

TOWN OF HARPSWELL, MAINE

Annual Financial Report

For the year ended December 31, 2007

TOWN OF HARPSWELL, MAINE
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For the year ended December 31, 2007

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Independent Auditor's Report

Board of Selectmen
Town of Harpswell, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Harpswell, Maine as of and for the year ended December 31, 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 of Harpswell, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Harpswell, Maine as of December 31, 2007, and the respective 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 supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2008 on our consideration of the Town of Harpswell, 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.

Board of Selectmen
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The additional information included in Exhibits A-1 through B-2, and Schedule 1, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Harpswell, Maine. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



February 5, 2008
South Portland, Maine

TOWN OF HARPSWELL, MAINE
Management's Discussion and Analysis
For the year ended December 31, 2007

As management of the Town of Harpswell, Maine, we present this narrative to provide you with an overview and analysis of our annual financial statements for the year ended December 31, 2007. This information, in conjunction with the notes to the financial statements, can be considered when reading the Town's financial statements.

Financial Highlights

- ❖ Total assets of the Town of Harpswell exceeded its liabilities by \$11,223,856 for the year ended December 31, 2007. The major component, capital assets, reflects the costs - net of accumulated depreciation - of the Town's property, plant and equipment, which totaled \$8,820,230 at December 31, 2007.
- ❖ The Statement of Activities shows an increase in net assets of \$711,914 for the fiscal year. The Town ended the year with higher cash balances as a result of both higher tax rates and higher levels of miscellaneous revenue, primarily resulting from the sale of 5 tax-acquired properties, fees generated at the Town's transfer station and revenues from the sale of certain recyclable materials.
- ❖ During 2007, the Town repaid \$490,834 of the principal of its long-term debt and borrowed \$75,000, which was loaned to Harpswell Neck Fire & Rescue (HNF&R).
- ❖ The ending fund balance for all governmental funds is \$4,108,566.
- ❖ The ending fund balance for the general fund is \$3,745,156, an increase of \$115,976 over the previous year. Of this balance, \$444,018 is designated for on-going projects. This leaves an undesignated balance of \$3,226,138, which is sufficient for compliance with the Town's Fund Balance Policy. This Policy requires the Town to maintain an undesignated fund balance of 3 times the average of the previous year's monthly expenditures. In addition to its general funds, the Town has a fund designated for capital projects, which includes an interest-bearing dedicated fund for emergency vehicle purchases and a fund for road projects. The Town also has a fund for its special revenue activities, which includes activities funded through grants and recreation programs. During 2007, the fund designated for capital projects increased as the emergency vehicle account was funded, but the first vehicle purchase was not completed.

Overview of Financial Statements

The Town of Harpswell's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* provide a broad overview of the Town of Harpswell's finances, in a manner similar to private-sector business. Financial information is presented in two statements – *statement of net assets* and *statement of activities*.

The *statement of net assets* presents information about the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information about how the Town's net assets have changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

TOWN OF HARPSWELL, MAINE
Management's Discussion and Analysis, Continued

Both of the government-wide financial statements distinguish functions of the Town of Harpswell that are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town of Harpswell include general government, public works (roads, solid waste disposal), protection and safety (law enforcement, fire protection), health and welfare, culture and recreation, debt service and capital planning expenses.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Harpswell, like other state and local governments, uses fund accounting to insure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The Town of Harpswell maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. Data from the four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in the report.

The Town of Harpswell adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-30 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual statements and schedules can be found on pages 33-43 of this report.

TOWN OF HARPSWELL, MAINE
Management's Discussion and Analysis, Continued

Statement of Net Assets Information

The following information is a condensed version of the Statement of Net Assets.

	Town of Harpswell	
	Net Assets	
	Governmental	
	Activities	
	2007	2006
Assets:		
Current & other assets	\$ 4,461,120	\$ 4,135,835
Capital assets	8,820,230	6,124,734
Total Assets	13,281,350	10,260,569
Liabilities:		
Long-term debt outstanding	(1,895,000)	(2,310,834)
Other liabilities	(162,494)	(137,686)
Total Liabilities	(2,057,494)	(2,448,520)
Net Assets:		
Invested in capital assets, net of debt	7,178,430	4,167,025
Restricted	197,371	181,435
Unrestricted	3,848,055	3,463,589
Total Net Assets	\$ 11,223,856	\$ 7,812,049

The Town's Total Net Assets increased by \$3,411,807 during 2007. A significant portion of this increase, \$2,699,893, resulted from a retroactive adjustment of the Town's financial statements to reflect infrastructure assets placed in service prior to 2004. Excluding this adjustment, the Town's Total Net Assets increased \$711,914 as assets increased by \$320,888 and liabilities decreased by \$391,026.

