	1,520,702	1,520,702	917,283	603,419
Debt service	910,358	910,358	837,692	72,666
Total expenditures	20,086,438	20,086,438	19,484,843	601,595
Excess of revenues over expenditures	427,705	427,705	1,032,230	604,525
Other financing sources (uses):				
Transfers in	-	-	51,611	51,611
Transfers out	(427,705)	(427,705)	(933,605)	(505,900)
Total other financing uses	(427,705)	(427,705)	(881,994)	(454,289)
Net change in fund balance	-	-	150,236	150,236
Fund balance, beginning of year			1,999,806	
Fund balance, end of year	\$		2,150,042	

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE

Statement of Net Assets

Proprietary Funds

June 30, 2011

Business-type Activities - Enterprise Funds				
	Senior Housing Fund	Sewer System	Val Halla Golf and Recreation Center	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	-	14,030	14,030
Investments	275,917	-	-	275,917
Accounts receivable	4,287	149,538	17,437	171,262
Interfund loan receivable	57,849	-	-	57,849
Total current assets	338,053	149,538	31,467	519,058
Noncurrent assets:				
Land	-	-	16,200	16,200
Property, plant, and equipment	1,629,730	3,937,449	4,090,416	9,657,595
Less accumulated depreciation	(897,617)	(1,563,937)	(1,684,651)	(4,146,205)
Total noncurrent assets	732,113	2,373,512	2,421,965	5,527,590
Total assets	1,070,166	2,523,050	2,453,432	6,046,648
LIABILITIES				
Current liabilities:				
Accounts payable	1,611	-	30,562	32,173
Accrued payroll	-	-	14,270	14,270
Interfund loans payable	-	95,668	1,751,587	1,847,255
Security deposit	22,094	-	-	22,094
Lease payable, current	-	-	31,854	31,854
Bonds payable, current	106,453	-	20,000	126,453
Total current liabilities	130,158	95,668	1,848,273	2,074,099
Noncurrent liabilities:				
Accrued compensated absences	-	-	10,034	10,034
Unamortized premium on bond	48,209	-	-	48,209
Bonds payable	965,428	-	-	965,428
Total noncurrent liabilities	1,013,637	-	10,034	1,023,671
Total liabilities	1,143,795	95,668	1,858,307	3,097,770
NET ASSETS				
Invested in capital assets, net of related debt	(339,768)	2,373,512	2,370,111	4,403,855
Unrestricted	266,139	53,870	(1,774,986)	(1,454,977)
Total net assets	\$ (73,629)	2,427,382	595,125	2,948,878

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2011

Business-type Activities - Enterprise Funds				
	Senior Housing Fund	Sewer System	Val Halla Golf and Recreation Center	Totals
Operating revenues:				
Rental income	\$ 265,599	-	-	265,599
Golf memberships	-	-	232,834	232,834
Greens fees	-	-	159,598	159,598
Golf cart rentals	-	-	104,300	104,300
Sewer assessments	-	829,246	-	829,246
Food and beverage sales	-	-	1,045	1,045
Other	250	10,527	69,080	79,857
Total operating revenues	265,849	839,773	566,857	1,672,479
Operating expenses:				
Cost of sales and supplies	-	-	3,896	3,896
Wages and benefits	62,532	-	346,235	408,767
Utilities	56,321	-	42,556	98,877
Maintenance	35,093	-	98,882	133,975
Greens maintenance	-	-	48,397	48,397
Gas and oil	-	-	15,828	15,828
Wastewater assessment	-	702,264	-	702,264
Other	65,687	10,656	56,381	132,724
Depreciation	42,518	78,747	144,232	265,497
Total operating expenses	262,151	791,667	756,407	1,810,225
Operating income (loss)	3,698	48,106	(189,550)	(137,746)
Nonoperating revenue (expense):				
Interest income	5,164	-	-	5,164
Interest expense	(61,317)	-	(1,255)	(62,572)
Total nonoperating revenue (expense)	(56,153)	-	(1,255)	(57,408)
Income (loss) before transfers	(52,455)	48,106	(190,805)	(195,154)
Contributed capital	-	-	16,200	16,200
Transfer in	-	-	97,000	97,000
Change in net assets	(52,455)	48,106	(77,605)	(81,954)
Total net assets, beginning of year	(21,174)	2,379,276	672,730	3,030,832
Total net assets, end of year	\$ (73,629)	2,427,382	595,125	2,948,878

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2011

Business-type Activities - Enterprise Funds				
	Senior Housing Fund	Sewer System	Val Halla Golf and Recreation Center	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 305,114	712,920	739,390	1,757,424
Payments to suppliers	(164,662)	(712,920)	(279,707)	(1,157,289)
Payments to employees	(62,532)	-	(345,684)	(408,216)
Net cash provided by operating activities	77,920	-	113,999	191,919
Cash flows from capital and related financing activities:				
Purchase of capital assets	(3,130)	-	(62,364)	(65,494)
Refinancing of debt issuance	48,209	-	-	48,209
Bond, note and lease principal payments	(66,128)	-	(50,380)	(116,508)
Interest paid	(61,317)	-	(1,255)	(62,572)
Net cash used in financing activities	(82,366)	-	(113,999)	(196,365)
Cash flows from investing activities:				
Purchase of investments	(201,621)	-	-	(201,621)
Investment income	4,446	-	-	4,446
Net cash used in investing activities	(197,175)	-	-	(197,175)
Decrease in cash	(201,621)	-	-	(201,621)
Cash, beginning of year	201,621	-	14,030	215,651
Cash, end of year	\$ -	-	14,030	14,030
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 3,698	48,106	(189,550)	(137,746)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	42,518	78,747	144,232	265,497
(Increase) decrease in operating assets:				
Accounts receivable	-	4,464	(17,437)	(12,973)
Increase (decrease) in operating liabilities:				
Accounts payable	(7,561)	-	(13,767)	(21,328)
Accrued payroll	-	-	551	551
Security deposit	492	-	-	492
Interfund loans	38,773	(131,317)	189,970	97,426
Net cash provided by operating activities	77,920	-	113,999	191,919
Non-cash transactions:				
Change in fair market value of investments	718	-	-	718
Transfer of fund balance	-	-	97,000	97,000
Capital contributions	-	-	16,200	16,200

See accompanying notes to financial statements.

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

		Private-purpose Trust Fund (Scholarships)
ASSETS		
Investments	\$	176,684
Accounts receivable		2,000
Total assets		178,684
LIABILITIES		
Interfund loans payable		-
Total liabilities		-
NET ASSETS		
Held in trust	\$	178,684

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2011

	Private-purpose Trust Fund (Scholarships)
Additions:	
Donations	\$ -
Investment income	3,465
Total additions	3,465
Deductions:	
Scholarships awarded	3,600
Total deductions	3,600
Change in net assets	(135)
Net assets, beginning of year	178,819
Net assets, end of year	\$ 178,684

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Town of Cumberland was incorporated in 1821 and operates under a Council-Manager form of government. The Town is located in Cumberland County and has a population of 7,211.

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there are no potential component units that should be included as part of this reporting entity.

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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

The Town reports the following major governmental funds:

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

The Bond Fund is a capital projects fund, which is used to account for the debt service requirements of a new bond issuance related to various capital projects. This fund includes the Route 88 Bond, which is to be used specifically for the Route 88 construction.

The Twin Brook Fund is a capital projects fund, which is used to account for the land improvement expenditures on Town of Cumberland property.

The Range Road Fund is a capital projects fund, which is used to account for the expenditures related to the Range Road reconstruction and the related bond proceeds used to pay for those expenditures.

The Town reports the following major proprietary funds:

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

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

Val Halla Golf and Recreation Center accounts for revenues received and expenses incurred in the operation of a bar and banquet facility owned by the Town and the Val Halla Golf Course.

Additionally, the Town reports the following Fiduciary Fund types:

Private-purpose Trust Funds are used to report the activity for bequests left for charitable payments of scholarship awards. These assets are held by the Town in a trustee capacity, whereby the original bequest is preserved as nonexpendable and the accumulated interest earnings are available to provide for educational awards.

Fiduciary Funds use an economic resources measurement focus.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance.

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

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

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

Assets, Liabilities, and Equity

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

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

Interfund Loans Receivable/Payable - Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans or as interfund advances (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Infrastructure costs include assets that were acquired prior to the fiscal year ended June 30, 1980. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

Land improvements	15-40 years
Buildings and building improvements	20-40 years
Machinery and equipment	3-30 years
Furniture and office equipment	3-30 years
Computer equipment	3-30 years
Vehicles	4-20 years
Infrastructure	12-60 years

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

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

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

Fund Equity - For the fiscal year ended June 30, 2011, the Town is in compliance with GASB Statement No. 54, which establishes new categories for reporting fund balance and revises the definitions for governmental fund types. Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- *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.

It is the policy of the Town of Cumberland to maintain unassigned fund balance in the general fund at 16.67% of general fund revenues measured on a GAAP basis. In the event that the unassigned fund balance drops below this level, the Town Manager will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than five (5) years. Amounts in excess of the target shall be used to offset negative balances in capital projects funds, offset intergovernmental loans, and to build capital project fund levels for future purchases, as determined by the Town Council and Town Manager. If the first three purposes are met, then the Town may use excess balances to offset future tax levy amounts through a stabilization fund.

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

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

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

Net Assets - The net assets amount represents 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Town's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2011:

	Governmental activities	Business-type activities
Capital assets	\$ 38,826,448	9,673,795
Accumulated depreciation	(10,324,704)	(4,146,205)
Bonds and notes payable	(16,740,922)	(1,091,881)
Bond proceeds not yet expended	960,124	-
Long-term debt used to acquire assets for business-type activities	312,013	-
Capital leases	(230,623)	(31,854)
Total invested in capital assets net of related debt	\$ 12,802,336	4,403,855

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

Budgets are adopted for the General Fund only and are adopted on a basis consistent with generally accepted accounting principles (GAAP). The level of control (level at which expenditures may not exceed budget) is the Department. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year. The Town Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures must be approved by the Town Council. Encumbrance accounting is not employed by the Town.

The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments.

B. Excess of Expenditures Over Appropriations

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

Administration	\$ 41,128
Assessor	1,695
Technology	2,877
Legal services	2,484
Police	1,751
Fire	43,446
Public works	45,894
General assistance	2,051
Recreation	28,470
West Cumberland recreation building	286

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

Parks	\$ 2,241
Cemetery association	914
Insurance	70,344
Street lighting	5,707
Contingencies	15,434
Municipal building maintenance	12,159
Abatements	4,367

These over expenditures lapsed to fund balance at year end.

At June 30, 2011, the following funds had deficit fund balances/net assets:

Special Revenue Funds:	
Fire grant fund	\$ 15,119
Capital Project Funds:	
Road improvements	64,006
Parking lot fund	70,098
Sweetser books	6,500
Library publications	4,421
Equipment reserves	248,664
Twin Brook Fund	381,439
Enterprise Funds:	
Senior Housing Fund	73,629

These fund deficits will be covered by future revenue sources.

