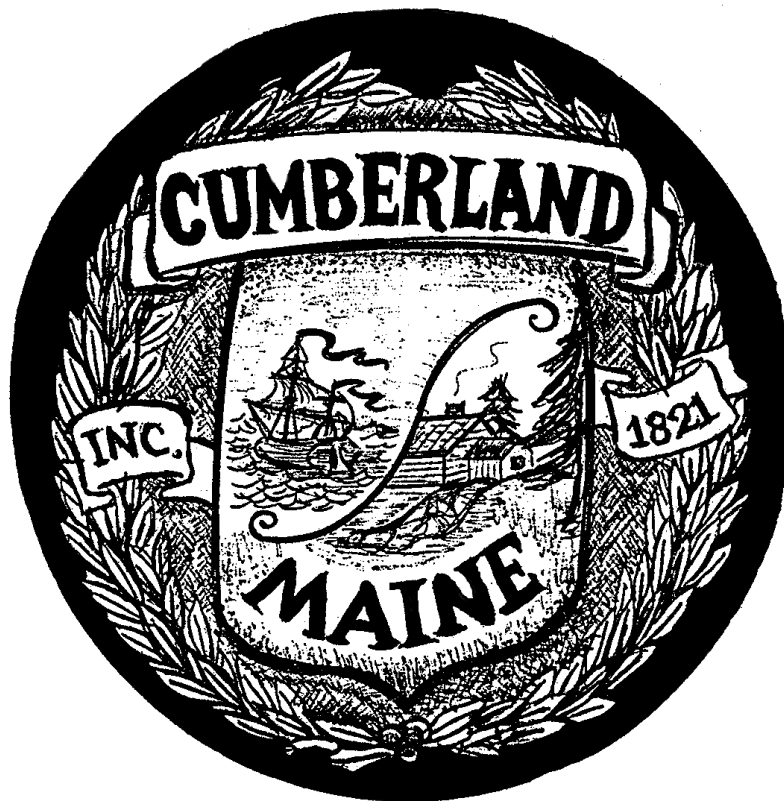


Town of Cumberland, Maine



Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

TOWN OF CUMBERLAND, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year ended June 30, 2007

Prepared by: Alex Kimball, Finance Director

TOWN OF CUMBERLAND, MAINE
Comprehensive Annual Financial Report
For the year ended June 30, 2007

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INTRODUCTORY SECTION



December 5, 2007

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, 2007, 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 Town of Cumberland is 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). 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; at 98.5% for last year and 98.6% for this year. The Town's legal debt margin is set by State law at 15% of estimated actual valuation. Currently, the Town's outstanding indebtedness is less than 1% of the State's equalized valuation.

Cumberland ranked 27th out of 56 southern Maine municipalities in building permits issued in calendar year 2006, according to the Greater Portland Council of Governments. During this same time period, the median home sales price in Cumberland increased 8% from \$340,000 to \$367,000. This increase places Cumberland 9th out of the 53 municipalities reporting sales prices. However, it appears that home sales prices will remain flat for fiscal year 07-08, and that new building permits will decrease, although probably on an area-wide basis.

The Town of Cumberland's budget (including MSAD #51) for 2007 showed an increase of 3% (.60) over 2006. The Town rate went from \$4.32 in 2006 to \$4.46 in 2007, the school \$13.73 in 2006 to \$14.17 in 2007, and the county \$.75 in 2006 to \$.77 in 2007.

The unemployment rate for the Town of Cumberland for calendar year 2006 was 3.4% as compared to the state as a whole at 4.6%. 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 2006-07 included:

- A complete reconstruction of Skillins Road and a portion of Blanchard Road, including the addition of waterlines along the road and major improvements to the intersections at Orchard Road and Route 100. This project was funded by a combination of Maine Department of Transportation reimbursements and a 2006 bond issuance.
- The Patriot's Day Storm from April 16-18 caused damage throughout the town, hitting Chebeague Island particularly hard. Repairs and emergency protective measures from the storm cost the town over \$300,000, with more mitigation expenses to follow in 07-08.
- At the Valhalla Golf Course, the town made drainage improvements to 4 holes, added 7 new tees, upgraded the practice range, and added cart paths throughout the course. These major renovations addressed a number of issues that had become critical problems over the years.
- The town vault received a complete overhaul. The existing metal shelves and cardboard boxes in the room were replaced with a sliding storage system that not only triples available storage, but also protects vital records far better than the old system.

Road improvements included:

- Tuttle Road and Main Street – Sidewalk project completion
- Middle Road – Improvements to ditching
- Pleasant Valley Road- Top-Coat only

Current and New Initiatives-

Work began on improvements at the intersection of Skillins Road and Route 100 including crosswalks, sidewalks and landscaping. This investment in the economic development of this area will continue through the year. The new shelters and other improvements at Twin Brook recreation area received final approval, and will be completed by the spring of 2008.

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 design of relevant policies and procedures, and a determination whether the policies and procedures had been placed in operation and control risk is assessed. 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 5, 2007 and is available at the Finance Office at the Town Offices.

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. Both overall and undesignated general fund balances were essentially unchanged in 2007. The undesignated fund balance of the General Fund increased 2.5% in 2007. Total fund balance decreased by \$5,385, which represents a change of -.35%. Fund balance was used to close out certain funds that had a deficit balance, while offsetting revenues and changes from prior periods helped to keep fund balance level.

Enterprise Operations. The Town's enterprise operations are comprised of three separate and distinct activities: senior housing, sewer system, golf course and recreation center.

The changes in net assets for 2007 are listed below:

Senior housing	\$ 8,691
Sewer system	(147,255)
Val Halla	(295,605)

The deficit in the Sewer system and the Val Halla funds is due in part to depreciation. Depreciation expense represents \$70,732 in the Sewer System, and \$108,756 in Val Halla.

The deficit in the Sewer Fund continues to be addressed by increases to fees each year for the next three years. The change in net assets for Val Halla is primarily due to operating losses. The nature of these

losses and the steps taken to address them are discussed in detail in the Management Discussion and Analysis letter.

Debt Administration. As of June 30, 2007, the Town had a total of \$7,708,754 of outstanding general obligation debt and \$992,800 in notes payable, for a total of \$8,701,554 in long term debt. This amount is \$613,627 less than 2006, a drop of 6.6%. Additionally, the total outstanding debt of the enterprise funds is \$2,034,080, up slightly from the due prior year due to a new Capital Lease on mowing equipment.

Cash Management. General Fund cash temporarily idle during the year was invested in demand deposits, U.S. Treasury and Agency obligations, certificates of deposit and perfected repurchase agreements. The Town earned \$270,487 on investments in 2007, up from \$129,940 in 2006. This number is significantly higher than last year due to a slightly higher average daily balance, large increases in short-interest rates and investing tax anticipation note funds (the investment rate on TAN funds was higher than the borrowing rate).

For the next fiscal year, the average daily balance will be lower, and as a result, investment income will drop as well. Trust funds are held in federal government backed investments and statement savings as well as mutual funds and corporate stocks.

Risk Management. The Town of Cumberland purchases risk insurance through Clark Associates. The Risk Insurance covers all property, liability, and vehicle coverage. Also, the Town participates in a Maine Municipal Risk Pool for worker's compensation coverage. Through the risk pool, the Town retains a professional loss control consultant who regularly provides loss control assistance for Worker's compensation. The Town is self-insured for unemployment compensation. The Town budgets a transfer to its self-insured unemployment fund annually and pays claims out of this fund as they become due.

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 received 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, 2006. The Town of Cumberland has received Certificates of Achievement for the previous years ending December 31, 1993, 1994, 1995, 1996, 1997, 1998, 1999, and June 30, 2001, 2002, 2003, 2004, 2005 and 2006. 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

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TOWN OF CUMBERLAND, MAINE
List of Principal Officials
June 30, 2007

Council Member	William Stiles
Council Member	Jeffrey Porter, Chairman
Council Member	Stephen Moriarty
Council Member	George Turner
Council Member	Ron Copp
Council Member	Shirley Storey-King
Council Member	Mike Perfetti
Manager	William Shane
Town Clerk/Human Resource Director	Nadeen Daniels
Code Enforcement Officer	William Longley
Community Programs Director	Bill Landis
Finance Director	Alex Kimball
Rescue Chief	Chris Bolduc
Fire Chief	Daniel Small
Planner	Carla Nixon
Police Chief	Joseph Charron
Public Works Director	Adam Ogden
Librarian	Thomas Bennett
Assessor	William Healey, Jr.

FINANCIAL SECTION

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, 2007, 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'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, 2007, and the respective changes in financial position and, where applicable, cash flows 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.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cumberland, Maine's basic financial statements. The introductory section, combining and individual non-major fund financial statements, 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 non-major funds financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Town Council
Town of Cumberland, Maine

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2007, 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.

December 5, 2007
South Portland, Maine

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2007

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, 2007. 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 \$14,784,877. The governmental activities net assets are \$12,849,959 while the business-type activities are \$1,934,918.
- The ending fund balance for the General Fund was \$1,543,067. This is a decrease over last year of \$5,385, which is the amount by which expenses exceeded revenues.
- At the end of the fiscal year, the General Fund unreserved fund balance was \$709,878 or 4% of total General Fund expenditures. This ratio was 4% in 2006. The Town's target is 10% of General Fund expenditures. If long-term interfund advances are included as in the past, the Fund Balance would have been 7.5% of total General Fund expenditures.
- The business-type activities reported unrestricted net assets of \$(933,473) which represents -50% 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 30 and 31) provide an overview of the government as a whole and its activities. The *Fund Financial Statements* start on page 32). These statements provide a more detailed look at the governmental funds and the Enterprise Funds. 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.

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, Waste Disposal, 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
JUNE 30, 2007

- 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 32. 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 the 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 separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 39 and 40. 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
JUNE 30, 2007

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	
	2007	2006	2007	2006	2007	2006
Current & other assets	\$ 3,494,584	5,822,782	(833,830)	(274,509)	2,660,754	5,548,273
Capital assets	19,726,137	17,729,175	4,902,471	4,749,360	24,628,608	22,478,535
Total assets	<u>23,220,721</u>	<u>23,551,957</u>	<u>4,068,641</u>	<u>4,474,851</u>	<u>27,289,362</u>	<u>28,026,808</u>
Long-term debt outstanding	8,791,636	9,315,808	1,891,953	1,884,855	10,683,589	11,200,663
Other liabilities	1,579,126	1,935,959	241,770	220,939	1,820,896	2,156,898
Total liabilities	<u>10,370,762</u>	<u>11,251,767</u>	<u>2,133,723</u>	<u>2,105,794</u>	<u>12,504,485</u>	<u>13,357,561</u>
Net assets:						
Invested in:						
Capital assets	10,709,996	8,400,717	2,868,391	2,738,939	13,578,387	11,139,656
Restricted	1,875,779	3,719,595	-	-	1,875,779	3,719,595
Unrestricted	<u>264,184</u>	<u>179,878</u>	<u>(933,473)</u>	<u>(369,882)</u>	<u>(669,289)</u>	<u>(190,004)</u>
Total net assets	<u>\$ 12,849,959</u>	<u>12,300,190</u>	<u>1,934,918</u>	<u>2,369,057</u>	<u>14,784,877</u>	<u>14,669,247</u>

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

The net assets of the Town's governmental activities increased from \$12,300,190 to \$12,849,959, a net change of 4.5%. As funds were spent from the 2006 bond issuance, assets shifted from current to capital assets. Unrestricted net assets can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Unrestricted net assets changed from June 30, 2006 at \$179,878 to June 30, 2007 at \$298,087.

The unrestricted net assets of our business-type activities decreased from \$(369,882) to \$(933,473). This decrease is due primarily to an increased use of inter-fund loans to the Val Halla Golf and Recreation Center, and partially operating losses from the Sewer Fund. The increase in inter-fund loans to Val Halla is due to losses incurred by the course during the year and use of overall fund balance for course improvements. The 2006-07 operating losses were a major disappointment, as the course had appeared to be turning a corner in the fall of 2006. Unfortunately, larger than usual winter losses, poor performance from the Viking Grill & Banquet Center, and a weak spring membership drive all combined to produce significant losses.

As a result of these losses, the town is outsourcing all food services, and has eliminated the positions of Cook and Business Manager. The course itself was in excellent condition through the summer, and membership for 2008 appears stable. By eliminating the distractions and financial losses of the grill & banquet center, the town will be able to focus exclusively on the quality and efficiency of the golf course, and hopes to turn around the recent pattern of operating losses in this manner.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2007

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Program revenues:						
Charges for services	1,792,164	1,449,314	1,851,016	1,691,651	3,643,180	3,140,965
Operating grants & contributions	281,157	299,683	-	-	281,157	299,683
Capital grants & contributions	2,276,730	2,891,172	149,225	86,721	2,425,955	2,977,893
General revenues:						
Property taxes	17,158,790	16,169,210	-	-	17,158,790	16,169,210
Motor vehicle excise tax	1,480,483	1,503,116	-	-	1,480,483	1,503,116
Interest and Penalties	50,092	49,215	-	-	50,092	49,215
Homestead exemption	186,895	216,232	-	-	186,895	216,232
Other State aid	13,637	-	-	-	13,637	-
State revenue sharing	625,757	689,809	-	-	625,757	689,809
Investment earnings	270,487	129,940	-	-	270,487	129,940
Miscellaneous revenues	93,883	60,824	-	-	93,883	60,824
TIF Transfers	(560,817)	-	-	-	(560,817)	-
Transfers	21,391	-	(21,391)	-	-	-
Total revenues	\$ 23,690,649	23,458,515	1,978,850	1,778,372	25,669,499	25,236,887
Program expenses:						
General government	5,159,324	5,882,021	-	-	5,159,324	5,882,021
Public safety	2,012,200	1,810,869	-	-	2,012,200	1,810,869
Public works	1,249,056	1,206,824	-	-	1,249,056	1,206,824
Health, sanitation & welfare	935,715	1,022,329	-	-	935,715	1,022,329
Recreation	565,395	562,991	-	-	565,395	562,991
Education/libraries	12,717,167	12,283,626	-	-	12,717,167	12,283,626
Interest on debt	502,022	310,337	-	-	502,022	310,337
Senior expenses	-	-	236,583	234,742	236,583	234,742
Sewer system	-	-	814,256	726,525	814,256	726,525
Val Halla Golf & Rec.Center	-	-	1,212,925	998,763	1,212,925	998,763
Total expenses	\$ 23,140,879	23,078,997	2,263,764	1,960,030	25,404,643	25,039,027
Change in net assets before transfers	528,379	379,518	(412,748)	(181,658)	264,856	197,860
Transfers	21,391	-	(21,391)	-	-	-
Change in net assets after transfers	549,770	379,518	(434,139)	(181,658)	264,856	197,860

The overall change in net assets was similar to prior years. The primary reasons for the changes in net assets from 2006 to 2007 are:

1. Primarily as a result of rising utility costs and the additional payroll expenses from the Patriots Day Storm, expenses for the General Fund were greater than budgeted. However, this was more than offset by greater than expected revenues, resulting in a positive change in net assets for Governmental Activities.
2. \$21,391 was transferred from Business Type Activities to Governmental Activities, as part of an ongoing effort to reduce the number of funds administered by the town.