Asset increases included an increase in cash balances (\$266,486) resulting primarily from the sale of 5 tax-acquired properties and increases in the fees charged at the Town's transfer station and revenues generated by the sale of certain recyclable materials. Taxes receivable, including those for which liens have been placed, decreased \$24,753. This decrease is attributable to an improved collection rate on current year taxes as taxpayers become more accustomed to the 2 installment payment system. Additionally, past due taxes on 5 tax-acquired land parcels were satisfied by the proceeds received upon their sale. Further, the Town recorded in 2007 a Note Receivable from Harpswell Neck Fire & Rescue (HNF&R) in the amount of \$75,000.

Long-term Debt obligations decreased during 2007 by \$415,834 as scheduled principal repayments of \$490,834 were offset by a new borrowing in the amount of \$75,000. This new borrowing was the source of funds for the loan to HNF&R.

64.1% of the Town's Net Assets at December 31, 2007 is represented by its capital assets less any debt outstanding that was used to acquire those assets. Although the Town's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$197,371 of the 2007 Net Assets is Restricted for capital projects and grants.

Unrestricted Net Assets includes amounts designated to be expended for certain purposes in subsequent years.

TOWN OF HARPSWELL, MAINE
Management's Discussion and Analysis, Continued

Statement of Activities Information

The following information is a condensed version of the Statement of Activities.

Town of Harpswell		Governmental	
Changes in Net Assets		Activities	
		2007	2006
Revenues:			
Program Revenues:			
Charges for services	\$	276,325	\$ 235,933
Operating grants & contributions		206,263	122,926
General Revenues:			
Property and excise taxes		11,206,311	10,851,395
Subsidies, grants & entitlements		246,123	237,718
Interest earned		119,267	123,474
Other		373,958	248,850
Total revenues	\$	12,428,247	\$ 11,820,296
Expenses:			
General government		1,213,577	1,193,679
Public works		984,780	863,947
Protection and safety		712,561	683,886
Health and welfare		25,602	26,119
Culture and recreation		270,554	247,847
Education		7,198,882	6,998,238
County taxes		921,909	840,931
Overlay/abatements		12,113	70,049
Interest on long-term debt		134,325	144,372
Capital and special projects		242,030	169,155
Total expenses		11,716,333	11,238,223
Change in net assets		711,914	582,073
Net assets, beginning of year, as restated		10,511,942	7,229,976
Net assets, end of year	\$	11,223,856	\$ 7,812,049

Governmental Activities

Governmental activities increased the Town's net assets by \$711,914. Total program revenues increased by \$123,729 (34.5%) on a year to year basis, with increases occurring in both charges for services and grants and contributions. In the public works area, the increase in charges for services is attributable to an increase in the fees charged at the Town's transfer station and to higher prices obtained for certain recyclable materials, primarily cardboard and newspaper. Further, The Town's revenues generated by recreational programs increased as additional adult programs were offered. Operating grants and contributions increased by \$83,337 as the Town actively sought grants in 2007 for the Mitchell Field planning process (\$10,000), the Emergency Services study (\$25,000), the modification of polling place entrances to accommodate the handicapped (\$6,014) and the protection of public access to the water (\$2,500). Additionally, the Town received reimbursement from the Federal Emergency Management Agency ("FEMA") for road work necessitated by the Patriots' Day storm (\$36,216). Finally, the Town was able to supplement the funds historically received from the State of Maine for the replacement of failed septic systems through its participation in a Cumberland County community development block grant (\$9,445).

TOWN OF HARPSWELL, MAINE
Management's Discussion and Analysis, Continued

Property tax revenue increased as the property tax base expanded and the mil rate increased. Excise taxes declined, particularly late in the year, consistent with broader economic declines. Interest earned decreased slightly as a result of slightly lower rates. The increase in other revenues resulted from the sale of 5 parcels of tax-acquired land and increases in various fees associated with land use permits and planning board fees.