CASH AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy is to have its deposits covered by F.D.I.C. insurance or by additional insurance purchased on behalf of the Town by the respective banking institution.

As of June 30, 2011, the Town reported deposits of \$2,092,865 with a bank balance of \$2,049,998. Of the Town's bank balances of \$2,049,998, none was exposed to custodial credit risk. The entire balance of \$2,049,998 was covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 2,078,835
Reported in proprietary funds	14,030
Total deposits	\$ 2,092,865

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

CASH AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2011, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years	More than 5 years
U. S. Government securities	\$ 235,039	32,164	150,433	52,442
U. S. treasury notes	422,575	15,444	219,103	188,028
Money market	10,463	N/A	N/A	N/A
Certificates of deposit	50,005	50,005	N/A	N/A
Total investments	\$ 718,082	97,613	369,536	240,470

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

Of the Town's \$50,005 investment in certificates of deposit, none was subject to custodial credit risk because it was covered by F.D.I.C. insurance.

Of the Town's \$235,039 investment in U.S. Government Securities, none was subject to custodial credit risk because it was collateralized by underlying securities held by the related bank, which were in the Town's name.

The Government securities include Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage (Freddie Mac), and Federal National Mortgage Association (Fannie Mae) bonds with fair values of \$47,190, \$50,698, and \$137,151, respectively, and are all rated AAA by Standard & Poor's and Fitch Ratings.

Investments have been reported as follows:

Reported in governmental funds	\$ 265,481
Reported in fiduciary funds	176,684
Reported in proprietary funds	275,917
Total investments	\$ 718,082

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

Credit Risk: Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The Town does not have a formal policy related to credit risk.

PROPERTY TAX

The Town's property tax is levied on the assessed value listed as of the prior April 1 for all real and taxable personal property located in the Town. Assessed values are periodically established by the Assessor at 100% of the assumed market value. Each property must be reviewed no less than once every four years.

Property taxes were levied August 11, 2010 on the assessed values of real property as of April 1, 2010. Taxes were due September 15, 2010 and March 15, 2011. This assessed value of \$1,153,430,800 was 100% of the estimated market value and 106% of the 2011 state valuation of \$1,084,700,000. The Town completed a revaluation of all Town properties in 2008.

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

PROPERTY TAX, CONTINUED

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 \$697,020 for the year ended June 30, 2011.

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

Property taxes levied during the year ended were recorded as receivables at the time the levy was made. The receivables collected during the year ended 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 periods ended June 30, 2011 and 2010 levies:

	<u>2011</u>	<u>2010</u>
Valuation:		
Land	\$ 527,041,300	527,704,800
Buildings	614,222,500	603,371,100
Personal property	12,167,000	10,660,900
Total assessed valuation	1,153,430,800	1,141,736,800
Assessed value	1,153,430,800	1,141,736,800
Tax rate (per \$1,000)	15.30	14.55
Commitment	17,647,491	16,612,270
Supplemental taxes assessed	19,661	-
	17,667,152	16,612,270
Less:		
Collections and abatements	17,378,881	16,340,665
Receivable at June 30	\$ 288,271	271,605
Due date(s)	9/15/10 3/15/11	9/15/09 3/15/10
Interest rate charged on delinquent taxes	7.00%	9.00%
Collection rate	98.4%	98.4%

As of July 1, 2007, per H.P. 1243 – L.D. 1735 *an Act to Authorize Chebeague Island to Secede from the Town of Cumberland*, Chebeague Island must pay to the Town of Cumberland 50% of the property taxes committed to the Town of Chebeague Island from the Outer Islands for a period of 50 years; to be paid on an annual basis. As of June 30, 2011 and 2010, Chebeague Island has paid \$39,663 and \$38,736, respectively.

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

CAPITAL ASSETS

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

	Balance June 30, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2011</u>
Governmental activities:				
Capital assets, not being depreciated:				
Books and collections	\$ 990,116	-	-	990,116
Construction in progress	2,809,619	4,390,766	16,559	7,183,826
Land	3,020,000	-	-	3,020,000
<u>Total capital assets, not being depreciated</u>	<u>6,819,735</u>	<u>4,390,766</u>	<u>16,559</u>	<u>11,193,942</u>
Capital assets, being depreciated:				
Land improvements	2,038,546	-	-	2,038,546
Buildings and building improvements	7,145,417	81,213	-	7,226,630
Machinery and equipment	1,746,811	42,650	115,867	1,673,594
Furniture and office equipment	231,221	-	27,650	203,571
Computer equipment	298,016	25,334	14,146	309,204
Vehicles	3,433,237	448,460	253,655	3,628,042
Infrastructure	11,605,935	946,984	-	12,552,919
<u>Total capital assets being depreciated</u>	<u>26,499,183</u>	<u>1,544,641</u>	<u>411,318</u>	<u>27,632,506</u>
Less accumulated depreciation for:				
Land improvements	685,570	97,977	-	783,547
Buildings and building improvements	2,348,695	185,641	-	2,534,336
Machinery and equipment	1,076,131	123,075	114,326	1,084,880
Furniture and office equipment	189,370	8,742	11,751	186,361
Computer equipment	212,623	34,617	12,895	234,345
Vehicles	1,679,886	223,616	237,092	1,666,410
Infrastructure	3,586,419	248,406	-	3,834,825
<u>Total accumulated depreciation</u>	<u>9,778,694</u>	<u>922,074</u>	<u>376,064</u>	<u>10,324,704</u>
<u>Total capital assets being depreciated, net</u>	<u>16,720,489</u>	<u>622,567</u>	<u>35,254</u>	<u>17,307,802</u>
<u>Governmental activities capital assets, net</u>	<u>\$ 23,540,224</u>	<u>5,013,333</u>	<u>51,813</u>	<u>28,501,744</u>

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

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2011</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ -	16,200	-	16,200
Total capital assets, not being depreciated	-	16,200	-	16,200
Capital assets, being depreciated:				
Land improvements	1,936,939	2,585	-	1,939,524
Buildings and building improvements	3,190,035	62,909	-	3,252,944
Machinery and equipment	491,763	-	-	491,763
Furniture and office equipment	12,263	-	-	12,263
Vehicles	23,653	-	-	23,653
Infrastructure, sewer	3,937,449	-	-	3,937,449
Total capital assets being depreciated	9,592,102	65,494	-	9,657,596
Less accumulated depreciation for:				
Land improvements	615,260	67,089	-	682,349
Buildings and building improvements	1,469,169	78,788	-	1,547,957
Machinery and equipment	281,905	38,980	-	320,885
Furniture and office equipment	8,588	708	-	9,296
Vehicles	20,599	1,183	-	21,782
Infrastructure, sewer	1,485,188	78,749	-	1,563,937
Total accumulated depreciation	3,880,709	265,497	-	4,146,206
Total capital assets being depreciated, net	5,711,393	(200,003)	-	5,511,390
Business-type activities capital assets, net	\$ 5,711,393	(183,803)	-	5,527,590

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

Governmental activities:

General government	\$ 96,500
Public safety	203,364
Public works, including depreciation of general infrastructure assets	401,676
Health, sanitation and welfare	1,291
Recreation	142,357
Education and libraries	76,886

Total depreciation expense – governmental activities **\$ 922,074**

Business-type activities:

Senior Housing	\$ 42,518
Sewer System	78,747
Val Halla Golf and Recreation Center	144,232

Total depreciation expense – business-type activities **\$ 265,497**

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

INTERFUND LOAN BALANCES

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. The balances represent each fund's portion of the centralized checking account. Individual interfund loan receivable and payable balances at the year ended June 30, 2011 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund payables</u>
<u>General Fund</u>	\$ -	113,917
<u>Bond Fund</u>	1,575,932	-
<u>Twin Brook Fund</u>	-	381,439
<u>Range Road Fund</u>	315,163	-
Other Governmental Funds:		
Special revenue funds:		
Fire Grant Fund	-	15,119
Recreation Programs Fund	17,129	-
Police Fund	14,961	-
<u>Total Special Revenue Funds</u>	32,090	15,119
Capital project funds:		
Town Building Reserve	32,905	-
Affordable Housing Fund	155,142	-
Land Acquisition Fund	11,526	-
School Renovations Fund	157,001	-
Road Improvements Fund	-	53,338
Parking Lot Fund	-	70,098
TIF2 Route 1/100	194,251	-
TIF2	132,158	-
Other Town Capital Projects	72,927	257,796
<u>Total Capital Project Funds</u>	755,910	381,232
Permanent funds:		
Historical Fund	7	-
Prince Fund	11	-
<u>Total Permanent Funds</u>	18	-
<u>Total Governmental Funds</u>	2,679,113	891,707
<u>Private-purpose Trust Funds</u>	2,000	-
Proprietary funds:		
Senior Housing	57,849	-
Sewer System	-	95,668
Val Halla Golf and Recreation Center	-	1,751,587
<u>Total Proprietary Funds</u>	57,849	1,847,255
<u>Totals</u>	<u>\$ 2,738,962</u>	<u>2,738,962</u>

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

INTERFUND TRANSFERS

Interfund transfers consist of budgeted transfers to and from other funds to fund certain activities accounted for in those funds and transfers to close out capital projects funds and special revenue funds that are no longer needed. In particular, transfers were done from the Seacoast Fund to the General Fund and from the General Fund to the Unemployment and the Rescue Fund to close those special revenue funds. In addition, a remaining fund balance in the Environmental Reserve was transferred to the Equipment Reserve capital projects fund. Transfers were also done from the General Fund to the Twin Brook capital projects fund and the Val Halla enterprise fund to offset a deficit fund balance and an operating deficit, respectively. Individual fund transfers for the year ended June 30, 2011 were as follows:

	Transfers <u>in</u>	Transfers <u>out</u>
<u>General Fund</u>	\$ 51,611	933,605
Other Governmental Funds:		
Special revenue funds:		
Rescue Fund	150	-
Unemployment Fund	3,750	-
Recreation programs	-	38,830
Seacoast	-	12,781
<u>Total special revenue funds</u>	3,900	51,611
Capital project funds:		
Bond	-	9,248
Twin Brook	225,000	-
Town building reserve	224,951	-
Road improvements	78,985	-
TIF 1 Rte. 1/100	9,248	-
Other Town capital projects	340,023	36,254
<u>Total capital project funds</u>	878,207	45,502
<u>Total Other Governmental Funds</u>	933,718	60,859
Enterprise funds:		
Val Halla Golf and Recreation Center	97,000	-
<u>Total enterprise funds</u>	97,000	-
<u>Totals</u>	<u>\$ 1,030,718</u>	<u>1,030,718</u>

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

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 17,090,601	-	1,011,546	16,079,055	1,045,623
Notes payable	744,600	-	82,733	661,867	82,733
Capital leases	101,600	195,450	66,427	230,623	70,476
Accrued compensated absences	152,575	150,915	152,575	150,915	150,915
Landfill post closure care costs	451,200	-	34,500	416,700	34,500
Total governmental activity long-term liabilities	18,540,576	346,365	1,347,781	17,539,160	1,384,247
Business-type activities:					
Bonds payable	960,000	-	70,000	890,000	110,000
Notes payable	218,009	-	16,128	201,881	16,453
Accrued compensated absences	10,034	10,034	10,034	10,034	10,034
Capital leases	62,234	-	30,380	31,854	31,854
Total business-type activity long-term liabilities	1,250,277	10,034	126,542	1,133,769	168,341
Total long-term governmental and business-type activities	\$ 19,790,853	356,399	1,474,323	18,672,929	1,552,588

During FY 2011, the Town issued refinancing general obligation bonds for its outstanding 1991 general obligation bonds for its Senior Housing and Val Halla enterprise funds. The refunding transaction gave rise to a deferred amount on refunding. The premium on bond issuance is being amortized over the life of the refunding bond.