For business-type activities:

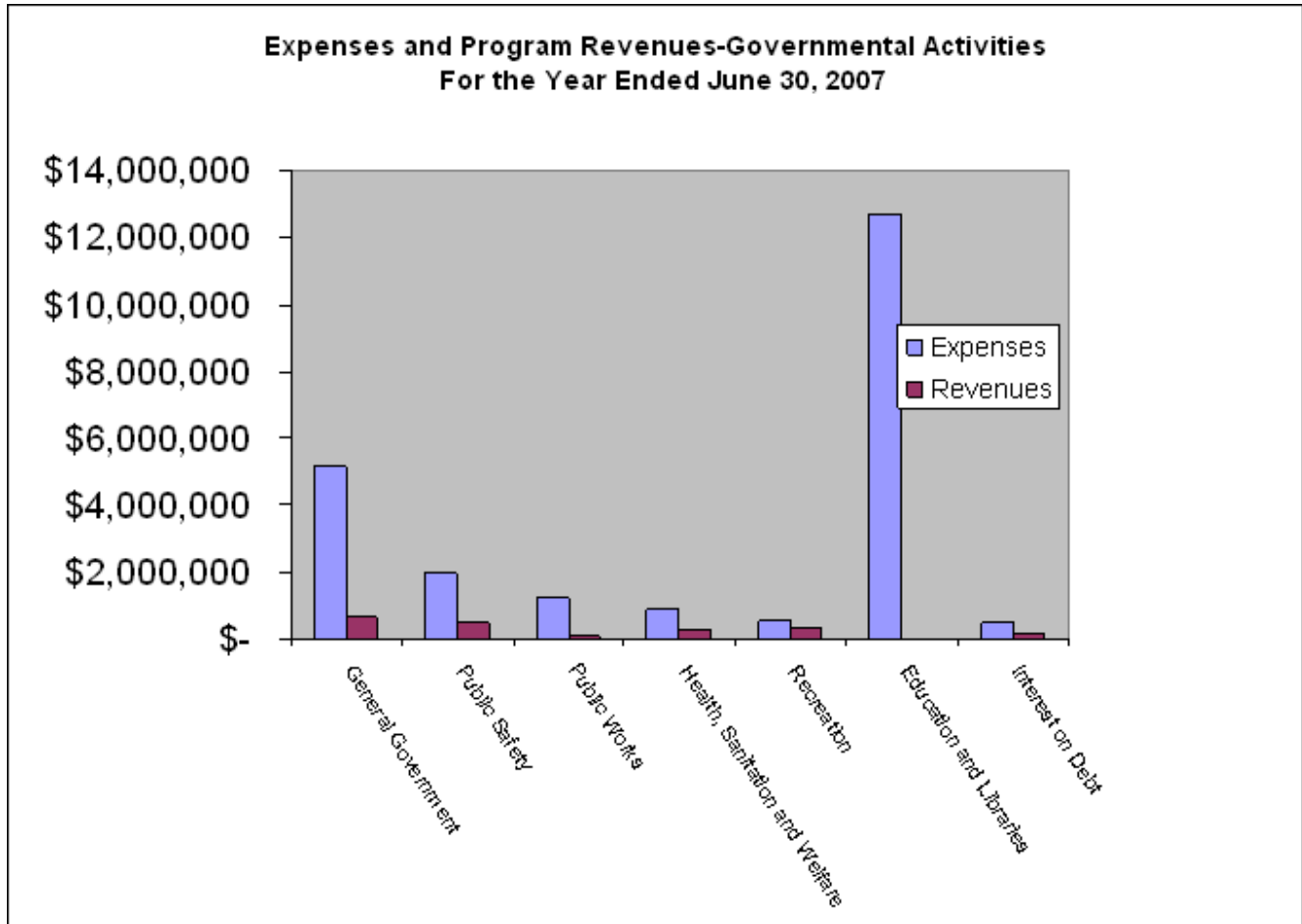
1. The increase in sewer system costs is due largely to continued increases in wastewater assessment costs from Portland Water District. While rates are increasing, they have yet to catch up to the assessment increases from PWD
2. Val Halla Golf & Recreation Center suffered a net reduction in assets of as a result of losses from operating activities.

**TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2007**

GOVERNMENTAL ACTIVITIES

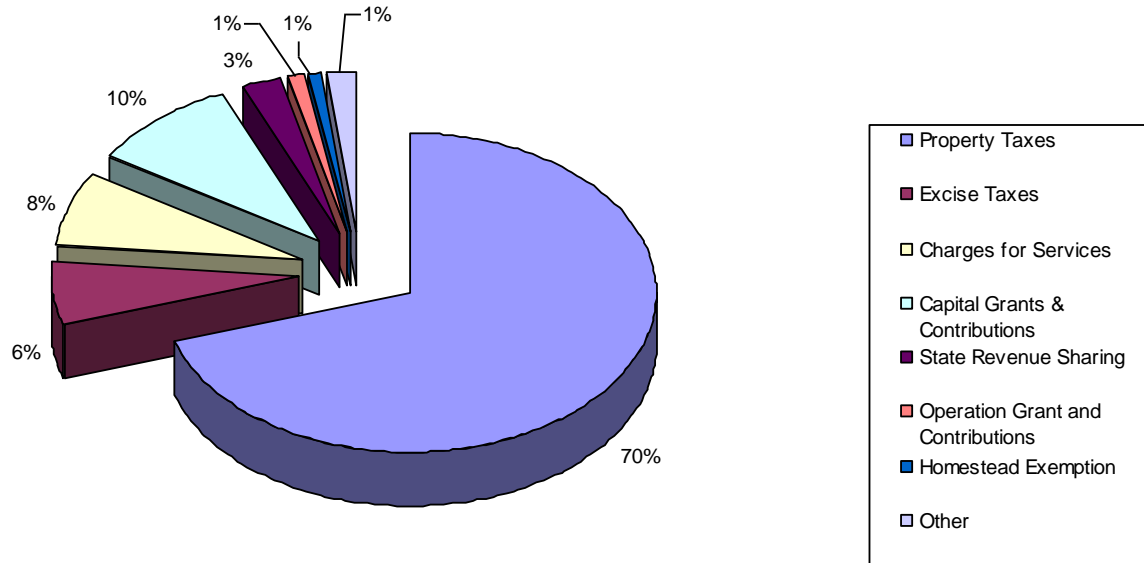
The total cost of governmental activities this year was \$23,140,879. After taking into consideration the program revenues, the ultimate cost to the taxpayer was \$18,790,828 (on the Statement of Activities). Many programs are subsidized through user fees, grants and contributions.

Governmental activities resulted in an increase to the Town of Cumberland's Net Assets of \$549,770.



**TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2007**

**Revenue by Source - Governmental Activities
For the Year Ended June 30, 2007**



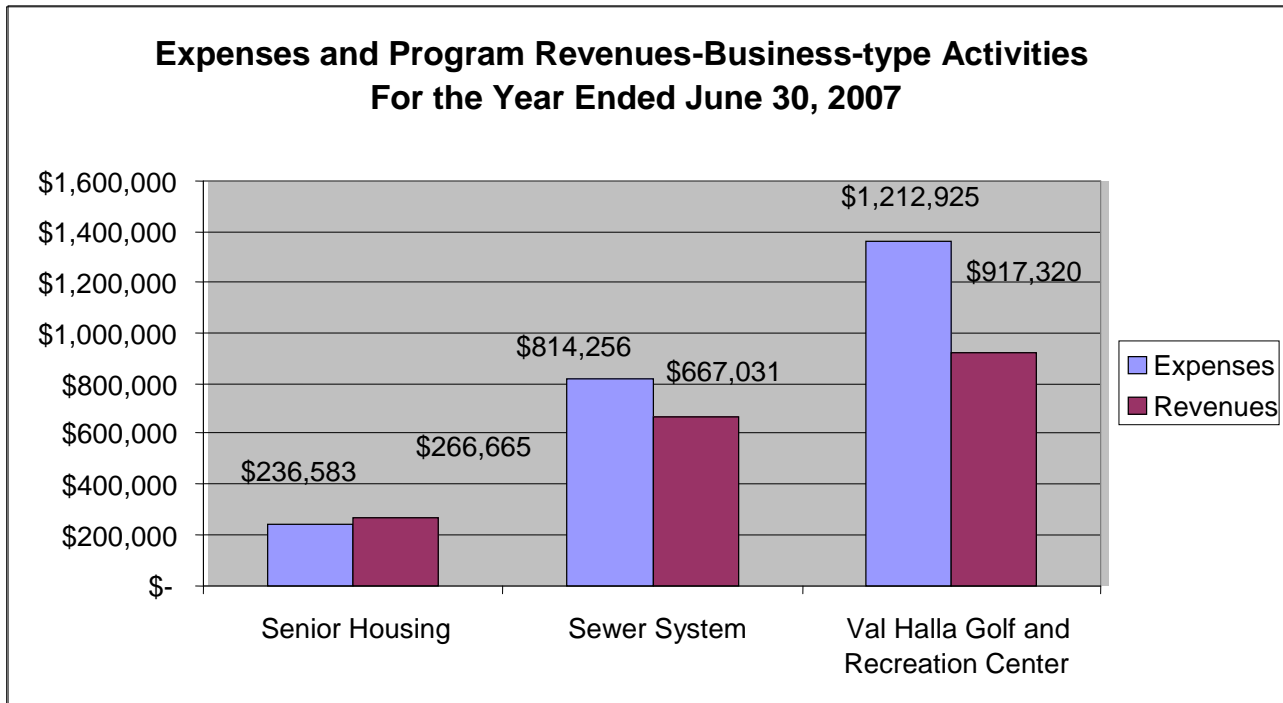
BUSINESS-TYPE ACTIVITIES

The total expense in business-type activities this year was \$2,263,764; however, after considering the total amounts paid by users and contributions, the total cost was \$412,748. These costs are absorbed by the individual funds and the costs are not passed on to the taxpayer. These costs are due to depreciation, and operating losses in the Val Halla and Sewer funds. Other factors affected each fund individually.

Business-Type Revenues were 100% derived from Charges for Services.

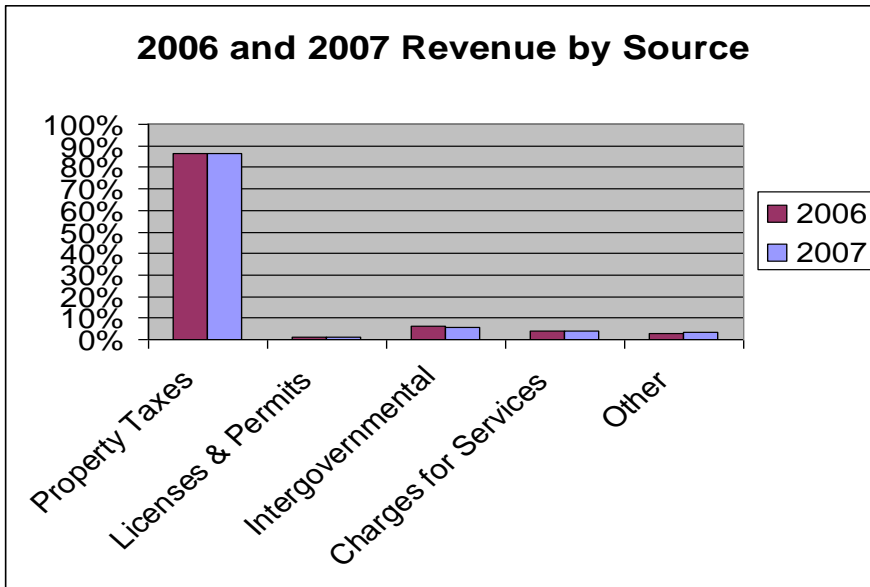
**TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2007**

(Information from Statement 2)



THE TOWN'S FUNDS

As of June 30, 2007, the Town's governmental funds reported a combined fund balance of \$2,773,672, down from \$4,616,009 a year ago. This decrease is due primarily to planned expenditures from the bond fund for waterline improvements, Twin Brook preliminary expenses and a new fire engine.



TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2007

GENERAL MAJOR GOVERNMENTAL FUNCTIONS

The information below summarizes revenues of the General Fund for 2007 and 2006. Information is extracted from Statement 4.

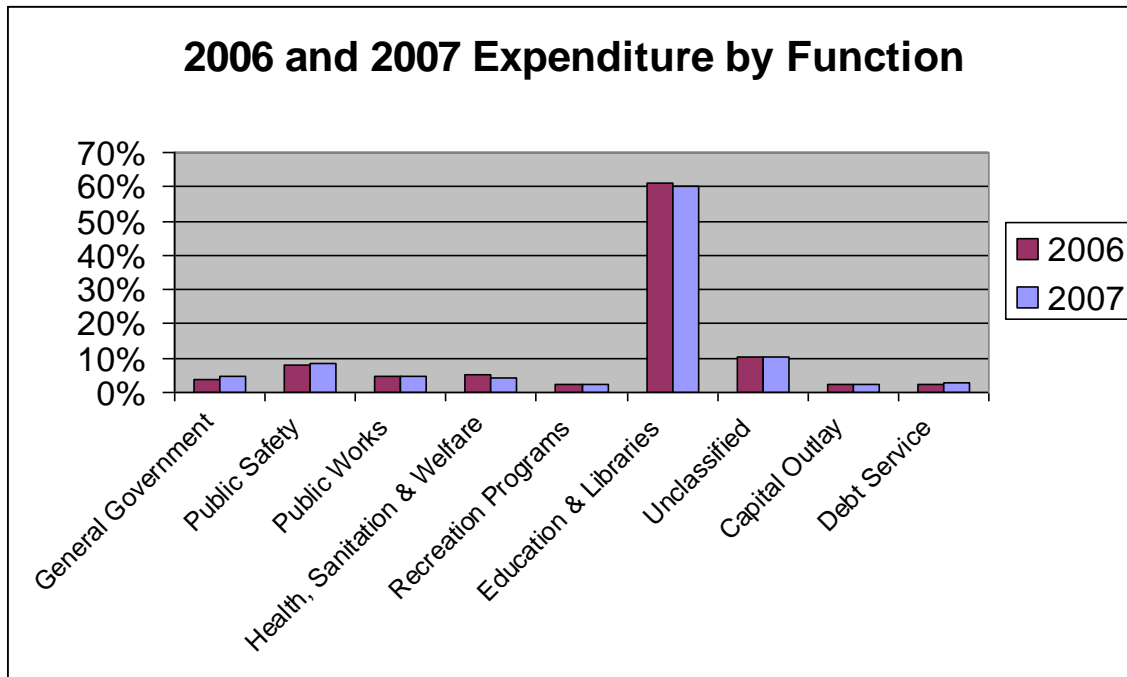
	<u>2007</u>	<u>2006</u>
Taxes	\$ 18,115,448	\$17,365,727
Licenses & Permits	170,982	195,623
Intergovernmental	1,107,446	1,205,724
Charges for Services	819,240	757,849
Other	<u>723,278</u>	<u>554,203</u>
	\$20,936,394	\$20,079,126

The information below summarizes expenditures of the General Fund for 2007 and 2006. Information is extracted from Statement 4.

<u>Expenditures by Function</u>	<u>2007</u>	<u>2006</u>
General Government	\$953,942	\$789,288
Public Safety	1,804,220	1,595,112
Public Works	965,115	948,911
Health, Sanitation & Welfare	931,318	1,017,623
Recreation Programs	492,247	475,381
Education & Libraries	12,639,338	12,201,341
Unclassified	2,155,119	2,057,058
Debt Service	<u>600,101</u>	<u>478,085</u>
Subtotal Expenditures	20,541,400	19,562,799
Transfers for Capital Outlay	<u>531,000</u>	<u>458,649</u>
Total	\$21,072,400	\$20,021,448

General Government expenses increased due to the addition of a Technology Director, increases in annual license fees, a one-year project to upgrade the town vault, and a number of smaller council projects. Public Safety increased due to increased demand for the regional Rescue service, and increases in Police and Fire overtime related to the Patriot's Day Storm. The extra Rescue expenses are offset by revenues from billings, and the overtime was reimbursed by FEMA. Health, Sanitation & Welfare expenses decreased as a result of the implementation of a Pay-As-You-Throw trash program. Expenses related to a new comprehensive plan and increases in health benefits resulted in increases in the Unclassified category.

**TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2007**



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 \$5,531,321. The total net assets (assets – liabilities) are \$1,934,918. The total unrestricted net assets are \$(933,473). This information is extracted from Statement 7.

GENERAL FUND BUDGETARY HIGHLIGHTS

As demonstrated by the following schedule, the Town continues to meet its responsibilities for sound financial management. The actual revenues exceed budgeted revenues by \$415,286. Excluding the budgeted overlay of \$234,273, actual expenditures were above budget by \$283,565. The net effect was a positive \$131,721 ignoring the overlay, and \$365,994 including the overlay. This excess was then used to close out and repay a number of smaller funds. After transfers, the change in fund balance was \$(5,385). The fund balance was primarily used in the following manner:

- \$200,000 Transfer to Road Improvements Fund to cover extra 2007 repairs
- 66,988 Transfer to Gravel Pit Fund to cover materials used in storm cleanup
- 10,801 Transfer to Close Chebeague Groundwater Study Fund
- 2,840 Transfer to close several smaller funds

The bottom line is a fund balance that decreased by \$5,385, resulting in an ending fund balance of \$1,543,067. This amount represents 7.5% of the total general fund expenditures. We have future plans to build this back up to 10%. We try to maintain as close to 10% as possible.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2007

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2007, the Town of Cumberland's Governmental Activities had invested \$2,704,289 in a broad range of capital assets including police, fire and public works equipment, and in particular, major infrastructure improvements. The depreciation for 2007 was \$875,991, thus resulting in a capital asset investment of \$1,828,298. The town also had \$442,416 worth of Construction in Progress.

The bulk of this years capital asset projects involved improvements to existing infrastructure. The largest project was a complete reconstruction of Skillins Road and a portion of Blanchard Road, including the addition of waterlines along the road and major improvements to the intersections at Orchard Road and Route 100. This project was funded by a combination of Maine Department of Transportation reimbursements and a 2006 bond issuance. The 2006-07 cost of these related projects was \$1,317,615, of which \$301,500 was reimbursed by MDOT.

The next largest item was a project to extend and improve the sidewalks along Main Street and Tuttle Road, at a cost of \$273,750. Crystal Lane received a repaving at a cost of \$22,853, Pleasant Valley Road was repaved for \$26,730, and the intersection of Route 9 and Main Street received a topcoat as well, at a cost of \$26,064. Improvements to the ditches along Middle Road cost \$14,986.

In 2006-07, the town purchased two new fire engines. The first is a Ferrara Igniter for the Central Fire Station costing \$317,807. The second engine is a Ferrara Intruder for Chebeague Island, purchased at a cost of \$251,552. The town of Cumberland will be reimbursed for the full cost of the Chebeague Island engine by the new Town of Chebeague Island on January 1, 2008.

The central Fire Station and the Public Works garage both received new backup generators, at a cost of \$25,448 and \$37,083, respectively. These generators are part of the towns ongoing efforts to improve it's ability to provide vital services to residents in the event of a crisis.

The Rescue Department purchased \$37,661 of protective equipment through a Homeland Security grant, which reimbursed \$32,000 of the cost of the gear. The department also upgraded to new rescue billing software from Ortivus, at a cost of \$15,565.

Other major additions included: 2 Police cruisers costing \$45,720 combined, a wood chipper for Public Works at a cost of \$35,952, air conditioning for Prince Memorial Library costing \$19,833, sliding protective shelving for the town vault for \$15,410, Twin Brook soccer goals for \$9,211, a digital controller for broadcasting on the public channel costing \$6,953, a flotation ramp for the Fire Department for \$6,800, a mobile radar trailer costing \$6,320 purchased using DEA seized funds, and improvements to the West Cumberland Fire Station for \$5,600.

The business-type activities invested \$373,997. The accumulated depreciation addition in 2006-07 was \$221,287. The capital net investment for 2006 was \$152,710.

All of these projects were at the Val Halla Golf Course, where the town made drainage improvements to 4 holes, added 7 new tees, upgraded the practice range, and added cart paths throughout the course. These major renovations addressed a number of issues that have become critical problems over the years. The total cost for this project was \$187,632. Val Halla also purchased \$149,225 worth of mowing equipment through a lease purchase agreement. This included a rough, fairway and trim mowers, a coring machine, 2 utility vehicles, and a small greens mower.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2007

Val Halla also purchased a seeding machine for \$10,153, and made smaller improvements to the driving range, the Viking Grill deck, and landscaping around the main clubhouse. The town considered this investment vital to increasing membership, rounds played, and thus the overall profitability of the course.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land	\$ 3,187,000	3,187,000	-	-	3,187,000	3,187,000
Construction in progress	280,758	112,093	-	-	280,758	112,093.00
Land improvements	1,215,795	1,268,660	648,718	500,782	1,864,513	1,769,442
Buildings & building improvements	4,069,212	4,164,397	1,626,362	1,693,055	5,695,574	5,857,452
Machinery & equipment	876,382	846,703	327,312	183,220	1,203,694	1,029,923
Furniture & office equipment	1,082,074	1,104,153	5,799	6,507	1,087,873	1,110,660
Computer equipment	183,911	178,807	-	-	183,911	178,807
Vehicles	1,964,669	1,570,214	6,603	7,786	1,971,272	1,578,000
Infrastructure	6,866,335	5,297,148	2,287,680	2,358,411	9,154,015	7,655,559
Totals	\$ 19,726,136	17,729,175	4,902,474	4,749,761	24,628,610	22,478,936

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds and Notes	\$ 8,701,554	9,315,182	1,884,855	2,010,422	10,586,409	11,325,604

The Town's fiscal year 2008 major capital expenditures will include a new fire engine, major improvements to the Blanchard and Skillin Road waterlines, initial work on upgrades to the Twin Brooks Recreation area, and a new roof and generator for the Fire Station. The Val Halla Golf Course will invest in course improvements including the restoration of tees, improvements to the drainage on the 5th and 6th fairways, and a rebuild of the existing driving range.

Additional information on the Town of Cumberland's capital assets can be found in the notes to the basic financial statements on pages 50-51 of this report.

DEBT

At year end, the Town had \$10,586,409 in bonds and notes payable, versus \$11,325,604 last year; a decrease of 6.5%. The most recent 4.5 million dollar bond has an aggressive repayment schedule, enabling the town to reduce principal outstanding on the bond by \$265,000 each year.

The Town of Cumberland's rating for our bond issues is AA-. This is the fourth 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).

Additional information on the Town of Cumberland's long-term debt can be found in the notes to the basic financial statements on pages 54-56 of this report.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2007

Economic Factors and Next Year's Budget and Rates

The Town of Cumberland will be a very different place in 2007-08. Chebeague Island, which represents roughly 13% of the assessed value of the town, became the independent Town of Chebeague Island as of July 1, 2007. This major change will impact the town's finances for many years to come. However, many of the basic characteristics of the town remain the same.

The Town of Cumberland is still a relatively wealthy community with higher than average per capita incomes and lower than average unemployment rate. For example, the 2006 median household income of Cumberland residents was \$79,292, while the state's 2003 median household income is \$39,212. The State's average unemployment rate for 2007 was 4.8%, while Cumberland realized an unemployment rate of 2.7%. None of these statistics should change significantly due to the loss of Chebeague Island.

When enacting the 2008 budget, the primary objective of the Town of Cumberland's officials was to minimize the impact of the Chebeague Island secession on the property tax rate. This was a tricky task, in that a decrease in expenses was needed to offset the decrease in the tax base. On the municipal side, the town was able to accomplish most of this objective by simply removing costs previously related to Chebeague Island. The municipality accomplished the remainder of this objective by decreasing the capital projects budget to \$206,000 for one year. For 2008-09, realizing these savings will be a far more difficult task. MSAD #51 achieved savings by applying a portion of the Chebeague settlement to decrease the tax burden to the Town of Cumberland. This reduction will occur in 2008-09 as well, but will not be in effect for the 2009-10 budget.

As a result of these efforts, the tax rate rose \$.40, from \$19.40 in 2006-07 to \$19.80 in 2007-08. This represents an increase of 2.1%.

The school's budget decreased by \$1,385,989 (that is the amount that is billed to the Town of Cumberland). The school is a School Administration District which bills Cumberland and North Yarmouth for services). This decrease was due to the application of 1.75 million dollars of the districts Chebeague Settlement against the amounts billed to Cumberland and North Yarmouth. The actual operating budget for MSAD #51 increased 4.9% over the prior year.

The Town's budget decreased \$537,700. The major decreases in expenses are a \$325,000 drop in the capital improvements budget, and decreases of \$116,444 from the Solid Waste budget, \$85,884 from Public Works, \$95,900 from the Chebeague Library and Rec Center, and \$18,952 from the Harbormaster budget all related to the secession of Chebeague Island. The 2007 one-time expenses for a new Comprehensive Plan and a Revaluation also came off the 2008 budget, resulting in a loss of \$100,000. While a cost of living increase of 3.5% on wages did go into effect this year, it was partially offset by an increase in employee health benefit contributions.

As for the Town's business type activities: The Sewer fund rates continue to increase each year over the next 3 years to address ongoing shortfalls, and a "Sewer Amnesty" program is in the works to encourage more residents to join the system. Rental rates and expenses both increased 3% in the Senior Housing Fund. The Val Halla Golf Course did not show significant improvement during the first few months of the 2007-08 budget year, and failed to meet budget expectations. As a result, the positions of Business Manager and Cook were eliminated, and the course will now partner with an independent contractor for all food service and banquet center needs. These changes will address the largest shortfalls in the Val Halla budget.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2007

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, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 780,279	203,203	983,482
Investments	245,828	229,574	475,402
Receivables:			
Accounts	90,234	162,547	252,781
Intergovernmental	454,348	-	454,348
Taxes receivable - prior years	20,319	-	20,319
Taxes receivable - current year	235,482	-	235,482
Tax liens	77,017	-	77,017
Internal balances	1,462,680	(1,462,680)	-
Prepaid expenses	128,397	13,018	141,415
Inventories	-	20,508	20,508
Capital assets not being depreciated	4,457,874	-	4,457,874
Capital assets being depreciated, net	15,268,263	4,902,471	20,170,734
Total assets	23,220,721	4,068,641	27,289,362
LIABILITIES			
Accounts payable and other current liabilities	458,811	64,245	523,056
Accrued payroll	68,985	14,628	83,613
Accrued interest	111,109	-	111,109
Unearned revenues	18,788	20,770	39,558
Noncurrent liabilities:			
Due within one year	921,433	142,127	1,063,560
Due in more than one year	8,791,636	1,891,953	10,683,589
Total liabilities	10,370,762	2,133,723	12,504,485
NET ASSETS			
Invested in capital assets, net of related debt	10,709,996	2,868,391	13,578,387
Restricted for:			
Capital projects	1,630,734	-	1,630,734
Expendable trust	145,012	-	145,012
Nonexpendable trust principal	100,033	-	100,033
Unrestricted	264,184	(933,473)	(669,289)
Total net assets	\$ 12,849,959	1,934,918	14,784,877

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Activities
For the year ended June 30, 2007

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	\$ 5,159,324	660,989	-	1,881,894	(2,616,441)	-	(2,616,441)
Public safety	2,012,200	323,404	184,894	-	(1,503,902)	-	(1,503,902)
Public works	1,249,056	1,849	87,676	394,836	(764,695)	-	(764,695)
Health, sanitation and welfare	935,715	260,593	-	-	(675,122)	-	(675,122)
Recreation	565,395	350,890	8,587	-	(205,918)	-	(205,918)
Education and libraries	12,717,167	11,474	-	-	(12,705,693)	-	(12,705,693)
Interest on debt	502,022	182,965	-	-	(319,057)	-	(319,057)
Total governmental activities	23,140,879	1,792,164	281,157	2,276,730	(18,790,828)	-	(18,790,828)
Business-type activities:							
Senior Housing	236,583	266,665	-	-	-	30,082	30,082
Sewer System	814,256	667,031	-	-	-	(147,225)	(147,225)
Val Halla Golf and Recreation Center	1,212,925	917,320	-	-	-	(295,605)	(295,605)
Total business-type activities	2,263,764	1,851,016	-	-	-	(412,748)	(412,748)
Total primary government	\$ 25,404,643	3,643,180	281,157	2,276,730	(18,790,828)	(412,748)	(19,203,576)
General revenues:							
Property taxes, levied for general purposes					17,158,790	-	17,158,790
Motor vehicle excise taxes					1,480,483	-	1,480,483
Interest and penalties					50,092	-	50,092
Grants and contributions not restricted to specific programs:							
Homestead exemption					186,895	-	186,895
State Revenue Sharing					625,757	-	625,757
Other State aid					13,637	-	13,637
Unrestricted investment earnings					270,487	-	270,487
Miscellaneous revenues					93,883	-	93,883
TIF allocation					(560,817)	-	(560,817)
Transfers					21,391	(21,391)	-
Total general revenues					19,340,598	(21,391)	19,319,207
Change in net assets					549,770	(434,139)	115,631
Net assets - beginning					12,300,189	2,369,057	14,669,246
Net assets - ending					\$ 12,849,959	1,934,918	14,784,877

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Balance Sheet
Governmental Funds
June 30, 2007

	General	Bond Fund	FEMA Spring Storm 2007	Twin Brook Fund	Road Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 780,279	-	-	-	-	-	780,279
Investments	-	-	-	-	-	245,828	245,828
Receivables:							
Accounts	83,091	-	-	-	-	69	83,160
Intergovernmental	59,512	-	394,836	-	-	-	454,348
Taxes receivable - prior years	20,319	-	-	-	-	-	20,319
Taxes receivable - current year	235,482	-	-	-	-	-	235,482
Tax liens	77,017	-	-	-	-	-	77,017
Prepaid items	128,397	-	-	-	-	-	128,397
Interfund loans receivable	600,495	1,723,402	-	-	-	558,391	2,882,288
Total assets	\$ 1,984,592	1,723,402	394,836	-	-	804,288	4,907,118
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	180,874	92,668	128,248	2,078	22,848	32,095	458,811
Accrued payroll	68,985	-	-	-	-	-	68,985
Interfund loans payable	-	-	245,199	331,088	348,432	487,815	1,412,534
Deferred revenues	191,666	-	-	-	-	-	191,666
Security deposit	-	-	-	-	-	1,450	1,450
Total liabilities	441,525	92,668	373,447	333,166	371,280	521,360	2,133,446
Fund balances (deficits):							
Reserved for:							
Long-term interfund advance	833,189	-	-	-	-	-	833,189
Permanent funds:							
Expendable trust	-	-	-	-	-	145,012	145,012
Principal	-	-	-	-	-	100,033	100,033
Unreserved, reported in:							
General fund	709,878	-	-	-	-	-	709,878
Special revenue funds	-	-	21,389	-	-	54,533	75,922
Capital projects funds	-	1,630,734	-	(333,166)	(371,280)	(16,650)	909,638
Total fund balances (deficits)	1,543,067	1,630,734	21,389	(333,166)	(371,280)	282,928	2,773,672
Total liabilities and fund balances	\$ 1,984,592	1,723,402	394,836	-	-	804,288	
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.							19,726,137
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.							174,328
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	(8,701,554)						
Capital leases	(314,587)						
Accrued interest	(111,109)						
Accrued compensated absences	(142,228)						
Landfill liability	(554,700)						
							(9,824,178)
Net assets of governmental activities						\$ 12,849,959	

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, 2007

	General	Bond Fund	FEMA Spring Storm 2007	Twin Brook Fund	Road Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 18,115,448	-	-	-	-	-	18,115,448
Licenses and permits	170,982	-	-	-	-	-	170,982
Intergovernmental	1,107,446	-	394,836	-	-	-	1,502,282
Charges for services	819,240	-	-	-	-	90,509	909,749
Rental income	-	-	-	-	-	190,940	190,940
Other	723,278	1,615	-	11,785	-	889,918	1,626,596
Total revenues	20,936,394	1,615	394,836	11,785	-	1,171,367	22,515,997
Expenditures:							
Current:							
General government	953,942	-	-	-	-	-	953,942
Public safety	1,804,220	-	-	-	-	-	1,804,220
Public works	965,115	-	-	-	-	-	965,115
Health, sanitation and welfare	931,318	-	-	-	-	-	931,318
Recreation	492,247	-	-	-	-	-	492,247
Education and libraries	12,639,338	-	-	-	-	-	12,639,338
County tax	670,823	-	-	-	-	-	670,823
Unclassified	1,484,296	-	-	65,352	-	246,580	1,796,228
Capital outlay	-	1,653,361	299,964	-	468,839	921,590	3,343,754
Debt service							
Principal	303,059	-	-	-	-	310,568	613,627
Interest	297,042	-	-	-	-	167,080	464,122
Total expenditures	20,541,400	1,653,361	299,964	65,352	468,839	1,645,818	24,674,734
Excess (deficiency) of revenues over (under) expenditures	394,994	(1,651,746)	94,872	(53,567)	(468,839)	(474,451)	(2,158,737)
Other financing sources (uses):							
Proceeds from capital lease	-	-	-	-	-	257,348	257,348
Transfers in	400,004	-	-	82,489	586,301	1,019,974	2,088,768
Transfers out	(800,383)	(337,082)	(73,483)	-	(115,224)	(741,205)	(2,067,377)
Total other financing sources (uses)	(400,379)	(337,082)	(73,483)	82,489	471,077	536,117	278,739
Net change in fund balances	(5,385)	(1,988,828)	21,389	28,922	2,238	61,666	(1,879,998)
Fund balances (deficits), beginning of year	1,548,452	3,619,562	-	(362,088)	(373,518)	183,601	4,616,009
Fund balances (deficits), end of year	\$ 1,543,067	1,630,734	21,389	(333,166)	(371,280)	245,267	2,736,011

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, 2007

Net change in fund balances - total governmental funds (from Statement 4)	\$	(1,879,998)
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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 (\$2,872,954) and contributions exceeded depreciation expense (\$875,991) in the current period.		1,996,963
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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 tax revenue.