To aid in the understanding of the Statement of Activities, some additional explanation is provided. Please note that the format differs from that of the Statement of Revenues, Expenditures, and Changes in Fund Balance. Expenses for each activity are listed in the left-most column with revenues generated by that particular activity reported to the right. Subtracting one from the other results in a Net (Expense)/Revenue. This format provides information about the relative financial burden on the Town's taxpayers of each activity. It should be noted, however, that while these revenues may be generated by specific activities, the Town does not have dedicated revenue sources. Accordingly, revenues from specific activities are deposited to the Town's general fund, as are all tax payments received. From this fund, the Town makes all its expenditures.

Examples of activities which produce some level of revenue are:

<i>Public works</i>	Transfer Station fees and recycling revenues Local Road Assistance
<i>Health and welfare</i>	General Assistance state reimbursement
<i>Cultural and recreational</i>	Fees for recreation programs
<i>Capital and special projects</i>	Grants for restricted projects

All other governmental revenues are reported as general revenues. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

Net Cost of Governmental Activities

The following information is a breakdown of each of the Town's major functional activities.

Town of Harpswell
Net Cost of Governmental Activities

Function / Program	Total Cost of Services		Net Cost of Services	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General government	\$ 1,213,577	\$ 1,193,679	\$ 1,213,577	\$ 1,193,679
Public works	984,780	863,947	715,076	617,398
Protection and safety	712,561	683,886	712,561	683,886
Health and welfare	25,602	26,119	19,720	22,319
Culture and recreation	270,554	247,847	218,633	213,163
Education	7,198,882	6,998,238	7,198,882	6,998,238
County taxes	921,909	840,931	921,909	840,931
Overlay/abatements	12,113	70,049	12,113	70,049
Interest on long-term debt	134,325	144,372	134,325	144,372
Capital and special projects	242,030	169,155	86,949	95,329
Total governmental activities	\$ 11,716,333	\$ 11,238,223	\$ 11,233,745	\$ 10,879,364

Total Cost of Services and Net Cost of Services increased from 2006 to 2007 by 4.3% and 3.3%, respectively.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As of December 31, 2007, the Town's governmental funds balance totaled \$4,108,566.

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial performance of the Town as a whole is reflected in its governmental funds.

TOWN OF HARPSWELL, MAINE
Management's Discussion and Analysis, Continued

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances available for spending. Governmental funds report the differences between their assets and liabilities as fund balances. Reserved amounts reflect that which is not available to be spent while undesignated amounts reflect amounts that are.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's General Fund balance increased 3.2% from \$3,629,180 in 2006 to \$3,745,156 in 2007. The increase of \$115,976 in the 2007 General Fund balance was attributable to actual revenues exceeding expenses by \$304,076 less the difference in the \$75,000 borrowing on behalf of Harpswell Neck Fire & Rescue and \$263,100 being transferred out to other funds (\$110,000 went to capital road reserve, \$135,000 to emergency vehicle fund, and \$18,100 to special grant and recreation funds). Additionally, Town Meetings in 2007 approved the use of fund balance not only for the capital road reserve account (\$110,000) but also for reducing the tax commitment (\$240,000) and for preserving the future option to relocate utilities at the Cribstone Bridge on Bailey Island (\$35,000). Consistent with the Town's policy of maintaining three months of expenses in its year-end General Fund balance, the 2007 year-end level will allow up to \$255,000 to be used in 2008 to reduce the tax commitment.

Revenues: During 2007, the Town benefited significantly from the sale of 5 land parcels in Harpswell of unknown ownership. Pursuant to a statutory process handled primarily by the Town's Treasurer, the sale of these parcels produced income to the Town of over \$109,101. Such sales are not likely to recur for some time. Transfer station income and disposal fees were significantly above estimated levels as the disposal fees were increased as of April and the volume of material received in 2007 continued to increase, in large part due to the Patriot's Day Storm. (There was, however, a waiver in the brush disposal fee for about 8 weeks so that residents and taxpayers would be incentivized to clean-up following the April storm). In the aggregate, licenses, fees and permits were substantially up from estimated amounts (55.5%) due to decisions by the Board of Selectmen to increase the cost of building permits, Planning Board and Board of Appeals fees in 2007. Revenue Sharing from the State of Maine exceeded its estimate by \$16,470 creating a positive variance for the Town. The Town again benefited from favorable interest rates which generated \$119,267 of interest income. Although down slightly from a total of \$123,474 in 2006, the 2007 interest earnings exceeded estimated amounts by \$9,267. The highest single source of non-property tax revenue, the excise tax, actually declined in 2007. Given the rising price of gas and current economic uncertainties, the demand for new or expensive vehicle models has diminished. Generally this revenue source had been increasing at a 5-year average rate of 3%; however, more recently the rate of increase had been below average.