SHORT-TERM DEBT

The Town issues tax anticipation notes to cover cash shortfalls during the year. Tax anticipation note activity for the year ended June 30, 2011, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Tax anticipation notes	\$ -	1,800,000	1,800,000	-

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

LONG-TERM DEBT

Bonds and Notes Payable

Bonds and notes payable at June 30, 2011 are comprised of the following:

	<u>Originally Issued</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
Bonds and notes payable:					
Governmental activities:					
Economic Development	\$ 4,100,000	5/27/10	5/1/2030	2.06-5.746%	3,948,384
Val Halla Clubhouse	750,000	10/30/96	11/1/2016	4.0-6.9%	312,013
New Town office	1,000,000	5/28/98	11/1/2018	4.528-5.378%	519,513
School renovation	1,700,000	5/28/98	11/1/2018	4.528-5.378%	445,162
Fire truck purchase	478,560	10/28/99	11/1/2019	4.283-5.908%	276,674
Fire trucks/Chebeague	1,000,000	4/1/02	4/1/2022	4.50-5.0%	655,000
Purchase Rines property	1,241,000	8/29/03	8/29/2019	4.50%	661,867
Stone Wharf	600,000	10/30/03	10/1/2023	3.0-5.0%	440,000
Capital projects	4,585,000	6/14/06	4/1/2026	3.50-4.63%	3,260,000
Infrastructure/Val Halla	2,775,802	5/15/08	11/1/2027	2.50-5.50%	2,355,802
Infrastructure Improvements	4,000,000	5/28/09	11/1/2029	2.08-5.58%	3,866,507
Total governmental activities					16,740,922
Business-type activity debt:					
Senior Housing	\$ 870,000	4/20/11	4/20/2019	2.0-5.0%	870,000
Val Halla irrigation	20,000	4/20/11	4/20/2012	2.0%	20,000
Maine State Housing Authority	362,954	1/2/92	7/1/2022	2.0%	201,881
Total business-type activity debt					1,091,881
Total bonds and notes payable					\$ 17,832,803

All governmental activities long-term debt service requirements are paid by the General Fund, the School Renovations Fund (Capital Projects Fund), or the TIF1 Fund (Capital Projects Fund). Business-type debt is paid by the proprietary enterprise funds.

The annual debt service requirements to amortize bonds and notes payable are as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,128,356	642,745	126,453	33,112
2013	1,157,307	593,816	106,786	28,448
2014	1,181,479	547,155	107,124	26,309
2015	1,039,987	505,199	102,470	24,159
2016	1,054,980	467,777	112,823	21,835
2017-2021	4,858,471	1,732,912	514,656	48,941
2022-2026	3,954,515	798,807	21,569	256
2027-2031	2,365,827	129,217	-	-
Totals	\$ 16,740,922	5,417,628	1,091,881	183,060

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

LONG-TERM DEBT, CONTINUED

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its state assessed valuation. At June 30, 2011, the Town's outstanding debt did not exceed these limits.

Landfill - Under State law, Maine communities had until December 31, 1994 to close existing landfills under a DEP approved plan. At December 31, 1993, Cumberland had closed its landfills and is operating a transfer station on Chebeague Island. Estimated post closure care costs amount to \$416,700 in the governmental activities on the statement of net assets (Statement 1). This amount may change due to changes in technology, inflation or deflation, or applicable laws and regulations.

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. For the year ended June 30, 2011, the Town's State valuation of \$1,084,700,000 was 2.66% of the County's State valuation of \$40,729,950,000. The Town's share is .52% or \$7,475 of Cumberland County's \$1,445,000 long-term debt outstanding at June 30, 2011.

The Town's proportionate share of Maine School Administrative District #51 debt of \$ 31,241,147 is \$ 22,274,938 (71.3%). This debt service is included in the annual assessments to the Town.

Contingencies

Portland Water District - The Town is also served by the Portland Water District. At June 30, 2011, the Town's share of self-supporting bonded water debt is 4.11% or \$1,170,148 of total debt of \$28,463,828. In addition, the Town's share of direct wastewater debt is .33% or \$100,000 of total debt of \$30,598,961.

ecomaine - ecomaine, a Maine corporation with twenty participating municipalities including the Town of Cumberland, has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of ecomaine, payable from and secured by a pledge of ecomaine revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision of the State of Maine, or a pledge of the full faith and credit of any political subdivision of the State of Maine. ecomaine has no taxing power. Notwithstanding the foregoing, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to ecomaine for processing in amounts which, when added to other available monies, will at least equal required debt service of the bonds. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2011, outstanding bonds of ecomaine totaled \$2,660,000 of which the Town of Cumberland's share, based on estimated tonnage to be delivered, amounted to \$93,395 (3.51%).

The Town has also entered into an agreement with ecomaine as one of twenty-seven other municipalities to establish a material recycling facility. At June 30, 2011, outstanding material recycling facility bonds of ecomaine totaled \$1,900,000 of which the Town of Cumberland's share, based on tonnage to be delivered, amounts to \$43,320 (2.28%).

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

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

Additionally, ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and post closure costs approximate \$15,138,502 at June 30, 2010 (the most recent information available). The Town's proportionate share of these estimated landfill closure and post closure costs is \$532,781 or 3.52%.

Total Debt and Contingencies

Governmental Unit	June 30, 2011				
	Direct debt		Overlapping debt	Contingent debt	Total debt
	Governmental activities	Business-type activities			
Town of Cumberland	\$ 16,740,922	1,091,881	-	-	18,012,803
Cumberland County	-	-	7,475	-	7,475
M.S.A.D. #51	-	-	22,274,938	-	22,274,938
Portland Water District:					
Water and waste water debt	-	-	-	1,270,148	1,270,148
ecomaine:					
Resource recovery system	-	-	-	93,395	93,395
Materials recovery facility	-	-	-	43,320	43,320
Totals	\$ 16,740,922	1,091,881	22,282,413	1,406,863	41,702,079

RISK MANAGEMENT

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

If the assets of either the MMA Property and Casualty Pool or the Worker's Compensation Pool are at any time actuarially determined to be insufficient to enable either pool to discharge its legal liability and other obligations and to maintain actuarially sound reserves, either pool has the power to make up the deficiency by the levy of a prorated assessment upon its members for the amount needed to make up the deficiency. There has been no such deficiency in the past three years. Management believes that no such deficiency exists at June 30, 2011.

Based on the coverage provided by this pool described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2011. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past three fiscal years. The amount of unpaid claims was \$0 at June 30, 2011.

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

LEASES

Operating Leases

The Town has one lease purchase agreement for the rental of a Town-owned building to MSAD No. 51. The lease agreement originally expired March 31, 2014. However, on September 12, 2011, the Town Council voted to terminate the lease purchase agreement and authorized a new lease purchase agreement for the same property with Bateman Partners, LLC. The Town will take possession of the school and the balance of the bond will be transferred to a new lease agreement with Bateman Partners, LLC.

Rental income from operating leases for the year ended June 30, 2011 was \$182,241. The Town's investment in property held for lease for the year ended June 30, 2011 was \$1,810,383, with accumulated depreciation of \$603,461.

Business-type Activities

Val Halla currently has a lease for the rental of 40 golf carts. This operating lease agreement expires in October 2011. The following is a schedule of future minimum lease payments at June 30, 2011:

Fiscal year ending June 30, 2011.

2012	\$ 19,280
<u>Total</u>	<u>\$ 19,280</u>

Capital Leases

The Town has entered into lease agreements as lessee to finance the acquisition of a street sweeper, office equipment, and lawn mowers for the golf course. These leases qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of their inception. The value of assets capitalized under these leases as of June 30, 2011 was:

	Governmental <u>Activities</u>
Street sweeper	\$ 94,500
Photocopier	21,250
Truck and equipment	174,200
Wheel loader	77,500
<u>Totals</u>	<u>\$ 367,450</u>
	Business-type <u>Activities</u>
Lawn mowers	\$ 149,225
<u>Totals</u>	<u>\$ 149,225</u>

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

LEASES, CONTINUED

The following is a schedule of future minimum lease payments required under these capital leases and the present value of the net minimum lease payments at June 30, 2011:

Fiscal year ending <u>June 30,</u>	Governmental <u>activities</u>	Business-type <u>activities</u>
2012	\$ 78,963	33,400
2013	57,365	-
2014	56,336	-
2015	55,272	-
2016	3,194	-
Total minimum lease payments	251,130	33,400
Less: amount representing interest	20,507	1,546
<u>Present value of future minimum lease payments</u>	<u>\$ 230,623</u>	<u>31,854</u>

OTHER COMMITMENTS

As of June 30, 2011, the Town of Cumberland had an on-going project for the Route 88 construction, with a remaining commitment of \$513,585 at year end. The commitment is contingent on the contractor meeting the terms of the contract and is payable based on certain stages of completion.

SUBSEQUENT EVENTS

On November 1, 2011, the Town sold the Val Halla banquet center for \$515,000. The proceeds of the sale will be used to pay down the remaining balance of the bond issued for Val Halla clubhouse improvements.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (MainePERS)

Maine PERS - Consolidated Plan

Description of the Plan - The Town contributes to the Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system 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 Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the Town of Cumberland is required to contribute an actuarially determined rate. The current rate is 4% of annual covered payroll. The contribution rates of plan members and the Town of Cumberland are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The Town's contributions to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2011, 2010 and 2009 was \$43,688 (4% of covered wages), \$34,994 and \$21,198, respectively, which is equal to the required contributions for each year, net of credit for the Initial Unpooled Unfunded Actuarial Asset of \$319,566 for 2011.

Related Party Investments - During the year ended June 30, 2011, Maine PERS had no securities issued by the Town or other related party.

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

OTHER RETIREMENT CONTRIBUTIONS

Additionally, the Town participates in the Social Security Retirement Program. The Town contributed \$247,729 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2011.

457 RETIREMENT PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town matches employee contributions up to 7% of annual compensation, except for the Police Department, which receives up to an 8% match.