13,100

Expenses in the statement of activities that do not consume current financial resources are not reported as expenses in the funds.

(3,480)

Lease proceeds 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 proceeds (\$257,348) exceeded repayments (\$29,244).

(228,104)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt repayments (\$613,628) exceeded proceeds (\$0).

613,628

Change in net assets of governmental activities (see Statement 2)	\$	512,109
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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, 2007

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 18,072,170	18,072,170	18,115,448	43,278
Licenses and permits	125,400	125,400	170,982	45,582
Intergovernmental	1,185,471	1,185,471	1,107,446	(78,025)
Charges for services	689,466	689,466	819,240	129,774
Other	448,601	448,601	723,278	274,677
Total revenues	20,521,108	20,521,108	20,936,394	415,286
Expenditures:				
Current:				
General government	888,135	888,135	953,942	(65,807)
Public safety	1,723,525	1,723,525	1,804,220	(80,695)
Public works	965,939	965,939	965,115	824
Health, sanitation and welfare	915,521	915,521	931,318	(15,797)
Recreation programs	425,423	425,423	492,247	(66,824)
Education and libraries	12,610,609	12,610,609	12,639,338	(28,729)
County tax	670,823	670,823	670,823	-
Unclassified	1,798,902	1,798,902	1,484,296	314,606
Debt service	493,231	493,231	600,101	(106,870)
Total expenditures	20,492,108	20,492,108	20,541,400	(49,292)
Excess (deficiency) of revenues over (under) expenditures	29,000	29,000	394,994	365,994
Other financing sources (uses):				
Use of undesignated fund balance	100,000	100,000	-	(100,000)
Transfers in	404,000	404,000	400,004	(3,996)
Transfers out	(533,000)	(533,000)	(800,383)	(267,383)
Total other financing sources (uses)	(29,000)	(29,000)	(400,379)	(371,379)
Net change in fund balance	-	-	(5,385)	(5,385)
Fund balance, beginning of year			1,548,452	
Fund balance, end of year	\$		1,543,067	

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Net Assets
Proprietary Funds
June 30, 2007

Business-type Activities - Enterprise Funds				
	Senior Housing Fund	Sewer System	Val Halla Golf and Recreation Center	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 193,212	11	9,980	203,203
Investments	229,574	-	-	229,574
Accounts receivable	-	144,664	17,883	162,547
Prepaid expenses	10,907	-	2,111	13,018
Inventory	-	-	20,508	20,508
Total current assets	433,693	144,675	50,482	628,850
Noncurrent assets:				
Property, plant, and equipment	1,616,340	3,536,621	2,967,919	8,120,880
Less accumulated depreciation	(728,335)	(1,248,943)	(1,241,131)	(3,218,409)
Total noncurrent assets	888,005	2,287,678	1,726,788	4,902,471
Total assets	1,321,698	2,432,353	1,777,270	5,531,321
LIABILITIES				
Current liabilities:				
Accounts payable	4,799	-	59,446	64,245
Accrued payroll	324	-	14,304	14,628
Interfund loans payable	72,907	394,543	995,230	1,462,680
Security deposit	20,770	-	-	20,770
Lease payable, current	-	-	30,383	30,383
Bonds payable, current	60,189	-	51,555	111,744
Total current liabilities	158,989	394,543	1,150,918	1,704,450
Noncurrent liabilities:				
Lease payable	-	-	118,842	118,842
Bonds payable	1,269,529	-	503,582	1,773,111
Total noncurrent liabilities	1,269,529	-	622,424	1,891,953
Total liabilities	1,428,518	394,543	1,773,342	3,596,403
NET ASSETS				
Invested in capital assets, net of related debt	(441,713)	2,287,678	1,022,426	2,868,391
Unrestricted	334,893	(249,868)	(1,018,498)	(933,473)
Total net assets	\$ (106,820)	2,037,810	3,928	1,934,918

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, 2007

Business-type Activities - Enterprise Funds				
	Senior Housing Fund	Sewer System	Val Halla Golf and Recreation Center	Totals
Operating revenues:				
Rental income	\$ 250,299	-	-	250,299
Golf memberships	-	-	193,172	193,172
Greens fees	-	-	171,564	171,564
Golf cart rentals	-	-	111,849	111,849
Sewer assessments	-	667,031	-	667,031
Food and beverage sales	-	-	421,974	421,974
Other	-	-	18,761	18,761
Total operating revenues	250,299	667,031	917,320	1,834,650
Operating expenses:				
Cost of sales and supplies	-	-	185,861	185,861
Wages and benefits	34,799	-	522,098	556,897
Utilities	17,452	-	53,275	70,727
Maintenance	9,298	-	87,509	96,807
Gas and oil	27,912	-	22,710	50,622
Wastewater assessment	-	729,718	-	729,718
Other	26,458	13,115	198,297	237,870
Depreciation	41,796	70,732	108,756	221,284
Total operating expenses	157,715	813,565	1,178,506	2,149,786
Operating income (loss)	92,584	(146,534)	(261,186)	(315,136)
Nonoperating revenue (expense):				
Interest income	16,366	-	-	16,366
Interest expense	(78,868)	(691)	(34,419)	(113,978)
Total nonoperating revenue (expense)	(62,502)	(691)	(34,419)	(97,612)
Income before transfers	30,082	(147,225)	(295,605)	(412,748)
Transfer out	(21,391)	-	-	(21,391)
Change in net assets	8,691	(147,225)	(295,605)	(434,139)
Total net assets, beginning of year	(115,511)	2,185,035	299,533	2,369,057
Total net assets, end of year	\$ (106,820)	2,037,810	3,928	1,934,918

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2007

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	\$ 279,296	764,452	1,381,155	2,424,903
Payments to suppliers	(89,391)	(742,833)	(556,477)	(1,388,701)
Payments to employees	(34,475)	-	(519,907)	(554,382)
Net cash provided by operating activities	155,430	21,619	304,771	481,820
Cash flows from non-capital financing activities:				
Transfers to other funds	(21,391)	-	-	(21,391)
Net cash used in noncapital financing activities	(21,391)	-	-	(21,391)
Cash flows from capital and related financing activities:				
Purchase of capital assets	-	-	(225,170)	(225,170)
Bond, note and lease principal payments	(54,890)	(20,928)	(49,748)	(125,566)
Interest paid	(78,868)	(691)	(34,419)	(113,978)
Net cash used in financing activities	(133,758)	(21,619)	(309,337)	(464,714)
Cash flows from investing activities:				
Purchase of investments	(7,423)	-	-	(7,423)
Investment income	16,366	-	-	16,366
Net cash provided by investing activities	8,943	-	-	8,943
Increase (decrease) in cash	9,224	-	(4,566)	4,658
Cash, beginning of year	183,988	11	14,546	198,545
Cash, end of year	\$ 193,212	11	9,980	203,203
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 92,584	(146,534)	(261,186)	(315,136)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	41,796	70,732	108,756	221,284
(Increase) decrease in operating assets:				
Accounts receivable	-	(14,002)	15,674	1,672
Inventory	-	-	(6,843)	(6,843)
Prepaid expenses	(10,512)	-	(2,111)	(12,623)
Increase (decrease) in operating liabilities:				
Accounts payable	2,241	-	129	2,370
Accrued payroll	324	-	2,191	2,515
Security deposit	(615)	-	-	(615)
Interfund loans	29,612	111,423	448,161	589,196
Net cash provided by operating activities	155,430	21,619	304,771	481,820

See accompanying notes to financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

		Private-purpose Trust Fund (Scholarships)
ASSETS		
Investments	\$	174,773
Total assets		174,773
LIABILITIES		
Interfund loans payable		7,074
Total liabilities		7,074
NET ASSETS		
Held in trust	\$	167,699

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, 2007

	Private-purpose Trust Fund (Scholarships)
Additions:	
Investment income	\$ 5,745
Contributions	3,860
Total additions	9,605
Deductions:	
Scholarships awarded	7,100
Total deductions	7,100
Change in net assets	2,505
Net assets, beginning of year	165,194
Net assets, end of year	\$ 167,699

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 7,159.

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 nonfiduciary 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

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 fund:

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

The 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.

The FEMA Spring Storm 2007 Fund is a special revenue fund, which is used to account for the expenditures related to the damages from the Patriot's Day 2007 storm and the subsequent revenues received from FEMA.

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 Road Improvements Fund is a capital projects fund, which is used to account for expenditures related to road improvements.

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

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 nonoperating 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 nonoperating revenues and expenses.

Assets, Liabilities, and Equity

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

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."

Inventory - Inventory consists of beverages at the Val Halla Lounge (Enterprise Fund). Inventory is carried at lower of cost (first-in, first-out) or market value. The cost of inventories are recorded as expenditures (expenses) when consumed rather than when purchased.

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. 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 are 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.

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Buildings and improvements	20-40 years
Machinery and 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. Sick time accumulated for individuals who have reached retirement age has also been recorded as a liability in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Sick time is not paid unless an employee is ill, or retires in good standing.

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

Interfund Transactions – 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.

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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. The Town's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2007:

	Governmental <u>activities</u>	Business-type <u>activities</u>
Capital assets	\$ 29,339,283	8,120,880
Accumulated depreciation	(9,613,146)	(3,218,409)
Bonds and notes payable	(8,701,554)	(1,884,855)
Capital leases	(314,587)	(149,225)
Total invested in capital assets net of related debt	\$ 10,709,996	2,868,391

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, 2007, the following General Fund expenditures exceeded appropriations in the following departments:

Administration and council	\$ 72,388
Treasurer and tax collector	19,794
Engineer	503
Technology	10,161
Police	33,771
Fire	35,494
Rescue	22,696
Waste disposal	17,253

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

Recreation programs	\$ 66,824
Prince Memorial Library	28,729
West Cumberland recreation building	1,307
Parks	11,182
Elections	1,556
Cemetery association	1,193
Fire hydrant charges	226
Municipal building maintenance	18,941
Canine control	9,076
Debt service principal	35,652
Debt service interest	6,101
TAN interest	65,117

These over expenditures lapsed to fund balance at year end.

At June 30, 2007, the following funds had deficit fund balances/net assets:

Special Revenue Funds:	
Unemployment Fund	\$ 2,196
Homeland Security	12,180
Capital Project Funds:	
Chebeague Reserve DOT Fund	819
Parking Lot Fund	128,145
Twin Brook Fund	333,166
Road Improvements	371,280
TIF2	86,661
Other Town Capital Projects	121,032
Enterprise Funds:	
Senior Housing Fund	106,820

As of July 1, 2007, Chebeague Island seceded from the Town of Cumberland and agreed to pay \$1,300,000 in settlement for the transfer of assets to the Island. Some of the proceeds from the settlement with Chebeague have been used to subsequently cover some of these deficit balances.

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, 2007, the Town reported deposits of \$983,482 with a bank balance of \$1,376,923. Of the Town's bank balances of \$1,376,923, none was exposed to custodial credit risk. The entire balance of \$1,376,923 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	\$ 780,279
Reported in proprietary funds	203,203
Total deposits	\$ 983,482

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

CASH AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2007, 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	\$ 437,376	108,497	256,765	72,114
Equities/stock	158,820		not applicable	
Certificates of deposit	50,005	50,005	-	-
Mutual funds	3,974		not applicable	
Total investments	\$ 650,175	158,502	256,765	72,114

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 \$437,376 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 National Mortgage Association (FNMA), and Federal Farm Credit Bank (FFCB) bonds with fair values of \$263,955, \$153,805, and \$19,616 respectively, and are all rated AAA by Standard & Poor's and Fitch Ratings.

Investments have been reported as follows:

Reported in governmental funds	\$ 245,828
Reported in fiduciary funds	174,773
Reported in proprietary funds	229,574
Total investments	\$ 650,175

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 2, 2006 on the assessed values of real property as of April 1, 2006. Taxes were due September 15, 2006 and March 15, 2007. This assessed value of \$884,174,600 was 100% of the estimated market value and 74% of the 2007 state valuation of \$1,193,700,000. The Town completed a revaluation of all Town properties in 2003.

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 \$234,273 for the year ended June 30, 2007.