Unexpended Appropriations. Notable unexpended appropriation lapses to the 2007 general fund occurred in the areas of general administration (\$8,854), planning (\$18,349), legal (\$9,431), facilities (\$9,808), and recycling (\$22,389). Unexpended road maintenance funds less winter and sign expenditures (\$44,206) were carried over to be designated for use in 2008. With respect to general administration and planning, the positions of Bookkeeper and Planner were vacant for several months. While the positions were filled in the interim by existing staff who were compensated additionally for their increased responsibilities, that compensation was well below the budgeted wage and salary levels for those full-time positions. Fortunately, the Town was not involved in any litigation in 2007 so it neither filed suit nor had to defend itself against any claim, thereby keeping legal expenses down. With regard to facilities, the anticipated expenses associated with the operation and upkeep of the HVAC system did not occur. At the Recycling Center, there were cost savings associated with an employment change at the facility and lower than expected volumes being received which kept down disposal costs in this area. As for road maintenance, there was significant clean-up work done in the aftermath of the Patriot's Day Storm for which the Town was eventually reimbursed by FEMA. Without knowing if or when federal reimbursement would be received, the Town was reluctant to spend additionally on road maintenance. Fortunately, the unexpended amounts in road maintenance served to cover overages in winter maintenance of \$28,390 due to heavy amounts of snowfall and numerous icing events in December which strained that sand, salt and mixing budgets.

Overlay. Of the \$100,867 raised for overlay, only \$12,113 was used for the purpose of providing abatements. The remaining \$88,754 lapsed to the general fund balance.

TOWN OF HARPSWELL, MAINE
Management's Discussion and Analysis, Continued

Contingency. The use of contingency was limited to one instance in 2007. The Town's computer server failed in October thereby requiring immediate replacement. The Town had appropriated \$2,500 for replacement of the server which was expected to last several more years as the Town built up a replacement fund. The total amount approved by the Selectmen for this purpose was \$13,960.

Harpswell maintains a healthy General Fund fund balance that is used to fund first quarter expenditures until such time as a tax anticipation note is needed to fund expenditures up to the time when property tax revenue is collected.

The annual Town Meeting, which is held in March of each year, votes on the budget as recommended by the Selectmen.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the Town had \$8,820,230 in capital assets net of accumulated depreciation, and outstanding debt of \$1,895,000. \$253,200 of the outstanding debt was borrowed to finance a Town-wide revaluation in 2004, to contribute to the Harpswell Heritage Land Trust or to loan to HNF&R. The remainder of the debt was borrowed to acquire, build or renovate land, buildings and equipment at the Town offices, the old Town Meetinghouse and the Town's solid waste facility or to complete major road projects.

Town of Harpswell
Capital Assets, net of depreciation

	Capital Assets		Accumulated Depreciation		Capital Assets, net of depreciation	
	2007	2006	2007	2006	2007	2006
Land	\$ 1,980,461	\$ 1,980,461	\$ -	\$ -	\$ 1,980,461	\$ 1,980,461
Construction in progress	-	262,361	-	-	-	262,361
Buildings and building Improvements	4,023,632	4,023,632	(1,259,770)	(1,127,348)	2,763,862	2,896,284
Equipment and furniture	596,066	594,662	(321,160)	(313,587)	274,906	281,075
Infrastructure	6,023,218	5,510,557	(2,222,217)	(2,106,112)	3,801,001	3,404,445
Total capital assets	\$ 12,623,377	\$ 12,371,673	\$ (3,803,147)	\$ (3,547,047)	\$ 8,820,230	\$ 8,824,626

As of January 1, 2007, a retroactive adjustment was made to include infrastructure assets which were placed in service prior to 2004. These assets had costs of \$4,798,888 and accumulated depreciation of \$2,098,995. During 2007, the Town completed its 2006 capital road project at a total cost of \$512,661. Upon completion, this cost, a portion of which was included in construction in progress in 2006, was capitalized as infrastructure. There were no other significant additions to capital assets during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town of Harpswell is predominantly a residential and seasonal community. The Town does not have any significant commercial or industrial sector to support the cost of municipal government. The presence of a large number of seasonal homes, most of which are owned by nonresidents, provides a significant source of property tax revenue for the Town. This benefit, however, is counterbalanced by the Town's high total property valuation which has a major effect on its share of the M.S.A.D. # 75 budget and the Cumberland County budget, as well.