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

FUND BALANCE

As of June 30, 2011 fund balances components consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Principal for permanent funds	\$ -	99,241	99,241
Total nonspendable	-	99,241	99,241
Restricted:			
Bond fund	-	680,158	680,158
Range road fund	-	279,966	279,966
TIF funds	-	322,221	322,221
Permanent funds accumulated earnings	-	166,258	166,258
Total restricted	-	1,448,603	1,448,603
Committed:			
Recreation programs	-	10,239	10,239
Police fund	-	14,961	14,961
Total committed	-	25,200	25,200
Assigned:			
Capital project funds	-	415,127	415,127
Total assigned	-	415,127	415,127
Unassigned	2,150,042	(790,247)	1,359,795
Total fund balance	\$ 2,150,042	1,197,924	3,347,966

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

TAX INCREMENT FINANCING DISTRICT

Under Maine law, the Town has established five Tax Increment Financing Districts (TIFs) to finance development programs located in the Town of Cumberland.

These development programs will levy incremental tax upon the districts' so-called "captured assessed value". The tax increment is remitted to the District over the life of the TIF District to assist in financing the development projects.

The status of the active Tax Increment Financing Districts is summarized below.

	Original Assessment Value	Captured Assessed Value	Taxes Remitted to Districts
<u>TIF District (capital projects funds)</u>			
Route One North	\$ 355,000	38,995,800	596,636
Route One South District 2	339,400	9,860,600	150,867
Route One South District 3	966,400	591,600	9,051
Route 100 District 4	5,867,800	3,857,700	59,023
Route 100 District 5	2,866,400	3,564,000	54,529
Taxable Personal Property in TIF Districts	91,000	1,333,400	20,401
Total	\$ 10,486,000	58,203,100	890,507

GENERAL FUND

The General Fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The fund pays general operating expenditures, fixed charges, and capital improvement costs which are not paid through other funds.

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TOWN OF CUMBERLAND, MAINE
Comparative Balance Sheets - General Fund
June 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	\$ 2,078,835	5,254,680
Receivables:		
Accounts	121,455	93,610
Intergovernmental	58,492	39,407
Taxes receivable - prior years	170,825	58,195
Taxes receivable - current year	288,271	271,605
Tax liens	22,169	146,227
Total assets	\$ 2,740,047	5,863,724
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	144,288	133,083
Escrow accounts	3,698	2,468
Accrued payroll	107,947	100,852
Taxes paid in advance	24,155	41,420
Deferred tax revenues	196,000	174,328
Interfund loans payable	113,917	3,411,767
Total liabilities	590,005	3,863,918
Fund balance:		
Unassigned	2,150,042	1,999,806
Total fund balance	2,150,042	1,999,806
Total liabilities and fund balance	\$ 2,740,047	5,863,724

TOWN OF CUMBERLAND, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2011
(With comparative actual amounts for the year ended June 30, 2010)

	2011		Variance positive (negative)	2010 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 16,756,984	16,756,984	-	15,759,205
Change in deferred taxes	-	(21,672)	(21,672)	-
Supplemental taxes	11,000	19,661	8,661	-
Outer island property taxes	40,000	39,663	(337)	38,736
Excise taxes	1,335,446	1,377,972	42,526	1,372,271
Interest and lien costs	40,000	54,697	14,697	56,098
Total taxes	18,183,430	18,227,305	43,875	17,226,310
Licenses and permits:				
Town clerk fees	13,365	19,101	5,736	14,488
Clerk licenses	600	3,910	3,310	425
Snowmobile registration	2,000	1,855	(145)	1,997
Solid waste permits	-	-	-	150
Police issued permits	3,500	5,687	2,187	2,703
Registration fees	20,500	21,136	636	21,389
Building permits	35,000	34,185	(815)	38,492
Electrical permits	12,000	13,510	1,510	10,315
Plumbing permits	8,000	7,820	(180)	9,393
Other permits	2,500	2,100	(400)	1,390
Application fees	500	1,200	700	900
Total licenses and permits	97,965	110,504	12,539	101,642
Intergovernmental:				
State Revenue Sharing	500,000	558,723	58,723	566,153
Homestead reimbursement	127,908	148,209	20,301	181,958
BETE reimbursement	3,718	-	(3,718)	3,688
Park fee sharing	6,300	7,380	1,080	7,080
D.O.T. block grant	65,000	81,672	16,672	81,672
Windham fire/rescue	3,900	3,900	-	1,950
Regional assessing	17,200	23,961	6,761	22,546
North Yarmouth plowing	-	3,847	3,847	1,550
Total intergovernmental	724,026	827,692	103,666	866,597
Charges for services:				
Recreation programs	392,081	393,779	1,698	394,246
Rescue billings	155,000	163,390	8,390	151,336
Regional rescue	2,000	1,200	(800)	2,100
Universal waste	325,000	282,515	(42,485)	222,240
Recycling	7,500	-	(7,500)	14,029
Brush passes	-	6,864	6,864	2,658
Library income	148,566	140,098	(8,468)	146,581
Staff review fee	1,000	11,500	10,500	2,900
Total charges for services	1,031,147	999,346	(31,801)	936,090

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

	2011		Variance positive (negative)	2010 Actual
	Budget	Actual		
Revenues, continued:				
Other:				
Sale of assets	\$ 100,000	25,800	(74,200)	10,615
Interest revenue	90,000	13,069	(76,931)	16,342
Impact fees	40,000	36,361	(3,639)	40,403
Growth permits	750	1,300	550	1,200
Board of Appeals	500	400	(100)	300
Police revenues	54,600	43,491	(11,109)	56,083
Cable TV	103,000	117,017	14,017	107,594
Mooring fees	600	1,290	690	1,145
Heating assistance	-	20,000	20,000	10,000
Building rentals	825	375	(450)	1,100
Miscellaneous	87,300	93,123	5,823	83,813
Total other	477,575	352,226	(125,349)	328,595
Total revenues	20,514,143	20,517,073	2,930	19,459,234
Expenditures:				
Current:				
General government:				
Administration	422,208	463,336	(41,128)	459,790
Assessor	80,653	82,348	(1,695)	92,675
Treasurer and tax collector	284,010	206,639	77,371	277,743
Technology	152,551	155,428	(2,877)	141,963
Legal services	40,000	42,484	(2,484)	59,331
Total general government	979,422	950,235	29,187	1,031,502
Public safety:				
Police	1,001,472	1,003,223	(1,751)	1,054,539
Fire	708,078	751,524	(43,446)	762,593
Code Enforcement	82,723	80,778	1,945	132,807
Total public safety	1,792,273	1,835,525	(43,252)	1,949,939
Public works	869,550	915,444	(45,894)	866,539
Health, sanitation, and welfare:				
Waste disposal	756,452	675,762	80,690	754,605
General assistance	19,347	21,398	(2,051)	39,366
Circuit breaker assistance	-	67,138	(67,138)	53,374
Health services	9,027	8,174	853	8,730
Total health, sanitation, and welfare	784,826	772,472	12,354	856,075

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

	2011		Variance positive (negative)	2010 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Recreation programs	\$ 444,489	472,959	(28,470)	498,395
Education and libraries:				
Prince Memorial Library	353,580	351,995	1,585	377,582
MSAD #51	11,830,337	11,830,337	-	10,913,899
Total education and libraries	12,183,917	12,182,332	1,585	11,291,481
County tax	600,901	600,901	-	615,032
Unclassified:				
West Cumberland recreation building	8,100	8,386	(286)	8,889
Parks	165,642	167,883	(2,241)	184,382
Elections	17,949	14,970	2,979	18,135
Planning Board	81,065	60,058	21,007	78,841
Conservation Commission	3,000	1,956	1,044	1,582
Cemetery Association	22,000	22,914	(914)	25,180
Insurance	254,252	324,596	(70,344)	279,162
Fire hydrant charges	59,000	54,978	4,022	52,975
Street lighting	30,000	35,707	(5,707)	33,965
Contingencies	10,000	25,434	(15,434)	44,526
Municipal building maintenance	162,675	174,834	(12,159)	163,146
Fuel	-	11,200	(11,200)	6,264
Abatements	10,000	14,367	(4,367)	13,840
Overlay	697,019	-	697,019	-
Total unclassified	1,520,702	917,283	603,419	910,887

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

	2011		Variance positive (negative)	2010 Actual
	Budget	Actual		
Expenditures, continued:				
Debt service:				
Principal	520,877	516,390	4,487	359,066
Interest	334,481	311,314	23,167	218,037
TAN Interest	55,000	9,988	45,012	12,411
Total debt service	910,358	837,692	72,666	589,514
Total expenditures	20,086,438	19,484,843	601,595	18,609,364
Excess of revenues over expenditures	427,705	1,032,230	604,525	849,870
Other financing sources (uses):				
Transfer to Special Revenue Funds	-	(3,900)	(3,900)	(7,337)
Transfer from Special Revenue Funds	-	51,611	51,611	-
Transfer to Enterprise Funds	-	(97,000)	(97,000)	-
Transfer to Capital Projects	(427,705)	(832,705)	(405,000)	(837,503)
Total other financing uses	(427,705)	(881,994)	(454,289)	(844,840)
Net change in fund balance	-	150,236	150,236	5,030
Fund balance, beginning of year		1,999,806		1,994,776
Fund balance, end of year	\$	2,150,042		1,999,806

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ALL OTHER GOVERNMENTAL FUNDS

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Investments	\$ -	-	265,481	265,481
Accounts receivable	1,101	-	-	1,101
Interfund loans receivable	32,090	755,910	18	788,018
Total assets	\$ 33,191	755,910	265,499	1,054,600
LIABILITIES AND FUND BALANCES				
Liabilities:				
Security deposits	-	725	-	725
Accounts payable	7,991	30,294	-	38,285
Interfund loans payable	15,119	381,232	-	396,351
Total liabilities	23,110	412,251	-	435,361
Fund balances:				
Nonspendable:				
Permanent fund principal	-	-	99,241	99,241
Restricted:				
TIF funds	-	322,221	-	322,221
Permanent fund accumulated earnings	-	-	166,258	166,258
Committed	25,200	-	-	25,200
Assigned	-	415,127	-	415,127
Unassigned	(15,119)	(393,689)	-	(408,808)
Total fund balances	10,081	343,659	265,499	619,239
Total liabilities and fund balances	\$ 33,191	755,910	265,499	1,054,600

TOWN OF CUMBERLAND, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Tax revenue	\$ -	890,507	-	890,507
Rental income	-	182,241	-	182,241
Recreation and education fees	108,896	-	-	108,896
Intergovernmental	13,219	-	-	13,219
Other revenue	17,963	718,795	-	736,758
Interest revenue	-	-	5,491	5,491
Total revenues	140,078	1,791,543	5,491	1,937,112
Expenditures:				
Current:				
Program expenditures	134,516	-	1,589	136,105
Other expenditures	-	258,768	-	258,768
Capital expenditures	-	946,510	-	946,510
Debt service:				
Principal	-	577,889	-	577,889
Interest	-	298,014	-	298,014
Total expenditures	134,516	2,081,181	1,589	2,217,286
Excess (deficiency) of revenues over (under) expenditures	5,562	(289,638)	3,902	(280,174)
Other financing sources (uses):				
Transfer from other funds	3,900	653,207	-	657,107
Transfer to other funds	(51,611)	(36,254)	-	(87,865)
Total other financing sources (uses)	(47,711)	616,953	-	569,242
Net change in fund balances	(42,149)	327,315	3,902	289,068
Fund balances, beginning of year	52,230	16,344	261,597	330,171
Fund balances, end of year	\$ 10,081	343,659	265,499	619,239

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special Revenue Funds have been established for the following purposes:

Rescue Fund - To account for rescue grant funds received.