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

PROPERTY TAX, CONTINUED

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, 2007 and 2006 levies:

	<u>2007</u>	<u>2006</u>
Valuation:		
Land	\$ 399,502,400	396,347,000
Buildings	475,133,000	455,142,800
Personal property	9,539,200	8,476,300
Total assessed valuation	884,174,600	859,966,100
Assessed value	884,174,600	859,966,100
Tax rate (per \$1,000)	19.40	18.80
Commitment	17,152,987	16,167,363
Supplemental taxes assessed	-	1,847
	17,152,987	16,169,210
Less:		
Collections and abatements	16,917,505	15,924,402
Receivable at June 30	\$ 235,482	244,808
Due date(s)	9/15/06 3/15/07	9/15/05 3/15/06
Interest rate charged on delinquent taxes	11.00%	7.75%
Collection rate	98.63%	98.49%

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance June 30, <u>2006</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2007</u>
Governmental activities:				
Capital assets, not being depreciated:				
Books and collections	\$ 990,116	-	-	990,116
Construction in progress	112,093	442,416	273,751	280,758
Land	3,187,000	-	-	3,187,000
Total capital assets, not being depreciated	4,289,209	442,416	273,751	4,457,874
Capital assets, being depreciated:				
Land improvements	1,657,706	27,550	-	1,685,256
Buildings and building improvements	6,087,996	59,989	-	6,147,985
Machinery and equipment	1,766,518	156,525	20,400	1,902,643
Furniture and office equipment	282,555	4,137	7,129	279,563
Computer equipment	407,309	46,822	122,091	332,040
Vehicles	3,319,552	621,974	-	3,941,526
Infrastructure	8,805,104	1,787,292	-	10,592,396
Total capital assets being depreciated	22,326,740	2,704,289	149,620	24,881,409

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

CAPITAL ASSETS, CONTINUED

Less accumulated depreciation for:				
Land improvements	\$ 389,046	80,414	-	469,461
Buildings and building improvements	1,923,599	155,174	-	2,078,773
Machinery and equipment	919,815	126,846	20,400	1,026,261
Furniture and office equipment	168,519	26,215	7,129	187,605
Computer equipment	228,502	41,718	122,091	148,129
Vehicles	1,749,338	227,519	-	1,976,857
<u>Infrastructure</u>	<u>3,507,956</u>	<u>218,105</u>	<u>-</u>	<u>3,726,061</u>
Total accumulated depreciation	8,886,775	875,991	149,620	9,613,146
Total capital assets being depreciated, net	13,439,965	1,828,298	-	15,268,263
<u>Governmental activities capital assets, net</u>	<u>\$ 17,729,174</u>	<u>2,270,714</u>	<u>273,751</u>	<u>19,726,137</u>

Business-type activities:

Capital assets, being depreciated:				
Land improvements	\$ 910,132	187,632	-	1,097,764
Buildings and building improvements	2,874,852	5,663	-	2,880,515
Machinery and equipment	422,224	180,702	32,862	570,064
Furniture and office equipment	12,263	-	-	12,263
Computer equipment	2,091	-	2,091	-
Vehicles	23,653	-	-	23,653
<u>Infrastructure, sewer</u>	<u>3,536,621</u>	<u>-</u>	<u>-</u>	<u>3,536,621</u>
Total capital assets being depreciated	7,781,836	373,997	34,953	8,120,880
Less accumulated depreciation for:				
Land improvements	409,350	39,696	-	449,046
Buildings and building improvements	1,181,798	72,354	-	1,254,152
Machinery and equipment	239,004	36,610	32,862	242,752
Furniture and office equipment	5,756	708	-	6,464
Computer equipment	2,091	-	2,091	-
Vehicles	15,867	1,183	-	17,050
<u>Infrastructure, sewer</u>	<u>1,178,209</u>	<u>70,736</u>	<u>-</u>	<u>1,248,945</u>
Total accumulated depreciation	3,032,075	221,287	34,953	3,218,409
Total capital assets being depreciated, net	4,749,761	152,710	-	4,902,471
<u>Business-type activities capital assets, net</u>	<u>\$ 4,749,761</u>	<u>152,710</u>	<u>-</u>	<u>4,902,471</u>

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

Governmental activities:

General government	\$ 98,873
Public safety	247,090
Public works, including depreciation of general infrastructure assets	361,399
Health, sanitation and welfare	4,397
Recreation	86,403
<u>Education and libraries</u>	<u>77,829</u>

Total depreciation expense – governmental activities **\$ 875,991**

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

CAPITAL ASSETS, CONTINUED

Business-type activities:

Senior Housing	\$ 41,796
Sewer System	70,735
Val Halla Golf and Recreation Center	108,756

<u>Total depreciation expense – business activities</u>	<u>\$ 221,287</u>
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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, 2007 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund payables</u>
<u>General Fund</u>	<u>\$ 600,495</u>	<u>-</u>
<u>Bond Fund</u>	<u>1,723,402</u>	<u>-</u>
<u>FEMA Spring Storm</u>	<u>-</u>	<u>245,199</u>
<u>Twin Brook Fund</u>	<u>-</u>	<u>331,088</u>
<u>Road Improvements</u>	<u>-</u>	<u>348,432</u>
Other Governmental Funds:		
Special revenue funds:		
Unemployment Fund	-	2,194
Fire Grant Fund	13,133	-
Recreation Programs Fund	17,605	-
Seacoast Fund	36,080	-
Backyard Composting Bins Fund	3,781	-
Homeland Security Fund	-	12,180
Regional Administration Fund	12,065	-
<u>Total special revenue funds</u>	<u>82,664</u>	<u>14,374</u>
Capital project funds:		
Affordable Housing Fund	35,118	-
Land Acquisition Fund	34,323	-
School Renovations Fund	76,019	-
Parking Lot Fund	-	128,145
TIF2 Route 1/100	185,530	-
TIF2	-	86,661
<u>Other Town Capital Projects</u>	<u>144,737</u>	<u>258,064</u>
<u>Total capital project funds</u>	<u>475,727</u>	<u>472,870</u>
Permanent funds:		
<u>Cemetery Fund</u>	<u>-</u>	<u>571</u>
<u>Total permanent funds</u>	<u>-</u>	<u>571</u>
<u>Total Other Governmental Funds</u>	<u>558,391</u>	<u>487,815</u>
<u>Private-purpose Trust Funds</u>	<u>-</u>	<u>7,074</u>

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

INTERFUND LOAN BALANCES, CONTINUED

Proprietary funds:		
Senior Housing	\$	- 72,907
Sewer System	-	394,543
Val Halla Golf and Recreation Center	-	995,230
Total proprietary funds	-	1,462,680
Totals	\$ 2,882,288	2,882,288

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 that are no longer needed. In particular, FEMA fund proceeds were used to close the Gravel Pit capital projects fund and the Chebeague Groundwater capital projects fund, both of which are no longer needed. Transfers were also done from the Bond fund to the MDOT Skills capital project fund to close that fund and cover capital-related expenditures using bond proceeds. Individual fund transfers for the year ended June 30, 2007 were as follows:

	Transfers <u>in</u>	Transfers <u>out</u>
<u>General Fund</u>	\$ 400,004	800,383
<u>Bond Fund</u>	-	337,082
<u>FEMA Spring Storm</u>	-	73,483
<u>Twin Brook</u>	82,489	-
<u>Road Improvements</u>	586,301	115,224
Other Governmental Funds:		
Special revenue funds:		
Whitman Property Fund	1,450	10,004
Unemployment Fund	2,000	-
Park Fees Fund	-	5,120
OSHA Compliance Fund	1,750	-
Homeland Security Fund	-	4
Total special revenue funds	5,200	15,128
Capital project funds:		
Affordable Housing Fund	10,004	1,450
Land Acquisition Fund	-	100,000
Chebeague Reserve DOT Fund	-	39,101
TIF2 Route 1/100	360,471	200,000
TIF2	-	100,000
Other Town Capital Projects	644,299	285,526
Total capital project funds	1,014,774	726,077
Total Other Governmental Funds	1,019,974	741,205
Private-purpose trust:		
Eliphalet Greely	-	3,067
Scholarship Fund	3,067	-
Total trust funds	3,037	3,067

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

INTERFUND TRANSFERS, CONTINUED

Enterprise Funds:		
Senior Housing	\$ -	21,391
Total enterprise funds	-	21,391
Totals	\$ 2,091,835	2,091,835

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2007, 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	\$ 8,239,648	-	530,894	7,708,754	510,367
Notes payable	1,075,534	-	82,734	992,800	82,733
Capital leases	86,483	257,348	29,244	314,587	151,605
Accrued compensated absences	142,149	142,228	142,149	142,228	142,228
Landfill post closure care costs	589,200	-	34,500	554,700	34,500
Total governmental activity long-term liabilities	10,133,014	399,576	819,521	9,713,069	921,433
Business-type activities:					
Bonds payable	1,730,815	-	110,677	1,620,138	96,555
Notes payable	279,607	-	14,890	264,717	15,189
Capital leases	-	149,225	-	149,225	30,383
Total business-type activity long-term liabilities	2,010,422	149,225	125,567	2,034,080	142,127
Total long-term governmental and business-type activities	\$ 12,143,436	548,801	945,088	11,747,149	1,063,560

LONG-TERM DEBT

Bonds and Notes Payable

Bonds and notes payable at June 30, 2007 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:					
New Town office	\$ 1,000,000	5/28/98	11/1/2018	4.528-5.378%	711,116
School renovation	1,700,000	5/28/98	11/1/2018	4.528-5.378%	945,553
Fire truck purchase	478,560	10/28/99	11/1/2019	4.283-5.908%	362,085
Fire trucks/Chebeague improve.	1,000,000	4/1/02	04/01/2022	4.5-5%	830,000
Purchase Rines property	1,241,000	8/29/03	08/29/2019	4.5%	992,800
Capital projects	4,585,000	6/14/06	4/1/2026	3.50-4.625%	4,320,000
Stone Wharf	600,000	10/30/03	10/1/2023	3-5%	540,000
Total governmental activities					8,701,554

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

LONG-TERM DEBT, CONTINUED

Business-type activity debt:

Senior Housing	\$ 1,325,000	12/31/91	12/01/2012	4.4-6.9%	1,065,000
Val Halla irrigation	236,000	12/31/91	12/01/2012	4.0-6.75%	85,000
Val Halla Clubhouse	750,000	10/30/96	11/01/2016	4.0-6.9%	470,137
Maine State Housing Authority	362,954	1/02/92	07/01/2022	2.0%	264,718
Total business-type activity debt					1,884,855

Total bonds and notes payable **\$ 10,586,409**

All governmental activities long-term debt service requirements are paid by the General Fund, the School Renovations Fund (Capital Projects Fund), or the TIF2 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>
2008	\$ 593,100	383,071	111,744	107,008
2009	607,118	356,871	118,951	100,633
2010	616,589	329,917	121,283	93,909
2011	626,530	302,342	128,768	86,772
2012	642,085	273,972	141,523	78,888
2013-2017	2,856,656	954,498	674,328	280,184
2018-2022	2,019,476	387,851	586,567	95,203
2023-2026	740,000	75,028	1,691	5
Totals	\$ 8,701,554	3,063,550	1,884,855	842,602

During the year, the Town paid off a Tax Anticipation note of \$2,300,000 that was issued in July 2006. On June 28, 2007, the Town Council approved a \$3,300,000 Tax Anticipation Note, to be issued in July 2007. The interest rate is 3.79% and the note is to be reimbursed with tax revenues.

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, 2007, 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 \$554,700 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.

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

For the year ended June 30, 2007, the Town's State valuation of \$1,286,200 was 3.38% of the County's State valuation of \$38,041,800. The Town's share is 3.38% or \$270,467 of Cumberland County's \$7,999,569 long-term debt outstanding at June 30, 2007.

The Town's proportionate share of Maine School Administrative District #51 debt of \$33,773,286 is \$24,448,482 (72.39%). 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, 2007, the Town's share of self-supporting bonded water debt is 5.09% or \$1,010,122 of total debt of \$19,862,858.

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, 2007, outstanding bonds of ecomaine totaled \$35,772,000 of which the Town of Cumberland's share, based on estimated tonnage to be delivered, amounted to \$1,716,072 (4.80%).

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, 2007, outstanding material recycling facility bonds of ecomaine totaled \$4,418,000 of which the Town of Cumberland's share, based on tonnage to be delivered, amounts to \$100,730 (2.28%).

Additionally, ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and post closure costs approximate \$20,454,988 at June 30, 2006 (the most recent information available). The Town's proportionate share of these estimated landfill closure and post closure costs is \$737,611 or 3.56%.

Total Debt and Contingencies

	June 30, 2007				
	Direct debt				
Governmental <u>Unit</u>	Governmental activities	Business-type activities	Overlapping debt	Contingent debt	Total debt
Town of Cumberland	\$ 8,701,554	1,884,855	-	-	10,586,409
Cumberland County	-	-	270,467	-	270,467
M.S.A.D. #51	-	-	24,448,482	-	24,448,482
Portland Water District:					
Water debt	-	-	1,010,122	-	1,010,122
ecomaine:					
Resource recovery system	-	-	1,716,072	-	1,716,072
Materials recovery facility	-	-	100,730	-	100,730
Totals	\$ 8,701,554	1,884,855	27,545,873	-	38,132,282

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

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, 2007.

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, 2007. 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, 2007.

LEASES

Operating Leases

The Town has one non-cancelable lease purchase agreement for the rental of a Town-owned building to MSAD #51. This lease agreement expires March 31, 2014. If MSAD #51 is not in default of the performance of its obligations under the lease purchase agreement on March 31, 2013, the Town shall convey the property to lessee by a quitclaim deed without additional consideration.

Rental income from operating leases for the year ended June 30, 2007 was \$182,241. The Town's investment in property held for lease for the year ended June 30, 2007 was \$1,810,383, with accumulated depreciation of \$422,423.

The following is a schedule by years of minimum future rental income on noncancelable leases at June 30, 2007:

Fiscal year ending June 30,	
2008	\$ 182,241
2009	182,241
2010	182,241
2011	182,241
2012	182,241
2013	182,241
Total	\$ 1,093,446

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

LEASES, CONTINUED

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, 2007:

Fiscal year ending June 30,	
2008	\$ 28,920
2009	28,920
2010	28,920
2011	28,920
2012	19,280
Total	\$ 134,960

Capital Leases

The Town has entered into lease agreements as lessee to finance the acquisition of a wheel loader and office equipment. 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 following is a summary of equipment leased under capital lease agreements by the Town:

	Governmental activities
Wheel loader	\$ 109,000
Office equipment	27,650
Fire truck	257,348
Totals	\$ 393,998
	Business-type activities
Lawn mowers	\$ 149,225
Totals	\$ 149,225

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, 2007:

Fiscal year ending June 30,	Governmental activities	Business-type activities
2008	\$ 173,762	33,400
2009	163,759	33,400
2010	7,549	33,400
2011	-	33,400
2012	-	33,400
Total minimum lease payments	345,070	167,000
Less: amount representing interest	30,483	17,775
Present value of future minimum lease payments	\$ 314,587	149,225

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

MAINE STATE RETIREMENT SYSTEM (MSRS)

MSRS - Consolidated Plan

Description of the Plan - The Town contributes to the Maine State Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine State 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 State 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 State 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 2.8% of annual covered payroll. The contribution rates of plan members and the Town of Cumberland are established and may be amended by the Maine State Retirement System Board of Trustees. The Town's contributions to the Maine State Retirement System Consolidated Plan for the years ended June 30, 2007, 2006 and 2005 was \$7,891 (2.29% of covered wages), \$0 and \$0, respectively, which is equal to the required contributions for each year, net of credit for the Initial Unpooled Unfunded Actuarial/Asset of \$424,405 for 2007.

Related Party Investments - During the year ended June 30, 2007, MSRS had no securities issued by the Town or other related party.

OTHER RETIREMENT CONTRIBUTIONS

Additionally, the Town participates in the Social Security Retirement Program. The Town contributed \$278,858 including F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees for the year ended June 30, 2007.

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.

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.

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

TAX INCREMENT FINANCING DISTRICT

Under Maine law, the Town has established two 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.

	Route One South TIF (A Capital <u>Projects Fund</u>)	Route One North TIF (A Capital <u>Projects Fund</u>)
Original assessed value	\$ 339,400	355,000
Captured value for the year ended 6/30/07	7,175,900	22,444,700
Captured taxes	132,279	428,540
Remitted to District	132,279	428,540
Taxes rebated	-	(13,694)

SUBSEQUENT EVENT

In August 2006, the State passed H.P. 1243 – L.D. 1735, which allows Chebeague Island to secede from the Town of Cumberland and form as a separate Town. The separation will be effective as of July 1, 2007, at which time the Town of Cumberland will recognize the transfer of all property belonging to the Island and will receive \$1,300,000 from Chebeague for the property. In addition, Cumberland has signed several administrative agreements with Chebeague so that it might continue to provide services during the secession process, such as the collection of real estate taxes, etc.