National economic factors appear to be having local effects. With a recession (two quarters of economic downturn) looming and sub-prime mortgage holders having trouble making payments, the national housing market and economy is in serious condition. Overall, Maine does not seem to be hit as hard on the housing issue, so prices are not dropping as rapidly as in other parts of the country, however, properties are remaining on the market for longer

TOWN OF HARPSWELL, MAINE
Management's Discussion and Analysis, Continued

periods of time. Because of the extent of shoreline property in Harpswell, the Harpswell housing market appears not to be as negatively impacted as the national and regional markets. Still the rate at which the overall property values of the Town increase will likely slow down.

The reality of the closure of Brunswick Naval Air Station in 2011 is beginning to register in the consciousness of the mid-coast region. It will be hard for the area to recover from the negative economic impact of its closure, but there are already efforts underway to create new jobs and attract new business to the area. Many discussions are occurring between state and local officials to develop partnerships that will lead to economic ventures and activities to benefit the region and the state.

Legislation enacted in 2007 requires that schools consolidate and no longer allows for withdrawal. M.S.A.D. # 75, of which Harpswell, Bowdoin, Bowdoinham and Topsham are members, is involved in a process with the Town of Lisbon to explore consolidation opportunities. A member of the Harpswell Board of Selectmen has been appointed by the full board to serve as its liaison in the consolidation process. A vote in June is expected by the four M.S.A.D. # 75 towns and Lisbon on consolidation. If M.S.A.D. # 75 does not take on a consolidation partner it will likely lose a significant amount of state subsidy which could adversely affect property taxpayers in Harpswell. While the consolidation effort with Lisbon could mean savings to Harpswell, the details are yet to be finalized, so the impact is not clearly known at this time. The State's Essential Programs and Services funding model is based on valuation which causes Harpswell to be a minimum receiver of State assistance for education. Currently, Harpswell receives no state subsidy for its education costs, not even for special education; property taxpayers bear the full cost of educating Harpswell students. Because educational costs impact property taxpayers so significantly, the Town must monitor the school consolidation process and its potential effects on Harpswell taxpayers.

As a result of an emergency services study in 2007, the Town will consider a new approach in 2008 with regard to the replacement of emergency services vehicles. Instead of the three independent non-profit fire departments funding these purchases and the Town contributing a portion of the costs, the Town will now consider fully funding these vehicles and leasing them to the departments. Volunteer service providers can no longer raise the level of funding needed to replace expensive vehicles such as ambulances and tankers. The 2008 Town Meeting will be asked to borrow \$500,000 for the replacement of three vehicles in 2008 and 2009, with recognition that funding these vehicles into the future may ultimately require annual appropriations by the Town once long-term debt diminishes around 2011.

Since the inception of LD 1, which caps the amount of property tax that can be collected to fund budgets, Harpswell has stayed within its levy limit. At this time, it is expected that the 2008 budget will also meet that objective. Funding analyses and decisions are impacted by the intent to comply with LD 1. With the slowdown in growth of excise tax revenue, the Town needs to look carefully at its other revenue sources such as fees to see if they are adequately covering services. The Town is committed to reviewing fees and charges on an annual basis as part of prudent financial management.

Budget development is always predicated on a concern that not all residents of the Town have incomes that keep pace with the rate of property valuation. It is anticipated that the 2008 municipal appropriations will increase approximately 3% from the prior year which could be absorbed without a significant impact on the mil rate by the use of general fund balance, non-property tax revenue and State Revenue Sharing. At this point, it is still unclear to what extent Harpswell property taxpayers will be affected by school and county assessments as consolidation efforts are underway in both areas. With respect to consolidation in the county system, the State is exploring jail construction, operations and funding, in determining the future role of state government in this area. Again, it is unclear to what extent the local property taxpayer may ultimately be affected.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Selectmen's Office at P.O. Box 39, 263 Mountain Road, Harpswell, Maine 04079-0039 or by phone at (207) 833-5771.