Unemployment Fund - To account for reserves set aside for unemployment claims.

Fire Grant Fund - To account for fire grant funds received.

Recreation Programs Fund - To account for self supporting recreation programs.

Seacoast Fund - To account for revenues and expenditures related to seacoast activities.

Police Fund - To account for police grant funds received.

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TOWN OF CUMBERLAND, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011
(with comparative totals for June 30, 2010)

	Rescue Fund	Unemployment Fund	Fire Grant Fund	Recreation Programs Fund	Seacoast Fund	Police Fund	Totals	
							2011	2010
ASSETS								
Accounts receivable	\$ -	-	-	1,101	-	-	1,101	20
Intergovernmental	-	-	-	-	-	-	-	-
Interfund loans receivable	-	-	-	17,129	-	14,961	32,090	86,309
Total assets	\$ -	-	-	18,230	-	14,961	33,191	86,329
LIABILITIES AND FUND BALANCES								
Liabilities:								
Interfund loans payable	-	-	15,119	-	-	-	15,119	11,602
Accrued payroll	-	-	-	-	-	-	-	806
Accounts payable	-	-	-	7,991	-	-	7,991	21,691
Total liabilities	-	-	15,119	7,991	-	-	23,110	34,099
Fund balances (deficits):								
Committed	-	-	-	10,239	-	14,961	25,200	52,230
Unassigned	-	-	(15,119)	-	-	-	(15,119)	-
Total fund balances (deficits)	-	-	(15,119)	10,239	-	14,961	10,081	52,230
Total liabilities and fund balances	\$ -	-	-	18,230	-	14,961	33,191	86,329

TOWN OF CUMBERLAND, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2011
(with comparative totals for June 30, 2010)

	Rescue Fund	Unemployment Fund	Fire Grant Fund	Recreation Programs Fund	Seacoast Fund	Police Fund	Totals	
							2011	2010
Revenues:								
Grants	\$ -	-	6,151	-	-	7,068	13,219	21,523
Other revenue	-	-	-	-	17,963	-	17,963	33,058
Recreation and education fees	-	-	-	108,896	-	-	108,896	130,676
Total revenues	-	-	6,151	108,896	17,963	7,068	140,078	185,257
Expenditures:								
Current:								
Program expenditures	-	3,750	2,819	110,625	17,322	-	134,516	208,821
Total expenditures	-	3,750	2,819	110,625	17,322	-	134,516	208,821
Excess (deficiency) of revenues over (under) expenditures	-	(3,750)	3,332	(1,729)	641	7,068	5,562	(23,564)
Other financing sources (uses):								
Transfer to other funds	-	-	-	(38,830)	(12,781)	-	(51,611)	(2,430)
Transfer from other funds	150	3,750	-	-	-	-	3,900	7,337
Total other financing sources (uses)	150	3,750	-	(38,830)	(12,781)	-	(47,711)	4,907
Net change in fund balances	150	-	3,332	(40,559)	(12,140)	7,068	(42,149)	(18,657)
Fund balances (deficits), beginning of year	(150)	-	(18,451)	50,798	12,140	7,893	52,230	70,877
Fund balances (deficits), end of year	\$ -	-	(15,119)	10,239	-	14,961	10,081	52,230

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

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

Town Building Reserves - To account for funds used to make improvements to the Town Office.

Affordable Housing Fund - To account for all activity related to the financing and development of Small's Brook Crossing.

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

School Renovations Fund - To account for funds used to renovate the old Town Office for lease to the School District.

Road Improvements Fund - To account for various road improvement projects.

Parking Lot Fund - To account for funds related to the Town's parking lot.

TIF Funds - To account for the activity in the five Tax Increment Financing Districts located in the Town.

Other Town Capital Projects:

Sweetser Books - To account for funds used to purchase new books.

Comprehensive Plan - To account for funds set aside to implement the Town's comprehensive plan.

Seized Funds - To account for expenses for an officer working for the DEA and the Town's share of money seized during drug busts.

Library Building Fund - To account for funds used to make improvements to the library.

Tennis Court Fund - To account for funds used to reconstruct the tennis courts.

Route 1 Parking Lot Fund - To account for funds used for the Route 1 parking lot.

Library Publications Fund - To account for expenses related to library publications.

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

Environmental Reserve Fund - To account for funds used to make environmental improvements.

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TOWN OF CUMBERLAND, MAINE
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2011
(with comparative totals for June 30, 2010)

	Town Building Reserves	Affordable Housing	Land Acquisition Fund	School Renovations Fund	Road Improvements	Parking Lot Fund	TIF1 Rte. 1/100	TIF2	Other Town Capital Projects	Totals	
										2011	2010
ASSETS											
Accounts receivable	\$ -	-	-	-	-	-	-	-	-	-	109,811
Interfund loans receivable	32,905	155,142	11,526	157,001	-	-	194,251	132,158	72,927	755,910	336,253
Total assets	\$ 32,905	155,142	11,526	157,001	-	-	194,251	132,158	72,927	755,910	446,064
LIABILITIES AND FUND BALANCES (DEFICITS)											
Liabilities:											
Accounts payable	13,312	-	-	-	10,668	-	4,188	-	2,126	30,294	18,478
Security deposit	-	725	-	-	-	-	-	-	-	725	725
Interfund loans payable	-	-	-	-	53,338	70,098	-	-	257,796	381,232	410,217
Total liabilities	13,312	725	-	-	64,006	70,098	4,188	-	259,922	412,251	429,420
Fund balances (deficits):											
Restricted	-	-	-	-	-	-	190,063	132,158	-	322,221	70,406
Assigned	19,593	154,417	11,526	157,001	-	-	-	-	72,590	415,127	354,388
Unassigned	-	-	-	-	(64,006)	(70,098)	-	-	(259,585)	(393,689)	(408,450)
Total fund balances (deficits)	19,593	154,417	11,526	157,001	(64,006)	(70,098)	190,063	132,158	(186,995)	343,659	16,344
Total liabilities and fund balances	\$ 32,905	155,142	11,526	157,001	-	-	194,251	132,158	72,927	755,910	446,064

TOWN OF CUMBERLAND, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2011
(with comparative totals for June 30, 2010)

	Town Building Reserves	Affordable Housing	Land Acquisition Fund	School Renovations Fund	Road Improvements	Parking Lot Fund	TIF1 Rte. 1/100	TIF2	Other Town Capital Projects	Totals	
										2011	2010
Revenues:											
Tax revenue	\$ -	-	-	-	-	-	739,640	150,867	-	890,507	853,066
Other revenue	90,872	40,778	-	-	67,846	17,968	319,687	-	181,644	718,795	170,238
Lease income	-	-	-	182,241	-	-	-	-	-	182,241	182,241
Total revenues	90,872	40,778	-	182,241	67,846	17,968	1,059,327	150,867	181,644	1,791,543	1,205,545
Expenditures:											
Current:											
Other expenditures	-	-	6,434	-	-	-	228,631	23,703	-	258,768	252,790
Capital improvements:											
Construction and renovation	-	-	-	-	180,243	-	-	-	-	180,243	508,099
Capital outlay	138,242	-	-	4,396	-	-	-	-	623,629	766,267	211,053
Debt service:											
Interest	-	-	-	26,214	-	-	271,800	-	-	298,014	385,444
Principal	-	-	-	134,396	-	-	443,493	-	-	577,889	437,977
Total expenditures	138,242	-	6,434	165,006	180,243	-	943,924	23,703	623,629	2,081,181	1,795,363
Excess (deficiency) of revenues over (under) expenditures	(47,370)	40,778	(6,434)	17,235	(112,397)	17,968	115,403	127,164	(441,985)	(289,638)	(589,838)
Other financing sources (uses):											
Transfer to other funds	-	-	-	-	-	-	-	-	(36,254)	(36,254)	(7,702)
Transfer from other funds	224,951	-	-	-	78,985	-	9,248	-	340,023	653,207	839,933
Total other financing sources (uses)	224,951	-	-	-	78,985	-	9,248	-	303,769	616,953	832,231
Net change in fund balances	177,581	40,778	(6,434)	17,235	(33,412)	17,968	124,651	127,164	(138,216)	327,315	242,393
Fund balances (deficits), beginning of year	(157,988)	113,639	17,960	139,766	(30,594)	(88,066)	65,412	4,994	(48,779)	16,344	(226,049)
Fund balances (deficits), end of year	\$ 19,593	154,417	11,526	157,001	(64,006)	(70,098)	190,063	132,158	(186,995)	343,659	16,344

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

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

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

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

Paul Merrill Fund - To be used to support the Library.

Sweetser Fund - To be used to purchase non-fiction books for the Library.

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

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TOWN OF CUMBERLAND, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2011

	Prince Fund	Cumberland School Fund	Paul Merrill Fund	Sweetser Fund	Historical Society Fund	Totals
ASSETS						
Investments	\$ 50,193	51,858	70,109	43,316	50,005	265,481
Interfund loans receivable	11	-	-	-	7	18
Total assets	50,204	51,858	70,109	43,316	50,012	265,499
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund balances:						
Nonspendable:						
Principal	2,165	2,225	56,187	34,714	3,950	99,241
Restricted:						
Accumulated earnings	48,039	49,633	13,922	8,602	46,062	166,258
Total fund balances	50,204	51,858	70,109	43,316	50,012	265,499
Total liabilities and and fund balances	\$ 50,204	51,858	70,109	43,316	50,012	265,499

TOWN OF CUMBERLAND, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2011

	Prince Fund	Cumberland School Fund	Paul Merrill Fund	Sweetser Fund	Historical Society Fund	Totals
Revenues:						
Investment income	\$ 854	882	1,204	744	1,807	5,491
Total revenues	854	882	1,204	744	1,807	5,491
Expenditures:						
Current:						
Other miscellaneous	-	-	-	-	1,589	1,589
Total expenditures	-	-	-	-	1,589	1,589
Excess (deficiency) of revenues over (under) expenditures	854	882	1,204	744	218	3,902
Net change in fund balances	854	882	1,204	744	218	3,902
Fund balances, beginning of year	49,350	50,976	68,905	42,572	49,794	261,597
Fund balances, end of year	\$ 50,204	51,858	70,109	43,316	50,012	265,499

FIDUCIARY FUNDS-

PRIVATE-PURPOSE TRUST FUNDS

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TOWN OF CUMBERLAND, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds - Private-purpose Trust
June 30, 2011