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TOWN OF CUMBERLAND, MAINE
Comparative Balance Sheets - General Fund
June 30, 2007 and 2006

	2007	2006
ASSETS		
Cash and cash equivalents	\$ 780,279	3,862,830
Receivables:		
Accounts	83,091	151,476
Intergovernmental	59,512	54,010
Taxes receivable - prior years	20,319	4,690
Taxes receivable - current year	235,482	244,808
Tax liens	77,017	76,816
Prepaid items	128,397	41,690
Interfund loans receivable	600,495	-
Total assets	\$ 1,984,592	4,436,320
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	171,045	219,685
Escrow accounts	9,829	56,642
Accrued payroll	68,985	59,594
Taxes paid in advance	17,338	23,495
Deferred tax revenues	174,328	161,228
Interfund loans payable	-	2,367,224
Total liabilities	441,525	2,887,868
Fund balance:		
Reserved for long term interfund payables	833,189	856,060
Unreserved:		
Unreserved, undesignated	709,878	692,392
Total fund balance	1,543,067	1,548,452
Total liabilities and fund balance	\$ 1,984,592	4,436,320

TOWN OF CUMBERLAND, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2007

(With comparative actual amounts for the year ended June 30, 2006)

	2007		Variance positive (negative)	2006 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 17,152,987	17,158,790	5,803	16,169,210
Change in deferred taxes	-	(13,100)	(13,100)	20,500
Excise taxes	1,445,000	1,480,483	35,483	1,503,116
Tax Incremental Financing	(560,817)	(560,817)	-	(376,314)
Interest and lien costs	35,000	50,092	15,092	49,215
Total taxes	18,072,170	18,115,448	43,278	17,365,727
Licenses and permits:				
Town clerk fees	12,400	7,125	(5,275)	9,632
Clerk licenses	11,050	13,377	2,327	12,968
Snowmobile registration	1,500	1,797	297	2,183
Solid waste permits	200	27	(173)	168
Police issued permits	3,500	2,644	(856)	4,021
Registration fees	24,750	25,814	1,064	25,935
Building permits	50,000	82,004	32,004	97,889
Electrical permits	5,000	16,623	11,623	20,311
Plumbing permits	15,000	13,011	(1,989)	19,366
Other permits	1,000	7,760	6,760	1,600
Application fees	1,000	800	(200)	1,550
Total licenses and permits	125,400	170,982	45,582	195,623
Intergovernmental:				
State Revenue Sharing	670,728	625,757	(44,971)	689,809
Homestead reimbursement	223,449	186,895	(36,554)	216,232
Park fee sharing	10,000	8,587	(1,413)	11,117
D.O.T. block grant	82,000	87,676	5,676	92,436
Windham fire/rescue	3,900	1,950	(1,950)	3,900
Town of North Yarmouth	185,394	182,944	(2,450)	192,230
Other state aid	10,000	13,637	3,637	-
Total intergovernmental	1,185,471	1,107,446	(78,025)	1,205,724
Charges for services:				
Recreation programs	270,000	350,890	80,890	345,274
Rescue billings	130,000	154,338	24,338	133,203
Regional rescue	114,460	142,649	28,189	114,860
Regional assessing	15,506	15,506	-	10,835
Gas billing	140,000	140,483	483	132,559
Library income	4,500	11,474	6,974	10,168
Staff review fee	15,000	3,900	(11,100)	10,950
Total charges for services	689,466	819,240	129,774	757,849

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

	2007		Variance positive (negative)	2006 Actual
	Budget	Actual		
Revenues, continued:				
Other:				
Sale of assets	\$ 1,000	411	(589)	10,200
Interest revenue	26,500	270,487	243,987	129,940
Recycling	1,700	1,849	149	895
Growth permits	1,500	1,450	(50)	2,150
Board of Appeals	2,500	700	(1,800)	1,500
Police revenues	-	23,773	23,773	9,013
Cable TV	65,000	71,945	6,945	66,526
Mooring fees	14,000	6,338	(7,662)	12,248
Chebeague solid waste	25,000	19,046	(5,954)	23,171
Building rentals	3,000	5,660	2,660	4,181
Universal waste	260,000	241,547	(18,453)	243,310
Miscellaneous	48,401	80,072	31,671	51,069
Total other	448,601	723,278	274,677	554,203
Total revenues	20,521,108	20,936,394	415,286	20,079,126
Expenditures:				
Current:				
General government:				
Administration and Council	345,260	417,648	(72,388)	339,471
Assessor	138,972	106,501	32,471	71,707
Treasurer and tax collector	262,553	282,347	(19,794)	254,710
Engineer	2,000	2,503	(503)	3,035
Technology	94,350	104,511	(10,161)	55,934
Legal services	45,000	40,432	4,568	64,431
Total general government	888,135	953,942	(65,807)	789,288
Public safety:				
Police	856,808	890,579	(33,771)	860,285
Fire	296,312	331,806	(35,494)	260,687
Rescue	478,083	500,779	(22,696)	395,453
Code Enforcement	92,322	81,056	11,266	78,687
Total public safety	1,723,525	1,804,220	(80,695)	1,595,112
Public works	965,939	965,115	824	948,911
Health, sanitation, and welfare:				
Waste disposal	894,082	911,335	(17,253)	984,498
General assistance	13,000	12,000	1,000	25,562
Health services	8,439	7,983	456	7,563
Total health, sanitation, and welfare	915,521	931,318	(15,797)	1,017,623

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

	2007		Variance positive (negative)	2006 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Recreation programs	\$ 425,423	492,247	(66,824)	475,381
Education and libraries:				
Prince Memorial Library	285,968	314,697	(28,729)	377,847
Chebeague Island Library	45,100	45,100	-	44,200
MSAD #51	12,279,541	12,279,541	-	11,779,294
Total education and libraries	12,610,609	12,639,338	(28,729)	12,201,341
County tax	670,823	670,823	-	657,346
Unclassified:				
West Cumberland recreation building	9,300	10,607	(1,307)	8,554
Parks	93,107	104,289	(11,182)	91,796
Elections	13,650	15,206	(1,556)	10,303
Planning Board	70,680	63,399	7,281	61,792
Comprehensive plan	40,000	32,628	7,372	-
Conservation Commission	1,000	-	1,000	-
Harbor master/shellfish warden	18,952	16,584	2,368	14,524
Cemetery Association	19,400	20,593	(1,193)	16,858
Insurance	1,026,700	982,972	43,728	924,244
Fire hydrant charges	50,000	50,226	(226)	47,151
Street lighting	40,000	39,853	147	36,288
Contingencies	25,000	3,986	21,014	14,824
Municipal building maintenance	83,740	102,681	(18,941)	105,393
Abatements	8,000	7,828	172	9,685
Canine control	24,100	33,176	(9,076)	19,143
Rines Forest	41,000	268	40,732	-
Recycling education	-	-	-	8,965
Overlay	234,273	-	234,273	24,365
Total unclassified	1,798,902	1,484,296	314,606	1,393,885

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

	2007		Variance positive (negative)	2006 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Other unbudgeted expenditures:				
Increase (decrease) in accrued payroll	\$ -	-	-	5,827
Total other unbudgeted expenditures	-	-	-	5,827
Debt service:				
Principal	267,407	303,059	(35,652)	230,202
Interest	205,824	211,925	(6,101)	185,226
TAN Interest	20,000	85,117	(65,117)	62,657
Total debt service	493,231	600,101	(106,870)	478,085
Total expenditures	20,492,108	20,541,400	(49,292)	19,562,799
Excess (deficiency) of revenues over (under) expenditures	29,000	394,994	365,994	516,327
Other financing sources (uses):				
Transfer to Special Revenue Funds	(2,000)	(3,750)	(1,750)	(48,073)
Transfer from Special Revenue Funds	-	4	4	-
Transfer from Permanent Funds	4,000	-	(4,000)	3,729
Transfer from Capital Projects	400,000	400,000	-	165,000
Transfer to Capital Projects	(531,000)	(796,633)	(265,633)	(669,420)
Use of fund balance	100,000	-	(100,000)	-
Total other financing sources (uses)	(29,000)	(400,379)	(371,379)	(548,764)
Net change in fund balance	-	(5,385)	(5,385)	(32,437)
Fund balance, beginning of year		1,548,452		1,580,889
Fund balance, end of year	\$	1,543,067		1,548,452

TOWN OF CUMBERLAND, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2007

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Investments	\$ -	-	245,828	245,828
Accounts receivable	-	69	-	69
Interfund loans receivable	82,664	475,727	-	558,391
Total assets	\$ 82,664	475,796	245,828	804,288
LIABILITIES AND FUND BALANCES				
Liabilities:				
Security deposits	-	1,450	-	1,450
Accounts payable	13,757	18,126	212	32,095
Interfund loans payable	14,374	472,870	571	487,815
Total liabilities	28,131	492,446	783	521,360
Fund balances (deficit):				
Reserved for:				
Expendable trust	-	-	145,012	145,012
Principal	-	-	100,033	100,033
Unreserved, undesignated	54,533	(16,650)	-	37,883
Total fund balances (deficit)	54,533	(16,650)	245,045	282,928
Total liabilities and fund balances	\$ 82,664	475,796	245,828	804,288

TOWN OF CUMBERLAND, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2007

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Rental income	\$ 7,975	182,965	-	190,940
Recreation and education fees	90,509	-	-	90,509
Intergovernmental	37,661	-	-	37,661
Other revenue	101,488	779,394	-	880,882
Interest revenue	-	-	9,036	9,036
Total revenues	237,633	962,359	9,036	1,209,028
Expenditures:				
Capital expenditures	-	921,590	-	921,590
Debt service:				
Principal	-	310,568	-	310,568
Interest	-	167,080	-	167,080
Program expenditures	243,434	-	3,146	246,580
Total expenditures	243,434	1,399,238	3,146	1,645,818
Excess (deficiency) of revenues over (under) expenditures	(5,801)	(436,879)	5,890	(436,790)
Other financing sources (uses):				
Capital lease proceeds	-	257,348	-	257,348
Transfer from other funds	5,200	1,014,774	-	1,019,974
Transfer to other funds	(15,128)	(726,077)	-	(741,205)
Total other financing sources (uses)	(9,928)	546,045	-	536,117
Net change in fund balances	(15,729)	109,166	5,890	99,327
Fund balances (deficit), beginning of year	70,262	(125,816)	239,155	183,601
Fund balances (deficit), end of year	\$ 54,533	(16,650)	245,045	282,928

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:

Whitman Property Fund - To account for the purchase and rental of the Whitman House.

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.

Backyard Composting Bins Fund – To account for revenues and expenditures related to the sale of composting bins.

Park Fees Fund - To account for park fee revenue.

OSHA Compliance Fund - To account for revenues and expenditures related to OSHA compliance.

Homeland Security Fund - To account for Homeland Security grant funds.

Regional Administration Fund - To account for administration costs and reimbursements related to the regionalization of the reserve department.

TOWN OF CUMBERLAND, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007
(with comparative totals for June 30, 2006)

	Whitman Property Fund	Unemployment Fund	Fire Grant Fund	Recreation Programs Fund	Seacoast Fund	Backyard Composting Bins Fund	Park Fees Fund	OSHA Compliance Fund	Homeland Security Fund	Regional Administration Fund	Totals	
											2007	2006
ASSETS												
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	14,844
Interfund loans receivable	\$ -	-	13,133	17,605	36,080	3,781	-	-	-	12,065	82,664	95,649
Total assets	\$ -	-	13,133	17,605	36,080	3,781	-	-	-	12,065	82,664	110,493
LIABILITIES AND FUND BALANCES												
Liabilities:												
Security deposit	-	-	-	-	-	-	-	-	-	-	-	1,450
Interfund loans payable	-	2,194	-	-	-	-	-	-	12,180	-	14,374	23,707
Accounts payable	-	2	11,340	1,561	854	-	-	-	-	-	13,757	15,074
Total liabilities	-	2,196	11,340	1,561	854	-	-	-	12,180	-	28,131	40,231
Fund balances (deficit):												
Unreserved, undesignated	-	(2,196)	1,793	16,044	35,226	3,781	-	-	(12,180)	12,065	54,533	70,262
Total liabilities and fund balances	\$ -	-	13,133	17,605	36,080	3,781	-	-	-	12,065	82,664	110,493

TOWN OF CUMBERLAND, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2007
(with comparative totals for June 30, 2006)

	Whitman Property Fund	Unemployment Fund	Fire Grant Fund	Recreation Programs Fund	Seacoast Fund	Backyard Composting Bins Fund	Park Fees Fund	OSHA Compliance Fund	Homeland Security Fund	Regional Administration Fund	Totals	
											2007	2006
Revenues:												
Rental income	\$ 7,975	-	-	-	-	-	-	-	-	-	7,975	7,250
Grants	-	-	-	-	-	-	-	-	37,661	-	37,661	64,936
Other revenue	-	-	9,957	-	83,760	2,520	-	-	5,251	-	101,488	134,880
Recreation and education fees	-	-	-	90,509	-	-	-	-	-	-	90,509	108,402
Total revenues	7,975	-	9,957	90,509	83,760	2,520	-	-	42,912	-	237,633	315,468
Expenditures:												
Current:												
Program expenditures	173	8,482	18,271	114,120	62,977	-	-	1,750	37,661	-	243,434	316,493
Total expenditures	173	8,482	18,271	114,120	62,977	-	-	1,750	37,661	-	243,434	316,493
Excess (deficiency) of revenues over (under) expenditures	7,802	(8,482)	(8,314)	(23,611)	20,783	2,520	-	(1,750)	5,251	-	(5,801)	(1,025)
Other financing sources (uses):												
Transfer to other funds	(10,004)	-	-	-	-	-	(5,120)	-	(4)	-	(15,128)	-
Transfer from other funds	1,450	2,000	-	-	-	-	-	1,750	-	-	5,200	48,072
Total other financing sources (uses)	(8,554)	2,000	-	-	-	-	(5,120)	1,750	(4)	-	(9,928)	48,072
Net change in fund balances	(752)	(6,482)	(8,314)	(23,611)	20,783	2,520	(5,120)	-	5,247	-	(15,729)	47,047
Fund balances (deficit), beginning of year	752	4,286	10,107	39,655	14,443	1,261	5,120	-	(17,427)	12,065	70,262	23,215
Fund balances (deficit), end of year	\$ -	(2,196)	1,793	16,044	35,226	3,781	-	-	(12,180)	12,065	54,533	70,262

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:

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.

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

Chebeague D.O.T. Reserve - To account for funds appropriated for the purchase of Blanchard Lot.

TIF 2 Rte. 1/100 - To account for activity in the tax increment financing district.

TIF 2 - To account for activity in the tax increment financing district.

Other Town Capital Projects:

Accounting Software Purchase – To account for funds set aside for the purchase of new accounting software.

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

Impact Fees Fund - To account for impact fees collected and used for land acquisition.

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

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

Fire Truck - To account for funds set aside for the purchase of a new fire truck.

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

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

Land Trust - To account for expenses relating to the purchase of land and receivables expected to fund that cost.

Blanchard Lot Fund - Reserve fund for Blanchard Lot

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

Chase Car Replacement Fund – To account for funds used to purchase a regional rescue vehicle.

CAPITAL PROJECT FUNDS, CONTINUED

Chebeague Island Oil Tank Fund - To account for funds used to replace damaged oil tanks on Chebeague Island.

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

Revaluation Fund – To account for funds set aside for the Town revaluation.