BASIC FINANCIAL STATEMENTS

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TOWN OF HARPSWELL, MAINE
Statement of Net Assets
December 31, 2007

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,750,055
Receivables:	
Taxes	517,179
Liens	61,708
Accounts	43,491
Notes receivable	75,000 <i>UNPD</i>
Prepaid items	13,687
Capital assets:	
Capital assets, not being depreciated	1,980,461
Other capital assets, net of accumulated depreciation	6,839,769
Total assets	13,281,350
LIABILITIES	
Accounts payable and other current liabilities	137,554
Accrued interest	11,220
Noncurrent liabilities:	
Due within one year	508,333
Due in more than one year	1,400,387
Total liabilities	2,057,494
NET ASSETS	
Invested in capital assets, net of related debt	7,178,430
Restricted for:	
Capital projects and grants	197,371
* Unrestricted	3,848,055
Total net assets	\$ 11,223,856

See accompanying notes to financial statements.

** Fixed assets
 - debt
 - restricted*

TOWN OF HARPSWELL, MAINE
Statement of Activities
For the year ended December 31, 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	
Governmental activities:					
General government	\$ 1,213,577	-	-	-	(1,213,577)
Public works	984,780	224,404	45,300	-	(715,076)
Protection and safety	712,561	-	-	-	(712,561)
Health and welfare	25,602	-	5,882	-	(19,720)
Cultural and recreation	270,554	51,921	-	-	(218,633)
Education	7,198,882	-	-	-	(7,198,882)
County taxes	921,909	-	-	-	(921,909)
Overlay/abatements	12,113	-	-	-	(12,113)
Interest on long-term debt	134,325	-	-	-	(134,325)
Capital and special projects	242,030	-	155,081	-	(86,949)
Total governmental activities	11,716,333	276,325	206,263	-	(11,233,745)

General revenues:	
Property taxes, levied for general purposes	10,177,553
Excise taxes	1,028,758
Intergovernmental	246,123
Investment earnings	119,267
Miscellaneous	373,958
Total general revenues	11,945,659

Change in net assets 711,914

Net assets - beginning, as restated 10,511,942

Net assets - ending \$ 11,223,856

See accompanying notes to financial statements.

TOWN OF HARPSWELL, MAINE
Balance Sheet
Governmental Funds
December 31, 2007

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,750,055	-	3,750,055
Receivables:			
Taxes	517,179	-	517,179
Liens	61,708	-	61,708
Other	43,491	-	43,491
Notes receivable	75,000	-	75,000
Interfund receivables	-	368,100	368,100
Prepaid expenditures	13,687	-	13,687
Total assets	\$ 4,461,120	368,100	4,829,220
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and payroll withholdings	124,407	-	124,407
Taxes paid in advance	8,457	-	8,457
Deferred revenues	215,000	4,690	219,690
Interfund payables	368,100	-	368,100
Total liabilities	715,964	4,690	720,654
Fund balances:			
Reserved for long term receivable	75,000	-	75,000
Unreserved, reported in:			
Designated for subsequent years expenditures	444,018	-	444,018
Undesignated:			
General fund	3,226,138	-	3,226,138
Special revenue	-	85,293	85,293
Capital projects	-	278,117	278,117
Total fund balances	3,745,156	363,410	4,108,566
Total liabilities and fund balances	\$ 4,461,120	368,100	
Amounts reported for governmental activities in the statement of net assets (Statement I) are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			8,820,230
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			215,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.			
Bonds payable			(1,895,000)
Compensated absences payable			(13,720)
Accrued interest			(11,220)
Net assets of governmental activities			\$ 11,223,856

See accompanying notes to financial statements.

TOWN OF HARPSWELL, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2007

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 11,196,054	-	11,196,054
Intergovernmental	299,842	-	299,842
Fines and violations	492	-	492
Miscellaneous	688,580	212,279	900,859
Total revenues	12,184,968	212,279	12,397,247
Expenditures:			
Current:			
General government	1,130,835	-	1,130,835
Public works	797,581	-	797,581
Protection and safety	710,229	-	710,229
Health and welfare	25,602	-	25,602
Cultural and recreation	193,705	62,910	256,615
Education	7,198,882	-	7,198,882
County taxes	921,909	-	921,909
Overlay/abatements	12,113	-	12,113
Debt service	628,134	-	628,134
Capital and special projects	261,902	259,990	521,892
Total expenditures	11,880,892	322,900	12,203,792
Excess (deficiency) of revenues over (under) expenditures	304,076	(110,621)	193,455
Other financing sources (uses):			
Proceeds from long-term debt	75,000	-	75,000
Transfers (to) from other funds	(263,100)	263,100	-
Total other financing sources (uses)	(188,100)	263,100	75,000
Net change in fund balances	115,976	152,479	268,455
Fund balances, beginning of year	3,629,180	210,931	3,840,111
Fund balances, end of year	\$ 3,745,156	363,410	4,108,566

See accompanying notes to financial statements.