	John M. and Lillian R. Kimball Award Trust	Eliphalet Greely Fund	Scholar- ship Fund	Lynne Pickard Scholar- ship	Carle Henry Music Scholar- ship	Louis Lambert Scholar- ship	Roy O'Looke Scholar- ship	Jessica Parker Fund	Tom Pollis Scholar- ship	Totals
ASSETS										
Investments	\$ 20,027	80,581	26,817	2,514	198	7,384	1,804	1,122	36,237	176,684
Accounts receivable	-	-	-	-	-	-	-	-	2,000	2,000
Total assets	20,027	80,581	26,817	2,514	198	7,384	1,804	1,122	38,237	178,684
LIABILITIES										
Interfund loans payable	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-
NET ASSETS										
Held in trust	20,027	80,581	26,817	2,514	198	7,384	1,804	1,122	38,237	178,684
Total net assets	\$ 20,027	80,581	26,817	2,514	198	7,384	1,804	1,122	38,237	178,684

TOWN OF CUMBERLAND, MAINE
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private-purpose Trust
For the year ended June 30, 2011

	John M. and Lillian R. Kimball Award Trust	Eliphalet Greely Fund	Scholar- ship Fund	Lynne Pickard Scholar- ship	Carle Henry Music Scholar- ship	Louis Lambert Scholar- ship	Roy O'Looke Scholar- ship	Jessica Parker Fund	Tom Pollis Scholar- ship	Totals
Additions:										
Donations	\$ -	-	-	-	-	-	-	-	-	-
Investment income	375	1,424	729	60	7	144	65	19	642	3,465
Total additions	375	1,424	729	60	7	144	65	19	642	3,465
Deductions:										
Current:										
Scholarships awarded	500	-	2,000	300	-	300	500	-	-	3,600
Total deductions	500	-	2,000	300	-	300	500	-	-	3,600
Change in net assets	(125)	1,424	(1,271)	(240)	7	(156)	(435)	19	642	(135)
Net assets, beginning of year	20,152	79,157	28,088	2,754	191	7,540	2,239	1,103	37,595	178,819
Net assets, end of year	\$ 20,027	80,581	26,817	2,514	198	7,384	1,804	1,122	38,237	178,684

STATISTICAL SECTION

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

Contents	Tables
Financial Trends	1-4
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
Revenue Capacity	5-9
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source; property tax.</i>	
Debt Capacity	10-13
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	14-15
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
Operating Information	16-19
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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Table 1

TOWN OF CUMBERLAND, MAINE
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	\$ 9,851,279	10,301,914	8,400,717	10,709,996	11,113,384	10,583,895	10,583,895	11,713,982	12,802,336
Restricted	9,132	9,132	3,719,595	1,875,779	2,972,299	880,653	880,653	6,017,503	1,547,844
Unrestricted	1,991,888	1,601,037	179,878	264,184	(2,140,877)	313,189	313,189	(5,235,485)	1,053
Total governmental activities net assets	\$ 11,852,299	11,912,083	12,300,190	12,849,959	11,944,806	11,777,737	11,777,737	12,496,000	14,351,233
Business-type activities:									
Invested in capital assets, net of related debt	\$ 2,802,183	2,740,100	2,738,939	2,868,391	3,341,611	4,570,731	4,570,731	4,471,150	4,403,855
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	(318,959)	(189,385)	(369,882)	(933,473)	(1,356,391)	(1,370,379)	(1,370,379)	(1,440,318)	(1,454,977)
Total business-type activities net assets	2,483,224	2,550,715	2,369,057	1,934,918	1,985,220	3,200,352	3,200,352	3,030,832	2,948,878
Primary government:									
Invested in capital assets, net of related debt	\$ 12,653,462	13,042,014	11,139,656	13,578,387	14,454,995	15,154,626	15,154,626	16,185,132	17,206,191
Restricted	9,132	9,132	3,719,595	1,875,779	2,972,299	880,653	880,653	6,017,503	1,547,844
Unrestricted	1,672,929	1,411,652	(190,004)	(669,289)	(3,497,268)	(1,057,190)	(1,057,190)	(6,675,803)	(1,453,924)
Total primary government net assets	\$ 14,335,523	14,462,798	14,669,247	14,784,877	13,930,026	14,978,089	14,978,089	15,526,832	17,300,111

Note: Only nine years have been presented since 2003 was the year GASB Statement No. 34 was implemented.

Table 2

TOWN OF CUMBERLAND, MAINE
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government (1)	\$ 833,186	878,117	919,854	5,882,021	5,159,324	5,505,136	3,783,966	3,285,510	2,915,710
Public safety	1,572,618	1,608,423	1,610,805	1,810,869	2,012,200	2,317,211	2,220,293	2,120,117	2,056,052
Public works	1,057,397	887,227	1,093,478	1,206,824	1,249,056	1,463,427	1,162,830	1,208,065	1,283,560
Health, sanitation and welfare	692,360	776,588	853,453	1,022,329	935,715	758,204	834,347	857,366	773,763
Recreation	661,559	513,071	452,277	562,991	565,395	599,328	595,531	650,799	618,226
Education and libraries	10,894,174	11,657,988	12,722,701	12,283,626	12,717,167	11,361,373	10,801,875	11,368,432	12,259,218
Unclassified	668,831	1,118,848	1,701,315	-	-	-	-	-	-
County tax	552,220	591,046	629,488	-	-	-	-	-	-
Interest on debt	204,343	192,279	394,004	310,337	502,022	531,842	562,089	648,993	619,316
Capital maintenance expenses	1,637,238	56,003	-	-	-	-	-	-	-
Total governmental activities expenses	18,773,926	18,279,590	20,377,375	23,078,997	23,140,879	22,536,521	19,960,931	20,139,282	20,525,845
Business-type activities:									
Senior Housing	288,515	265,258	243,119	234,742	236,583	233,686	244,777	270,422	323,468
Sewer System	517,521	583,951	615,014	726,525	814,256	858,224	913,642	831,988	791,667
Vai Halla Golf and Recreation Center	826,454	849,287	829,971	998,763	1,212,925	1,086,274	859,546	789,926	757,662
Total business-type activities expenses	1,632,490	1,698,496	1,688,104	1,960,030	2,263,764	2,178,184	2,017,965	2,017,965	1,872,797
Total primary government expenses	\$ 20,406,416	19,978,086	22,065,479	25,039,027	25,404,643	24,714,705	21,978,896	22,157,247	22,398,642
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$ 30,229	128,075	565,299	534,007	660,989	601,639	344,101	462,566	449,371
Public safety	155,700	115,761	248,303	261,097	323,404	299,296	355,846	207,097	213,768
Public works	-	-	2,065	895	1,849	2,679	1,478	16,687	6,864
Health, sanitation and welfare	8,097	13,030	20,805	23,171	260,593	234,789	215,050	222,240	282,515
Recreation	404,557	258,167	295,157	345,274	350,890	423,781	393,970	394,246	393,779
Education and libraries	11,998	10,599	9,102	10,168	11,474	3,931	4,363	7,852	140,098
Unclassified	48,566	260,339	285,794	-	-	-	-	-	-
Interest on debt	-	182,241	182,241	182,241	182,965	182,240	182,241	182,241	182,241
Capital maintenance expenses	570,942	569,884	-	-	-	-	-	-	-
Operating grants and contributions	428,402	411,275	273,254	299,683	281,157	235,807	351,020	257,629	110,018
Capital grants and contributions	903,062	-	-	2,891,172	2,276,730	279,136	398,369	170,238	718,795
Total governmental activities program revenues	2,561,553	1,949,371	1,882,020	4,547,708	4,350,051	2,263,298	2,246,438	1,920,796	2,497,449
Business-type activities:									
Charges for services:									
Senior Housing	\$ 237,411	237,319	247,023	253,572	266,665	274,864	277,502	282,165	271,013
Sewer System	386,960	425,277	541,558	593,317	667,031	720,257	992,992	831,242	839,773
Vai Halla Golf and Recreation Center	765,606	725,675	681,824	844,762	917,320	832,536	594,030	541,918	566,857
Capital grants and contributions	100,318	-	-	86,721	-	-	-	59,789	-
Total business-type activities program revenues	1,490,295	1,388,271	1,470,405	1,778,372	1,851,016	1,827,657	1,864,524	1,715,114	1,677,643
Total primary government program revenues	\$ 4,051,848	3,337,642	3,352,425	3,352,425	6,201,067	4,090,955	4,110,962	3,635,910	4,175,092
Net (expense)/revenue:									
Governmental activities	\$ (16,212,373)	(16,330,219)	(18,495,355)	(18,531,289)	(18,790,828)	(20,273,223)	(17,714,493)	(18,218,486)	(18,028,396)
Business-type activities	(142,195)	(310,225)	(217,699)	(181,658)	(412,748)	(350,527)	(153,441)	(177,222)	(195,154)
Total primary government net expense	\$ (16,354,568)	(16,640,444)	(18,713,054)	(18,712,947)	(19,203,576)	(20,623,750)	(17,867,934)	(18,395,708)	(18,223,550)

(1) Certain expenditures that were classified separately in prior years have been classified as general government, starting in 2006.

Note: Only nine years have been presented since 2003 was the year GASB Statement No. 34 was implemented.

Table 2, Cont.

TOWN OF CUMBERLAND, MAINE
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes:									
Property taxes	\$ 13,811,333	14,846,060	16,246,669	16,218,425	16,648,065	15,146,730	15,153,763	15,815,303	16,831,342
TIF District taxes	-	-	-	-	-	659,342	798,778	853,066	890,507
Excise taxes	1,423,565	1,445,790	1,439,557	1,503,116	1,480,483	1,416,261	1,348,642	1,372,271	1,377,972
Outer island property taxes	-	-	-	-	-	39,609	38,890	38,736	39,663
Count tax refund	-	-	-	-	-	60,667	-	-	-
Payment in lieu of taxes	17,000	17,000	17,000	-	-	-	-	-	-
Fees	81,924	83,124	87,295	92,461	-	-	-	-	-
Unrestricted grants and contributions	836,542	808,117	833,516	906,041	826,289	917,139	875,441	751,799	706,932
Investment earnings	26,117	17,520	47,841	129,940	270,487	144,254	71,519	16,342	13,069
Miscellaneous	46,049	24,441	168,451	60,824	93,883	84,897	195,382	96,934	121,144
Transfers	13,000	-	80,720	-	21,391	(400,829)	(934,991)	(7,702)	(97,000)
Total governmental activities	16,255,530	17,242,052	18,921,049	18,910,807	19,340,598	18,068,070	17,547,424	18,936,749	19,883,629
Business-type activities:									
Investment earnings	-	-	-	129,940	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	433,582	-	16,200
Transfers	(13,000)	-	(80,720)	-	(21,391)	400,829	934,991	7,702	97,000
Total business-type activities	(13,000)	-	(80,720)	129,940	(21,391)	400,829	1,368,573	7,702	113,200
Total primary government	\$ 16,242,530	17,242,052	18,840,329	19,040,747	19,319,207	18,468,899	18,915,997	18,944,451	19,996,829
Change in Net Assets									
Governmental activities	43,157	911,833	425,694	379,518	549,770	(2,205,153)	(167,069)	718,263	1,855,233
Business-type activities	(155,195)	(310,225)	(298,419)	(51,718)	(434,139)	50,302	1,215,132	(169,520)	(81,954)
Special Item:									
Chebeague settlement	-	-	-	-	-	1,300,000	-	-	-
Total primary government	\$ (112,038)	601,608	127,275	327,800	115,631	(854,851)	1,048,063	548,743	1,773,279

Note: Only nine years have been presented since 2003 was the year GASB Statement No. 34 was implemented.