TOWN OF CUMBERLAND, MAINE
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2007
(with comparative totals for June 30, 2006)

	Affordable Housing Fund	Land Acquisition Fund	School Renovations Fund	Chebeague Reserve DOT Fund	Parking Lot Fund	TIF2 Rte. 1/100	TIF2	Other Town Capital Projects	Totals	
									2007	2006
ASSETS										
Accounts receivable	\$ -	-	-	-	-	-	-	69	69	245,140
Interfund loans receivable	35,118	34,323	76,019	-	-	185,530	-	144,737	475,727	533,095
Total assets	\$ 35,118	34,323	76,019	-	-	185,530	-	144,806	475,796	778,235
LIABILITIES AND FUND BALANCES (DEFICITS)										
Liabilities:										
Accounts payable	-	1,680	-	819	-	7,853	-	7,774	18,126	578,657
Security deposit	1,450	-	-	-	-	-	-	-	1,450	-
Interfund loans payable	-	-	-	-	128,145	-	86,661	258,064	472,870	1,061,000
Total liabilities	1,450	1,680	-	819	128,145	7,853	86,661	265,838	492,446	1,639,657
Fund balances (deficit):										
Unreserved, undesignated	33,668	32,643	76,019	(819)	(128,145)	177,677	(86,661)	(121,032)	(16,650)	(861,422)
Total fund balances (deficits)	33,668	32,643	76,019	(819)	(128,145)	177,677	(86,661)	(121,032)	(16,650)	(861,422)
Total liabilities and fund balances	\$ 35,118	34,323	76,019	-	-	185,530	-	144,806	475,796	778,235

TOWN OF CUMBERLAND, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2007
(with comparative totals for June 30, 2006)

	Affordable Housing Fund	Land Acquisition Fund	School Renovations Fund	Chebeague Reserve DOT Fund	Parking Lot Fund	TIF2 Rte. 1/100	TIF2	Other Town Capital Projects	Totals	
									2007	2006
Revenues:										
Other revenue	\$ 10,000	-	-	-	19,969	383,595	132,279	233,551	779,394	1,182,313
Intergovernmental	-	-	-	-	-	-	-	-	-	202,361
Lease income	725	-	182,240	-	-	-	-	-	182,965	182,241
Interest earnings	-	-	-	-	-	-	-	-	-	182
Total revenues	10,725	-	182,240	-	19,969	383,595	132,279	233,551	962,359	1,567,097
Expenditures:										
Current:										
Other expenditures	565	11,680	-	25,040	-	-	-	208,143	245,428	1,457,502
Capital improvements:										
Construction and renovation	-	-	-	-	-	-	152,694	211,593	364,287	1,444,373
Capital outlay	-	-	-	-	-	-	-	251,552	251,552	-
Sewer upgrade	-	-	-	-	-	-	-	60,323	60,323	87,556
Debt service:										
Interest	-	-	50,775	-	-	116,305	-	-	167,080	-
Principal	-	-	110,568	-	-	200,000	-	-	310,568	161,505
Total expenditures	565	11,680	161,343	25,040	-	316,305	152,694	731,611	1,399,238	3,150,936
Excess (deficiency) of revenues over (under) expenditures	10,160	(11,680)	20,897	(25,040)	19,969	67,290	(20,415)	(498,060)	(436,879)	(1,583,839)
Other financing sources (uses):										
Capital lease proceeds	-	-	-	-	-	-	-	257,348	257,348	-
Transfer to other funds	(1,450)	(100,000)	-	(39,101)	-	(200,000)	(100,000)	(285,526)	(726,077)	(214,785)
Transfer from other funds	10,004	-	-	-	-	360,471	-	644,299	1,014,774	1,137,316
Total other financing sources (uses)	8,554	(100,000)	-	(39,101)	-	160,471	(100,000)	616,121	546,045	922,531
Net change in fund balances	18,714	(111,680)	20,897	(64,141)	19,969	227,761	(120,415)	118,061	109,166	(661,308)
Fund balances (deficit), beginning of year	14,954	144,323	55,122	63,322	(148,114)	(50,084)	33,754	(239,093)	(125,816)	(200,114)
Fund balances (deficit), end of year	\$ 33,668	32,643	76,019	(819)	(128,145)	177,677	(86,661)	(121,032)	(16,650)	(861,422)

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 assessment.

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

Cemetery Fund - To be used for preservation and care of cemetery lots.

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.

TOWN OF CUMBERLAND, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2007

	Prince Fund	Cumberland School Fund	Cemetery Fund	Paul Merrill Fund	Sweetser Fund	Historical Society Fund	Totals
ASSETS							
Cash and cash equivalents	\$ -	-	-	-	-	-	-
Investments	41,856	42,817	15,740	58,065	35,874	51,476	245,828
Accounts receivable	-	-	-	-	-	-	-
Interfund loans receivable	-	-	-	-	-	-	-
Total assets	41,856	42,817	15,740	58,065	35,874	51,476	245,828
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	-	-	-	-	212	212
Interfund loans payable	-	-	571	-	-	-	571
Total liabilities	-	-	571	-	-	212	783
Fund balances:							
Reserved for:							
Expendable trust	39,691	40,592	14,377	1,878	1,160	47,314	145,012
Principal	2,165	2,225	792	56,187	34,714	3,950	100,033
Total fund balances	41,856	42,817	15,169	58,065	35,874	51,264	245,045
Total liabilities and and fund balances	\$ 41,856	42,817	15,740	58,065	35,874	51,476	245,828

TOWN OF CUMBERLAND, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2007

	Prince Fund	Cumberland School Fund	Cemetery Fund	Paul Merrill Fund	Sweetser Fund	Historical Society Fund	Totals
Revenues:							
Investment income	\$ 1,713	1,406	516	1,878	1,160	2,363	9,036
Total revenues	1,713	1,406	516	1,878	1,160	2,363	9,036
Expenditures:							
Current:							
Other miscellaneous	-	-	571	-	-	2,575	3,146
Total expenditures	-	-	571	-	-	2,575	3,146
Net change in fund balances	1,713	1,406	(55)	1,878	1,160	(212)	5,890
Fund balances, beginning of year	40,143	41,411	15,224	56,187	34,714	51,476	239,155
Fund balances, end of year	\$ 41,856	42,817	15,169	58,065	35,874	51,264	245,045

ALL OTHER GOVERNMENTAL FUNDS

FIDUCIARY FUNDS-
PRIVATE-PURPOSE TRUST FUNDS

TOWN OF CUMBERLAND, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds - Private-purpose Trust
June 30, 2007

	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	\$ 18,630	69,078	40,652	3,348	842	7,351	3,618	931	30,323	174,773
Total assets	18,630	69,078	40,652	3,348	842	7,351	3,618	931	30,323	174,773
LIABILITIES										
Liabilities:										
Interfund loans payable	474	3,067	1,933	300	500	300	500	-	-	7,074
Total liabilities	474	3,067	1,933	300	500	300	500	-	-	7,074
NET ASSETS										
Held in trust	18,156	66,011	38,719	3,048	342	7,051	3,118	931	30,323	167,699
Total net assets	\$ 18,156	66,011	38,719	3,048	342	7,051	3,118	931	30,323	167,699

TOWN OF CUMBERLAND, MAINE
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private-purpose Trust
For the year ended June 30, 2007

	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:										
Investment income	\$ 660	2,268	1,366	111	27	241	122	30	920	5,745
Other income	-	-	-	-	-	-	-	-	3,860	3,860
Transfer from other funds	-	-	3,067	-	-	-	-	-	-	3,067
Total additions	660	2,268	4,433	111	27	241	122	30	4,780	12,672
Deductions:										
Current:										
Scholarships awarded	500	-	5,000	300	500	300	500	-	-	7,100
Transfer to other funds	-	3,067	-	-	-	-	-	-	-	3,067
Total deductions	500	3,067	5,000	300	500	300	500	-	-	10,167
Change in net assets	160	(799)	(567)	(189)	(473)	(59)	(378)	30	4,780	2,505
Net assets, beginning of year	17,996	66,810	39,286	3,237	815	7,110	3,496	901	25,543	165,194
Net assets, end of year	\$ 18,156	66,011	38,719	3,048	342	7,051	3,118	931	30,323	167,699

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

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

5-9

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

10-13

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.

Demographic and Economic Information

14-15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

16-18

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.

Table 1

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

	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 8,990,903	\$ 9,851,279	\$ 10,301,914	8,400,717	\$ 10,709,996
Restricted	9,132	9,132	9,132	3,719,595	1,875,779
Unrestricted	1,940,431	1,991,888	1,601,037	179,878	264,184
Total governmental activities net assets	\$ 10,940,466	- 11,852,299	11,912,083	12,300,190	12,849,959
Business-type activities:					
Invested in capital assets, net of related debt	\$ 2,804,663	\$ 2,802,183	\$ 2,740,100	2,738,939	\$ 2,868,391
Restricted	-	-	-	-	-
Unrestricted	(11,214)	(318,959)	(189,385)	(369,882)	(933,473)
Total business-type activities net assets	2,793,449	- 2,483,224	2,550,715	2,369,057	1,934,918
Primary government:					
Invested in capital assets, net of related debt	\$ 11,795,566	\$ 12,653,462	\$ 13,042,014	11,139,656	\$ 13,578,387
Restricted	9,132	- 9,132	9,132	3,719,595	1,875,779
Unrestricted	1,929,217	- 1,672,929	1,411,652	(190,004)	(669,289)
Total primary government net assets	\$ 13,733,915	\$ 14,335,523	\$ 14,462,798	14,669,247	\$ 14,784,877

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

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

	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government (1)	\$ 833,186	\$ 878,117	\$ 919,854	\$ 5,882,021	\$ 5,159,324
Public safety	1,572,618	1,608,423	1,610,805	1,810,869	2,012,200
Public works	1,057,397	887,227	1,093,478	1,206,824	1,249,056
Health, sanitation and welfare	692,360	776,588	853,453	1,022,329	935,715
Recreation	661,559	513,071	452,277	562,991	565,395
Education and libraries	10,894,174	11,657,988	12,722,701	12,283,626	12,717,167
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
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
Business-type activities:					
Senior Housing	288,515	265,258	243,119	234,742	236,583
Sewer System	517,521	583,951	615,014	726,525	814,256
Val Halla Golf and Recreation Center	826,454	849,287	829,971	998,763	1,212,925
Total business-type activities expenses	1,632,490	1,698,496	1,688,104	1,960,030	2,263,764
Total primary government expenses	\$ 20,406,416	\$ 19,978,086	\$ 22,065,479	\$ 25,039,027	\$ 25,404,643
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 30,229	\$ 128,075	\$ 565,299	\$ 534,007	\$ 660,989
Public safety	155,700	115,761	248,303	261,097	323,404
Public works	-	-	2,065	895	1,849
Health, sanitation and welfare	8,097	13,030	20,805	23,171	260,593
Recreation	404,557	258,167	295,157	345,274	350,890
Education and libraries	11,998	10,599	9,102	10,168	11,474
Unclassified	48,566	260,339	285,794	-	-
Interest on debt	-	182,241	182,241	182,241	182,965
Capital maintenance expenses	570,942	569,884	-	-	-
Operating grants and contributions	428,402	411,275	273,254	299,683	281,157
Capital grants and contributions	903,062	-	-	2,891,172	2,276,730
Total governmental activities program revenues	2,561,553	1,949,371	1,882,020	4,547,708	4,350,051
Business-type activities:					
Charges for services:					
Senior Housing	\$ 237,411	\$ 237,319	\$ 247,023	\$ 253,572	\$ 266,665
Sewer System	386,960	425,277	541,558	593,317	667,031
Val Halla Golf and Recreation Center	765,606	725,675	681,824	844,762	917,320
Capital grants and contributions	100,318	-	-	86,721	-
Total business-type activities program revenues	1,490,295	1,388,271	1,470,405	1,778,372	1,851,016
Total primary government program revenues	\$ 4,051,848	\$ 3,337,642	\$ 3,352,425	\$ 3,352,425	\$ 6,201,067
Net (expense)/revenue					
Governmental activities	\$ (16,212,373)	\$ (16,330,219)	\$ (18,495,355)	\$ (18,531,289)	\$ (18,790,828)
Business-type activities	(142,195)	(310,225)	(217,699)	(181,658)	(412,748)
Total primary government net expense	\$ (16,354,568)	\$ (16,640,444)	\$ (18,713,054)	\$ (18,712,947)	\$ (19,203,576)

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

Note: Only five 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 Five Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007
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	\$ 17,208,882
Excise taxes	1,423,565	1,445,790	1,439,557	1,503,116	1,480,483
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
Investment earnings	26,117	17,520	47,841	129,940	270,487
Miscellaneous	46,049	24,441	168,451	60,824	93,883
TIF allocation	-	-	-	-	(560,817)
Transfers	13,000	-	80,720	-	21,391
Total governmental activities	16,255,530	17,242,052	18,921,049	- 18,910,807	19,340,598
Business-type activities:					
Investment earnings	-	-	-	129,940	-
Transfers	(13,000)	-	(80,720)	-	(21,391)
Total business-type activities	(13,000)	-	(80,720)	- 129,940	(21,391)
Total primary government	\$ 16,242,530	\$ 17,242,052	\$ 18,840,329	\$ 19,040,747	\$ 19,319,207
Change in Net Assets					
Governmental activities	43,157	911,833	425,694	379,518	549,770
Business-type activities	(155,195)	(310,225)	(298,419)	(51,718)	(434,139)
Total primary government	\$ (112,038)	\$ 601,608	\$ 127,275	\$ 327,800	\$ 115,631

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

Table 3

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 53,058	\$ 278,074	\$ 279,233	\$ 232,531	\$ 90,329	\$ 20,205	\$ -	\$ 647,139	\$ 856,060	\$ 833,189
Unreserved:										
Designated	1,250	1,250	1,250	1,250	-	-	-	-	-	-
Undesignated	882,452	1,114,480	1,401,586	1,365,051	1,458,782	1,353,263	1,579,044	933,750	692,392	709,878
Total general fund	\$ 936,760	\$ 1,393,804	\$ 1,682,069	\$ 1,598,832	\$ 1,549,111	\$ 1,373,468	\$ 1,579,044	\$ 1,580,889	\$ 1,548,452	\$ 1,543,067
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 9,132	\$ 9,132	\$ 9,132	\$ 9,132	\$ 100,033	\$ 245,045
Unreserved, reported in:										
Special revenue funds	(27,702)	(33,772)	(36,117)	(27,144)	(25,571)	12,108	51,837	14,626	70,262	75,922
Capital projects funds	(15,151)	104,215	123,840	(313,258)	616,863	77,353	(82,439)	(200,114)	2,758,140	909,638
Permanent funds	404,002	401,026	379,457	386,408	252,195	261,294	249,343	250,828	139,122	-
Total all other governmental funds	\$ 361,149	\$ 471,469	\$ 467,180	\$ 46,006	\$ 852,619	\$ 359,887	\$ 227,873	\$ 74,472	\$ 3,067,557	\$ 1,230,605

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

Table 4

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 10,443,386	\$ 11,394,186	\$ 5,851,860	\$ 12,647,145	\$ 13,963,203	\$ 15,264,327	\$ 16,310,105	\$ 17,698,601	\$ 17,365,727	\$ 18,115,448
Licenses and permits	87,309	93,602	67,444	105,019	107,447	109,581	135,707	138,382	195,623	170,982
Intergovernmental	909,896	1,033,272	563,525	1,129,690	1,123,251	1,069,932	1,053,892	1,106,770	1,205,724	1,502,282
Charges for services	138,977	201,429	162,132	237,801	534,307	513,388	556,236	708,812	866,251	909,749
Rental Income	-	-	-	-	232,890	184,862	210,941	191,666	189,491	190,940
Other	789,910	592,667	389,389	512,369	434,567	1,653,215	946,647	890,493	2,149,883	1,626,596
Total revenues	12,369,478	13,315,156	7,034,350	14,632,024	16,395,665	18,795,305	19,213,528	20,734,724	21,972,699	22,515,997
Expenditures										
General government	629,725	754,191	415,093	753,023	756,821	766,715	807,842	698,825	789,288	953,942
Public safety	1,001,567	1,099,322	585,300	1,273,232	1,409,565	1,461,167	1,447,408	1,435,247	1,595,112	1,804,220
Public works	677,634	735,000	412,687	867,991	926,787	1,017,672	1,010,748	860,067	948,911	965,115
Health, sanitation and welfare	526,457	510,485	256,678	609,441	647,032	687,963	772,192	849,056	1,017,623	931,318
Recreation	275,314	288,350	116,964	304,632	323,678	353,782	470,660	378,849	475,381	492,247
Education and libraries	6,866,369	7,639,099	4,046,531	8,830,795	10,051,782	10,827,411	11,581,458	12,647,183	12,201,341	12,639,338
Unclassified	1,193,296	1,123,488	499,263	1,831,783	1,282,628	1,416,290	1,574,421	2,326,002	2,401,635	2,467,051
Capital outlay	2,655,656	740,702	486,018	594,179	781,644	2,564,987	2,998,824	851,145	3,551,571	3,343,754
Debt service										
Principal	291,526	198,373	40,331	348,806	300,527	332,160	304,739	438,663	391,707	613,627
Interest	196,396	167,739	7,819	18,693	87,442	130,412	121,674	228,830	260,721	464,122
Total expenditures	14,313,940	13,256,749	6,866,684	15,432,575	16,567,906	19,558,559	21,089,966	20,713,867	23,633,290	24,674,734
Excess of revenues over (under) expenditures	(1,944,462)	58,407	167,666	(800,551)	(172,241)	(763,254)	(1,876,438)	20,857	(1,660,591)	(2,158,737)
Other financing sources (uses)										
Transfers in	192,884	242,307	206,141	373,653	305,446	486,400	371,047	1,170,676	1,365,562	2,088,768
Transfers out	(182,884)	(232,307)	(141,141)	(373,653)	(292,446)	(473,399)	(371,047)	(1,089,956)	(1,365,562)	(2,067,377)
Bonds issued	2,700,000	478,560	-	-	1,000,000	-	1,841,000	-	4,585,000	-
Notes issued	-	-	-	255,000	-	-	-	-	-	-
Capital leases	49,121	20,397	51,310	-	-	82,477	109,000	-	27,650	257,348
Total other financing sources (uses)	2,759,121	508,957	116,310	255,000	1,013,000	95,478	1,950,000	80,720	4,612,650	278,739
Net change in fund balances	\$ 814,659	\$ 567,364	\$ 283,976	\$ (545,551)	\$ 840,759	\$ (667,776)	\$ 73,562	\$ 101,577	\$ 101,577	\$ (1,879,998)
Debt service as a percentage of noncapital expenditures	3.41%	2.76%	0.70%	2.38%	2.34%	2.48%	2.35%	3.34%	2.88%	4.37%

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)

Fiscal Year	Real estate	Personal property	Excise tax	Total
1998	\$ 9,354	\$ 60	\$ 1,029	\$ 10,443
1999	10,191	61	1,142	11,394
2000 (1)	5,220	30	602	5,852
2001	11,327	116	1,204	12,647
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

(1) Six month period

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			Less:	Total Taxable	Total	Estimated	Assessed				
	Residential and Commercial	Personal		Tax Exempt	Assessed	Direct	Actual	Value as a				
	Property (1)	Property (1)		Real Property (1)	Value (1)	Tax	Taxable	Percentage of				
						Rate (1)	Value (2)	Actual Value				
1998	\$	519,030	\$	3,142	\$	34,441	\$	487,731	19.05	\$	489,500	99.6%
1999		535,190		2,995		36,014		502,171	20.30		508,100	98.8%
2000 (3)		535,140		2,966		36,014		502,092	10.15		508,100	98.8%
2001		548,672		5,313		36,005		517,980	21.80		545,600	94.9%
2002		568,482		7,016		36,340		539,158	23.20		603,100	89.4%
2003		835,157		7,991		39,404		803,744	17.15		664,350	121.0%
2004		855,171		8,070		40,195		823,046	18.03		764,550	107.7%
2005		877,618		8,326		41,744		844,200	19.20		894,400	94.4%
2006		907,264		8,476		55,774		859,966	18.80		1,053,530	81.6%
2007		931,680		9,539		57,045		884,174	19.40		1,193,700	74.1%

(1) Source - Cumberland Assessor's office.

(2) Source - Maine Revenue Services

(3) Six-month period

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>	
1998	\$ 4.95	\$ 13.34	\$ 0.76	\$ 19.05
1999	4.95	14.59	0.76	20.30
2000 (1)	2.44	7.71	-	10.15
2001	4.58	16.35	0.87	21.80
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

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

SOURCE: Cumberland assessor's office

Table 8

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

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Central Maine Power Company	\$ 5,719,800	1	0.64%	\$ 4,690,300	1	0.96%
Spears Hill LLC	4,519,200	2	0.50%			
Lemole, Emily Jane A- Trustee	4,166,900	3	0.46%	1,352,400	3	0.28%
Maritimes & Northeast Pipeline	3,936,700	4	0.44%			
Martin, Joseph R.	3,689,000	5	0.41%			
Scorpio Island Corp.	3,484,400	6	0.39%	1,226,900	4	0.25%
Dumont, Martha E.	2,830,900	7	0.31%			
Wheaton, Barbara K. - Trustee	2,273,900	8	0.25%			
BBW Real Estate LLC	2,004,500	9	0.22%			
Oestreicher, Charles R. - Trustee	1,995,400	10	0.22%			
Payson, M.				1,852,700	2	0.38%
Copp, Clayton				1,159,600	5	0.24%
Porteous, Jr. R.L.				971,700	6	0.20%
Godsoe, John A.				902,200	7	0.18%
Bean, Diana B. Trust				873,500	8	0.18%
Dunlap, Stephen I.				847,800	9	0.17%
Walters, Mary-Jo				795,800	10	0.16%
Totals	\$ 34,620,700		3.85%	\$ 14,672,900		3.00%

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)

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1998	\$ 9,291	\$ 8,835	95.09%	\$ 457	\$ 9,292	100.0%
1999	10,194	9,677	94.93%	517	10,194	100.0%
2000 (1)	5,096	4,792	94.03%	304	5,096	100.0%
2001	11,299	11,080	98.06%	219	11,299	100.0%
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	16,070	99.4%
2007	17,153	16,917	98.62%	173	17,090	99.6%

(1) Six month period

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	Landfill Closure Costs	General Obligation Bonds	Notes Payable	Capital leases			
1998	\$ 3,072,567	\$ -	\$ 48,828	\$ 865,200	\$ 2,327,198	\$ 382,276	\$ 122,729	\$ 6,818,798	0.084%	1,068
1999	3,381,401	-	48,979	830,700	2,256,831	369,459	103,910	6,991,280	0.080%	1,095
2000	3,381,401	-	57,915	796,200	2,256,831	362,954	98,444	6,953,745	0.075%	1,089
2001	3,294,759	102,651	21,119	761,700	2,180,207	349,747	77,858	6,788,041	0.079%	948
2002	3,996,993	72,051	21,504	727,200	2,102,258	336,275	-	7,256,281	0.078%	1,014
2003	3,765,553	46,551	60,401	692,700	2,022,918	322,530	-	6,910,653	0.074%	965
2004	4,152,470	1,266,500	141,584	658,200	1,932,115	308,507	-	8,459,376	0.069%	1,182
2005	3,907,420	1,158,267	101,101	623,700	1,834,774	294,201	-	7,919,463	0.069%	1,106
2006	8,239,648	1,075,534	86,483	589,200	1,730,815	279,607	-	12,001,287	0.069%	1,676
2007	7,708,754	992,800	314,587	554,700	1,620,137	264,718	149,225	11,604,921	0.069%	1,621

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
(dollar amounts expressed in thousands)

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1998	\$ 3,073	0.63%	481.36
1999	3,381	0.67%	529.61
2000	3,381	0.67%	529.61
2001	3,192	0.59%	445.87
2002	3,997	0.66%	558.32
2003	3,766	0.57%	526.05
2004	4,152	0.54%	579.97
2005	3,907	0.44%	545.75
2006	8,240	0.78%	1,150.95
2007	7,709	0.65%	1,076.83

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, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt:			
Cumberland County	\$ 7,999,569	3.38%	\$ 270,385
MSAD #51	33,773,286	72.39%	24,448,482
Subtotal, overlapping debt			24,718,867
Direct debt:			
Bonds payable	7,708,754	100.00%	7,708,754
Notes payable	992,800	100.00%	992,800
Capital leases	\$ 314,587	100.00%	314,587
Subtotal, direct debt			9,016,141
Total direct and overlapping debt			\$ 33,735,008

Table 13

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Assessed value per State	\$ 489,500	\$ 508,100	\$ 508,100	\$ 545,600	\$ 603,100	\$ 664,350	\$ 764,550	\$ 894,000	\$ 1,053,350	\$ 1,193,700
Total debt limit - all purposes - 15% of assessed value	\$ 73,425	\$ 76,215	\$ 76,215	\$ 81,840	\$ 90,465	\$ 99,653	\$ 114,683	\$ 134,100	\$ 158,003	\$ 179,055
Less outstanding debt applicable to debt limit	5,782	6,008	6,001	5,825	6,508	6,157	7,660	7,195	11,326	10,586
Legal debt margin	\$ 67,643	\$ 70,207	\$ 70,214	\$ 76,015	\$ 83,957	\$ 93,496	\$ 107,023	\$ 126,905	\$ 146,677	\$ 168,469
Total outstanding debt applicable to the limit as a percentage of debt limit	7.87%	7.88%	7.87%	7.12%	7.19%	6.18%	6.68%	5.37%	7.17%	5.91%
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	\$ 36,713	\$ 38,108	\$ 38,108	\$ 40,920	\$ 45,233	\$ 49,826	\$ 57,341	\$ 67,050	\$ 79,001	\$ 89,528
Less outstanding debt applicable to debt limit	5,615	5,861	5,855	5,699	6,403	6,073	7,597	7,153	11,305	10,586
Debt margin for municipal purposes	\$ 31,098	\$ 32,247	\$ 32,253	\$ 35,221	\$ 38,830	\$ 43,753	\$ 49,744	\$ 59,897	\$ 67,696	\$ 78,942
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	15.29%	15.38%	15.36%	13.93%	14.16%	12.19%	13.25%	10.67%	14.31%	11.82%
School purposes - 10%										
Debt limit	\$ 48,950	\$ 50,810	\$ 50,810	\$ 54,560	\$ 60,310	\$ 66,435	\$ 76,455	\$ 89,400	\$ 105,335	\$ 119,370
Less outstanding debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Debt margin for school purposes	\$ 48,950	\$ 50,810	\$ 50,810	\$ 54,560	\$ 60,310	\$ 66,435	\$ 76,455	\$ 89,400	\$ 105,335	\$ 119,370
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	\$ 36,713	\$ 38,108	\$ 38,108	\$ 40,920	\$ 45,233	\$ 49,826	\$ 57,341	\$ 67,050	\$ 79,001	\$ 89,528
Less outstanding debt applicable to debt limit	167	147	147	126	105	84	63	42	21	-
Debt margin for sewer purposes	\$ 36,546	\$ 37,961	\$ 37,961	\$ 40,794	\$ 45,128	\$ 49,742	\$ 57,278	\$ 67,008	\$ 78,980	\$ 89,528
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	0.45%	0.39%	0.39%	0.31%	0.23%	0.17%	0.11%	0.06%	0.03%	0.00%
Maximum total debt limit - 15%	\$ 73,425	\$ 76,215	\$ 76,215	\$ 81,840	\$ 90,465	\$ 99,653	\$ 114,683	\$ 134,100	\$ 158,003	\$ 179,055

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)
1998	6,384	\$7,624,562	\$ 22,482	36.7	not available	1,445	1.2%
1999	6,384	7,995,551	22,482	36.7	97	1,530	1.0%
2000	6,384	8,474,570	22,482	36.7	95	1,636	2.0%
2001	7,159	9,036,372	22,482	39.4	97	1,688	2.2%
2002	7,159	9,191,532	33,644	39.4	98	1,672	2.6%
2003	7,159	9,647,365	33,644	39.4	95	1,648	2.7%
2004	7,159	10,355,766	33,644	39.4	96	1,633	2.5%
2005	7,159	10,355,766	33,644	39.4	99	1,585	3.0%
2006	7,159	10,355,766	33,644	39.4	96	1,588	3.0%
2007	7,159	10,355,766	33,644	39.4	99	1,575	2.7%

Sources:

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

(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 (2000 Census latest available figures)

Table 15

TOWN OF CUMBERLAND, MAINE
Principal Employers
June 30, 2007

<u>Employer</u>	<u>2007</u>		<u>Percentage of Total Town Employment</u>
	<u>Employees</u>	<u>Rank</u>	
Cumberland Farmers Club	100-249	1	2.5%-6.3%
Cumberland Fire Dept.	100-249	2	2.5%-6.3%
Greely Jr. High School	100-249	3	2.5%-6.3%
Central Maine Communications	50-99	4	1.3%-2.5%
Cumberland Town Office	50-99	5	1.3%-2.5%
Greely High School	50-99	6	1.3%-2.5%
Mabel Wilson School	50-99	7	1.3%-2.5%
Chebeague Island Inn	20-49	8	.5%-1.3%
Ledgeview Assisted Living	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.

Table 16

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government:										
Management	N/A	N/A	N/A	N/A	N/A	N/A	3	3	3	3
Finance/Administration	N/A	N/A	N/A	N/A	N/A	N/A	9	7	7	7
Planning	N/A	N/A	N/A	N/A	N/A	N/A	2	2	2	2
Assessing	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1
Codes/Planning	N/A	N/A	N/A	N/A	N/A	N/A	1	-	-	-
Public Safety:										
Fire	N/A	N/A	N/A	N/A	N/A	N/A	1	2	2	2
Police (1)	N/A	N/A	N/A	N/A	N/A	N/A	21	17	12	12
Rescue	N/A	N/A	N/A	N/A	N/A	N/A	1	1	3	3
Public Works	N/A	N/A	N/A	N/A	N/A	N/A	13	13	13	13
Parks, Rec and Library	N/A	N/A	N/A	N/A	N/A	N/A	6	7	7	7
Wastewater	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-
Valhalla	N/A	N/A	N/A	N/A	N/A	N/A	4	4	5	6
Harbor	N/A	N/A	N/A	N/A	N/A	N/A	1	-	-	-
Total Full-Time Employees	N/A	N/A	N/A	N/A	N/A	N/A	63	57	55	56

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

Table 17

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

Function	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Code Enforcement										
Building Permits	213	261	225	313	264	278	310	308	275	283
Sign Permits	N/A	10	7	15	9	5	3	2	7	8
Police										
Calls for Service	N/A	N/A	7304	11484	10682	9991	9691	10653	7542	6832
Fire										
Calls for Service	221	452	384	501	592	584	483	515	542	575

Table 18

TOWN OF CUMBERLAND, MAINE
Miscellaneous Statistics
For the year ended June 30, 2007

Date of incorporation	1821
Form of government	Council/Manager
Number of full-time employees	50
All employees	418
Area in square miles	33
Name of government facilities and services:	
Miles of streets	60
Number of street lights	245
Culture and recreation:	
Parks	1
Park acreage	250
Skating rinks	1
Tennis courts	4
Golf course	1
Fire Protection:	
Number of stations	3
Number of Fire Department vehicles	17
Number of fire personnel and officers	103 (Volunteers)
Number of calls answered	510
Number of inspections conducted	161
Police Protection:	
Number of stations	2
Number of police personnel and officers	12
Number of patrol units	6
Number of law violations:	
Arrests	149
Traffic violations	4,585
Parking violations	167
Sewerage System:	
Miles of sanitary and storm sewers	19.7
Number of treatment plants	0
Number of service connections	965
Daily average treatment in gallons	172,960
Education:	
Number of elementary schools	4
Number of elementary school instructors	87
Number of secondary schools	2
Number of secondary school instructors	127