Note: In 2007, the TIF allocation was netted against property tax revenue.

Table 3

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Assigned	\$ 90,329	20,205	-	647,139	856,060	833,189	852,000	1,280,000	-	-
Unassigned	1,458,782	1,353,263	1,579,044	933,750	692,392	709,878	824,968	714,776	1,999,806	2,150,042
Total general fund	\$ 1,549,111	1,373,468	1,579,044	1,580,889	1,548,452	1,543,067	1,676,968	1,994,776	1,999,806	2,150,042
All Other Governmental Funds										
Nonspendable	\$ 9,132	9,132	9,132	9,132	100,033	100,033	100,033	99,241	99,241	99,241
Restricted, reported in:										
Permanent funds	252,195	261,294	249,343	250,828	139,122	145,012	140,232	152,226	162,356	166,258
Capital projects	-	-	-	-	3,619,562	1,630,734	2,732,034	629,186	5,755,906	1,282,345
Committed, reported in:										
Special revenue funds	-	12,108	51,837	14,626	70,262	75,922	87,135	70,887	52,230	25,200
Assigned, reported in:										
Capital projects funds	616,863	77,353	-	-	-	-	144,742	3,668,697	16,344	415,127
Unassigned, reported in:										
Special revenue funds	(25,571)	-	-	-	-	-	-	-	-	(15,119)
Capital projects funds	-	-	(82,439)	(200,114)	(861,422)	(721,096)	(693,799)	(832,285)	(608,542)	(775,128)
Total all other governmental funds	\$ 852,619	359,887	227,873	74,472	3,067,557	1,230,605	2,510,377	3,787,952	5,477,535	1,197,924
Total governmental funds	\$ 2,401,730	1,733,355	1,806,917	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966

Note: Expendable permanent fund balances are reported as reserved beginning in 2007.

Note: GASB 54 was implemented in 2011. Some of the total deficit fund balances have been restated as unassigned.

Table 4

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 13,963,203	15,264,327	16,310,105	17,698,601	17,365,727	18,115,448	17,261,942	17,340,073	18,079,376	19,117,812
Licenses and permits	107,447	109,581	135,707	138,382	195,623	170,982	121,005	88,091	101,642	110,504
Intergovernmental	1,123,251	1,069,932	1,053,892	1,106,770	1,205,724	1,502,282	1,278,457	1,226,461	1,009,428	840,911
Charges for services	534,307	513,388	556,236	708,812	866,251	909,749	983,405	819,080	950,583	1,108,242
Rental income	232,890	184,862	210,941	191,666	189,491	190,940	182,240	182,241	182,241	182,241
Other	434,567	1,653,215	946,647	890,493	2,149,883	1,626,596	905,148	1,072,907	541,977	1,096,696
Total revenues	16,395,665	18,795,305	19,213,528	20,734,724	21,972,699	22,515,997	20,732,197	20,728,853	20,865,247	22,456,406
Expenditures										
General government	756,821	766,715	807,842	698,825	789,288	953,942	1,126,505	1,076,082	1,031,502	950,235
Public safety	1,409,565	1,461,167	1,447,408	1,435,247	1,595,112	1,804,220	2,091,049	1,992,024	1,949,939	1,835,525
Public works	926,787	1,017,672	1,010,748	860,067	948,911	965,115	1,235,331	895,922	866,539	915,444
Health, sanitation and welfare	647,032	687,963	772,192	849,056	1,017,623	931,318	756,913	833,056	856,075	772,472
Recreation	323,678	353,782	470,660	378,849	475,381	492,247	510,828	482,173	498,395	472,959
Education and libraries	10,051,782	10,827,411	11,581,458	12,647,183	12,201,341	12,639,338	11,283,458	10,725,405	11,291,481	12,182,332
Unclassified	1,282,628	1,416,290	1,574,421	2,326,002	2,401,635	2,467,051	1,814,050	1,695,175	1,737,315	1,654,289
Capital outlay	781,644	2,564,987	2,998,824	851,145	3,551,571	3,343,754	2,894,559	3,155,100	3,696,231	6,187,380
Debt service										
Principal	300,527	332,160	304,739	438,663	391,707	613,627	850,448	797,834	797,063	1,094,279
Interest	87,442	130,412	121,674	228,830	260,721	464,122	524,856	545,708	615,893	619,316
Total expenditures	16,567,906	19,558,559	21,089,966	20,713,867	23,633,290	24,674,734	23,087,997	22,198,479	23,340,433	26,684,231
Excess (deficiency) of revenues over (under) expenditures	(172,241)	(763,254)	(1,876,438)	20,857	(1,660,591)	(2,158,737)	(2,355,800)	(1,469,626)	(2,475,185)	(4,227,825)
Other financing sources (uses)										
Transfers in	305,446	486,400	371,047	1,170,676	1,365,562	2,088,768	1,542,138	1,251,176	8,247,270	933,718
Transfers out	(292,446)	(473,399)	(371,047)	(1,089,956)	(1,365,562)	(2,067,377)	(1,942,967)	(2,186,167)	(854,972)	(1,030,718)
Bonds issued	1,000,000	-	1,841,000	-	4,585,000	-	2,775,802	4,000,000	4,100,000	-
Capital leases	-	82,477	109,000	-	27,650	257,348	94,500	-	77,500	195,450
Total other financing sources (uses)	1,013,000	95,478	1,950,000	80,720	4,612,650	278,739	2,469,473	3,065,009	11,569,798	98,450
Special item:										
Chebeague settlement	-	-	-	-	-	-	1,300,000	-	-	-
Net change in fund balances	\$ 840,759	(667,776)	73,562	101,577	2,952,059	(1,879,998)	1,413,673	1,595,383	1,595,383	(4,129,375)
Debt service as a percentage of noncapital expenditures	2.34%	2.48%	2.37%	3.34%	3.08%	4.94%	6.63%	6.91%	7.04%	8.25%

Table 5

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

<u>Fiscal Year</u>	<u>Real estate</u>	<u>Personal property</u>	<u>Excise tax</u>	<u>Total</u>
2002	\$ 12,492	163	1,308	13,963
2003	13,703	137	1,424	15,264
2004	14,718	146	1,446	16,310
2005	16,099	160	1,440	17,699
2006	16,010	159	1,503	17,672
2007	16,974	185	1,480	18,639
2008	15,563	199	1,416	17,178
2009	15,750	152	1,349	17,251
2010	16,457	155	1,372	17,984
2011	17,480	187	1,378	19,045

Note: The table does not include outer island taxes or interest and costs

Table 6

TOWN OF CUMBERLAND, MAINE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(dollar amounts expressed in thousands)

Fiscal Year Ended June 30	Real Property Residential and Commercial Property (1)	Personal Property (1)	Less: Tax Exempt Real Property (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Assessed Value as a Percentage of Actual Value
2002	\$ 568,482	7,016	36,340	539,158	4.32	603,100	89.4%
2003	835,157	7,991	39,404	803,744	3.43	664,350	121.0%
2004	855,171	8,070	40,195	823,046	3.61	764,550	107.7%
2005	877,618	8,326	41,744	844,200	3.84	894,400	94.4%
2006	907,264	8,476	55,774	859,966	4.32	1,053,530	81.6%
2007	931,680	9,539	57,045	884,174	4.46	1,193,700	74.1%
2008	839,577	10,076	53,561	796,092	4.78	1,286,200	61.9%
2009	1,198,642	10,807	73,626	1,135,823	3.96	1,132,250	100.3%
2010	1,204,984	10,661	73,908	1,141,737	4.01	1,162,000	98.3%
2011	1,214,634	12,167	73,370	1,153,431	4.04	1,131,350	102.0%

(1) Source - Cumberland Assessor's office.

(2) Source - Maine Revenue Services

Note: The table does not include outer island taxes or interest and costs

Table 7

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

<u>Fiscal year</u>	<u>Town Direct and Overlapping Rates</u>			
	<u>Direct</u>	<u>Overlapping</u>		<u>Total</u>
	<u>Town rate*</u>	<u>Education rate</u>	<u>County rate</u>	
2002	4.32	18.02	0.86	23.20
2003 (2)	3.43	13.03	0.69	17.15
2004	3.61	13.70	0.72	18.03
2005	3.84	14.59	0.77	19.20
2006	4.32	13.73	0.75	18.80
2007	4.46	14.17	0.77	19.40
2008	4.78	14.13	0.89	19.80
2009 (2)	3.96	9.50	0.54	14.00
2010	4.01	9.98	0.56	14.55
2011	4.04	10.72	0.54	15.30

* Tax rates are based upon \$1,000 of assessed value

SOURCE: Cumberland assessor's office

(2) Revaluation

Table 8

TOWN OF CUMBERLAND, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Central Maine Power Company	\$ 8,866,000	1	0.77%	4,710,000	1	0.87%
Spears Hill, LLC	6,051,200	2	0.52%			
Martin, Joseph R.	5,027,200	3	0.44%			
Maritimes & NE Pipeline Co, LLC	3,936,700	4	0.34%	3,821,200	2	0.70%
Lemole, Emily Jane A-Trustee	3,837,300	5	0.33%			
Mathias, Glenn	3,252,000	6	0.28%			
BBW Real Estate LLC	3,188,600	7	0.28%			
Forum Trust LLC	2,862,500	8	0.25%			
Piaso, Shirley A.	2,855,100	9	0.25%			
Detmer, Josephine H.	2,786,300	10	0.24%			
Payson, Mairion-Heirs of				1,832,350	3	0.34%
Scorpio Island Corp.				1,690,300	4	0.31%
Quintana, Helen C.				1,513,400	5	0.28%
Lemole, Gerald M.				1,352,400	6	0.25%
Dumont, Martha E.				1,242,800	7	0.23%
Godsoe, John A.				1,118,250	8	0.21%
Wheaton, Barbara K. - Trustee				965,050	9	0.18%
Bean, Diana B. Trust				866,850	10	0.16%
Totals	\$ 42,662,900		3.70%	\$ 19,112,600		3.53%

SOURCE: Cumberland assessor's office

Table 9

TOWN OF CUMBERLAND, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years
(dollar amounts expressed in thousands)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	12,509	12,240	97.85%	269	12,509	100.0%
2003	13,784	13,594	98.62%	190	13,784	100.0%
2004	14,840	14,613	98.47%	227	14,840	100.0%
2005	16,209	15,955	98.43%	254	16,209	100.0%
2006	16,167	15,924	98.50%	243	16,167	100.0%
2007	17,153	16,917	98.62%	227	17,144	99.9%
2008	15,763	15,469	98.13%	276	15,745	99.9%
2009	15,902	15,589	98.03%	290	15,879	99.9%
2010	16,612	16,341	98.37%	112	16,453	99.0%
2011	17,647	17,359	98.37%	-	17,359	98.4%

Note: excludes supplemental taxes

Table 10

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

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Notes Payable	Capital leases			
2002	\$ 3,996,993	72,051	21,504	2,102,258	336,275	-	6,529,081	4.057%	912
2003	3,765,553	46,551	60,401	2,022,918	322,530	-	6,217,953	2.582%	869
2004	4,152,470	1,266,500	141,584	1,932,115	308,507	-	7,801,176	3.239%	1,090
2005	3,907,420	1,158,267	101,101	1,834,774	294,201	-	7,295,763	3.029%	1,019
2006	8,239,648	1,075,534	86,483	1,730,815	279,607	-	11,412,087	4.738%	1,594
2007	7,708,754	992,800	314,587	1,620,137	264,718	149,225	11,050,221	4.588%	1,544
2008	9,974,189	910,067	101,539	1,523,582	249,529	118,842	12,877,748	5.347%	1,799
2009	13,704,931	827,333	63,785	1,025,000	234,034	91,208	15,946,291	6.621%	2,227
2010	17,090,601	744,600	101,600	960,000	218,009	62,234	19,177,044	5.847%	2,514
2011	16,079,055	661,867	230,623	890,000	201,881	31,854	18,095,280	5.910%	2,509

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

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

Table 11

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

Fiscal Year		General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2002	\$	6,099,251	1.01%	852
2003		5,788,471	0.87%	809
2004		6,084,585	0.80%	850
2005		5,742,194	0.64%	802
2006		9,970,463	0.95%	1,393
2007		9,328,891	0.78%	1,303
2008		11,497,771	0.89%	1,606
2009		14,729,931	1.30%	2,058
2010		18,050,601	1.55%	2,367
2011		16,969,055	1.50%	2,353

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

Table 12

TOWN OF CUMBERLAND, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt:			
Cumberland County	\$ 1,445,000	0.52%	7,475
MSAD #51	31,241,147	71.30%	22,274,938
Subtotal, overlapping debt			22,282,413
Direct debt:			
Bonds payable	16,079,055		16,079,055
Notes payable	661,867		661,867
Capital leases	230,623		230,623
Subtotal, direct debt			16,971,545
Total direct and overlapping debt			\$ 39,253,958

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed value per State	\$ 664,350	764,550	894,000	1,053,350	1,193,700	1,286,200	1,132,250	1,162,000	1,131,350	1,084,700
Total debt limit - all purposes - 15% of assessed value	\$ 90,465	99,653	114,683	134,100	158,003	179,055	192,930	169,838	174,300	162,705
Less outstanding debt applicable to debt limit	6,508	6,157	7,660	7,195	11,326	10,586	12,656	15,791	19,013	17,832
Legal debt margin	\$ 83,957	93,496	107,023	126,905	146,677	168,469	180,274	154,047	193,313	144,873
Total outstanding debt applicable to the limit as a percentage of debt limit	7.19%	6.18%	6.68%	5.37%	7.17%	5.91%	6.56%	9.30%	10.91%	10.96%
The debt limit is restricted by State statute based on the assessed value per the State above and the percentages below.										
Municipal purposes - 7.5%										
Debt limit	\$ 45,233	49,826	57,341	67,050	79,001	89,528	96,465	84,919	87,150	81,353
Less outstanding debt applicable to debt limit	6,403	6,073	7,597	7,153	11,305	10,586	12,656	15,791	19,013	17,832
Debt margin for municipal purposes	\$ 38,830	43,753	49,744	59,897	67,696	78,942	83,809	69,128	68,137	63,521
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	14.16%	12.19%	13.25%	10.67%	14.31%	11.82%	13.12%	18.60%	21.82%	21.92%
School purposes - 10%										
Debt limit	\$ 60,310	66,435	76,455	89,400	105,335	119,370	128,620	113,225	116,200	108,470
Less outstanding debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Debt margin for school purposes	\$ 60,310	66,435	76,455	89,400	105,335	119,370	128,620	113,225	116,200	108,470
Outstanding debt applicable to the limit as a percentage of debt limit for school purposes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Storm and sanitary sewer purposes - 7.5%										
Debt limit	\$ 45,233	49,826	57,341	67,050	79,001	89,528	96,465	84,919	87,150	81,353
Less outstanding debt applicable to debt limit	105	84	63	42	21	-	-	-	-	-
Debt margin for sewer purposes	\$ 45,128	49,742	57,278	67,008	78,980	89,528	96,465	84,919	87,150	81,353
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	0.23%	0.17%	0.11%	0.06%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Maximum total debt limit - 15%	\$ 90,465	99,653	114,683	134,100	158,003	179,055	192,930	169,838	174,300	162,705

TOWN OF CUMBERLAND, MAINE
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Income Cumberland County (2)	Median Age (6)	High School Completion Rates (5)	Resident School Enrollment (4)	State Unemployment Rate (3)
2002	7,159	\$ 240,857,396	33,644	39.4	98	1,672	2.6%
2003	7,159	240,857,396	33,644	39.4	95	1,648	2.7%
2004	7,159	240,857,396	33,644	39.4	96	1,633	2.5%
2005	7,159	240,857,396	33,644	39.4	99	1,585	3.0%
2006	7,159	240,857,396	33,644	39.4	96	1,588	3.0%
2007	7,159	240,857,396	33,644	39.4	99	1,575	2.7%
2008	7,159	240,857,396	33,644	39.4	95	1,590	4.7%
2009	7,159	240,857,396	33,644	39.4	96	1,558	8.6%
2010	7,627	327,968,627	43,001	39.4	96	1,467	8.0%
2011	7,211	306,200,693	42,463	45.0	96	1,357	7.6%

Sources:

- (1) U.S. Bureau of the Census
- (2) U.S. Bureau of the Census, Greater Portland council of Governments
- (3) Maine Department of Labor (seasonally adjusted)
- (4) Cumberland School Department
- (5) State of Maine Department of Education
- (6) U.S. Census Bureau (2010 Census latest available figures)

TOWN OF CUMBERLAND, MAINE

Principal Employers

June 30, 2011

<u>Employer</u>	<u>2011</u>		<u>Percentage of Total Town Employment</u>
	<u>Employees</u>	<u>Rank</u>	
Cumberland Farmers Club	100-249	1	2.5%-6.3%
Greely High School	50-99	2	2.5%-6.3%
Cumberland Fire Department	50-99	3	2.5%-6.3%
Town of Cumberland	50-99	3	1.3%-2.5%
Seafax	50-99	5	1.3%-2.5%
Mabel Wilson School	50-99	6	1.3%-2.5%
Norton Insurance	50-99	7	1.3%-2.5%
A.H Grover, Inc.	50-99	8	1.3%-2.5%
Sevee Maher Engineers	20-49	9	.5%-1.3%
Main Line Fence Co.	20-49	10	.5%-1.3%

Note: The information on the principal employers from nine years ago is not available.

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government:										
Management	N/A	N/A	3	3	3	3	3	3	3	3
Finance/Administration	N/A	N/A	9	7	7	7	7	7	7	6
Planning	N/A	N/A	2	2	2	2	2	2	2	2
Assessing	N/A	N/A	1	1	1	1	1	1	1	1
Codes/Planning	N/A	N/A	1	-	-	-	-	-	-	-
Public Safety:										
Fire	N/A	N/A	1	2	2	2	2	2	4	3
Police	N/A	N/A	21	17	12	12	12	12	12	12
Rescue	N/A	N/A	1	1	3	3	3	3	0	0
Public Works	N/A	N/A	13	13	13	13	12	10	9	9
Parks, Rec and Library	N/A	N/A	6	7	7	7	7	9	8	8
Valhalla	N/A	N/A	4	4	5	6	5	3	3	3
Harbor	N/A	N/A	1	-	-	-	-	-	-	-
Total Full-time Employees	N/A	N/A	N/A	63	57	55	56	54	49	47

(1) Town government employees by function/program were not tracked prior to 2004.

Source: Town of Cumberland budget documents.

Table 17

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

Function	Calendar Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Code Enforcement:										
Building permits	264	278	310	308	275	283	283	206	151	180
Sign permits	9	5	3	2	7	8	8	5	4	5
Fire Protection:										
Number of calls answered	592	584	483	515	542	575	510	536	592	576
Number of inspections conducted	Unavailable	Unavailable	Unavailable	Unavailable	161	161	161	211	337	304
Police Protection:										
Number of law violations:										
Arrests	Unavailable	Unavailable	Unavailable	Unavailable	149	149	149	158	137	165
Traffic violations	Unavailable	Unavailable	Unavailable	Unavailable	4,585	4,585	4,585	4,085	3,485	3,069
Parking violations	Unavailable	Unavailable	Unavailable	Unavailable	167	167	167	58	27	32
Number of calls for service	10,682	9,991	9,691	10,653	7,542	6,832	6,832	10,926	12,223	11,702
Sewerage System:										
Number of service connections	Unavailable	Unavailable	Unavailable	Unavailable	965	965	965	1,014	1,020	1,041
Daily average treatment in gallons	Unavailable	Unavailable	Unavailable	Unavailable	172,960	172,960	172,960	191,203	202,000	249,382

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

Table 18

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function									
Public Safety:									
Police:									
Stations	unavailable	unavailable	2	2	2	1	1	1	1
Vehicles	unavailable	unavailable	20	20	24	19	17	15	14
Fire:									
Stations	unavailable	unavailable	3	3	3	2	2	2	2
Vehicles	unavailable	unavailable	17	17	17	13	12	11	10
Public Works:									
Streets (miles)	unavailable	unavailable	60	60	60	78	78	78	79
Number of streetlights	unavailable	unavailable	245	245	245	203	203	203	203
Parks & Recreation:									
Parks	unavailable	unavailable	1	1	1	1	1	1	1
Parks (acreage)	unavailable	unavailable	250	250	250	250	250	250	250
Public skating rinks	unavailable	unavailable	1	1	1	1	1	1	1
Public tennis courts	unavailable	unavailable	4	4	4	4	4	4	4
Public golf courses	unavailable	unavailable	1	1	1	1	1	1	1
Sewer:									
Miles of sanitary sewers	unavailable	unavailable	19.7	19.7	19.7	20	20	20	20

Note: only nine years have been presented because 2003 was the year GASB 34 was implemented.

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

Table 19

TOWN OF CUMBERLAND, MAINE
Miscellaneous Statistics
For the year ended June 30, 2011

Date of incorporation	1821
Form of government	Council/Manager
Number of full-time employees	49
All employees	312
Area in square miles	20
Name of government facilities and services:	
Miles of streets	78
Number of street lights	203
Culture and recreation:	
Parks	1
Park acreage	250
Skating rinks	1
Tennis courts	4
Golf course	1
Fire Protection:	
Number of fire personnel and officers	85 (Volunteers)
Police Protection:	
Number of police personnel and officers	11
Number of patrol units	5
Education:	
Number of elementary schools	2
Number of elementary school instructors	125
Number of secondary schools	2
Number of secondary school instructors	56