TOWN OF HARPSWELL, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended December 31, 2007

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,213,894	11,213,894	11,196,054	(17,840)
Intergovernmental	274,075	274,075	299,842	25,767
Fines and violations	21,500	21,500	492	(21,008)
Miscellaneous	463,700	464,700	688,580	223,880
Total revenues	11,973,169	11,974,169	12,184,968	210,799
Expenditures:				
Current:				
General government	1,213,340	1,226,799	1,130,835	95,964
Public works	839,083	861,454	797,581	63,873
Protection and safety	729,098	739,090	710,229	28,861
Health and welfare	27,230	27,230	25,602	1,628
Cultural and recreation	194,274	194,274	193,705	569
Education	7,198,882	7,198,882	7,198,882	-
County taxes	921,909	921,909	921,909	-
Overlay/abatements	100,867	100,867	12,113	88,754
Debt service	633,231	633,231	628,134	5,097
Capital and special projects	275,431	643,938	247,942	395,996
Total expenditures	12,133,345	12,547,674	11,866,932	680,742
Excess (deficiency) of revenues over (under) expenditures	(160,176)	(573,505)	318,036	891,541
Other financing sources (uses):				
Proceeds from long-term debt	75,000	75,000	75,000	-
Transfer to / from other funds	(264,824)	(264,824)	(263,100)	1,724
Budgeted use of undesignated fund balance	350,000	385,000	-	(385,000)
Budgeted use of carryforward balances	-	446,825	-	(446,825)
Budgeted use of contingency	-	(68,496)	(13,960)	54,536
Total other financing sources (uses)	160,176	573,505	(202,060)	(775,565)
Net change in fund balance	-	-	115,976	115,976
Fund balance, beginning of year			3,629,180	
Fund balance, end of year			\$ 3,745,156	

See accompanying notes to financial statements.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements

THE REPORTING ENTITY

The Town of Harpswell, incorporated on January 25, 1758, currently operates under a Town Meeting-Selectmen form of government with a Town Administrator as the chief administrator of the Town. The Board consists of three members elected by the registered voters for three year terms.

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may or may not be financially accountable and, as such, be includable within the Town's basic financial statements. In accordance with GASBS No. 14, as amended by GASBS No. 39, the Town (the primary government) is financially accountable if it appoints a voting majority of the organizations governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. Based on the application of these criteria, there are no other entities within the Town that should be included as part of these basic financial statements.

The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 are 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds (if any) are reported as separate columns in the fund financial statements.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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 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 and is always classified as a major fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Town reports several nonmajor funds in the following fund categories:

Special revenue funds are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by proprietary or trust funds).

C. Budgetary Accounting

Each year a budget is adopted for the General Fund only, and is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The level of control (level at which expenditures may not exceed budget) is the Town meeting warrant article level. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year. However, portions of the General Fund fund equity can be designated for future periods by the Selectmen. A comparison of budget to actual is presented in the financial statements on Statement 6. The difference between original budget and final budget amounts represent approved carryovers from prior years.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Town policy is that deposits can only be made in financial institutions insured by the F.D.I.C. or collateralized by the depository institution in the Town's name. The Town invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return, while remaining within the guidelines approved by the Board of Selectmen.

E. Inventories of Supplies

Inventories of supplies are considered to be expenditures at the time of purchase rather than when consumed, and are not included in the general fund balance sheet.

F. Short-term Interfund Receivables/Payables

During the course of normal operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "interfund receivables or payables" on the balance sheet.

During the course of normal operations, the Town has transactions between funds including expenditures and transfers of resources to provide resources, construct assets and service debt. These transactions, if any, are reported as transfers.

G. Capital Assets

Capital assets, which include property, plant, equipment, are reported in the applicable governmental 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 \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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.

Straight-line depreciation is used based on the following estimated useful lives:

- Buildings and building improvements – 25 and 50 years
- Infrastructure – 20 to 50 years
- Equipment, vehicles and furniture – 5 to 30 years

The Town was not required to retroactively report infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Neither their historical cost nor the related depreciation on pre-2004 infrastructure was previously reported in the financial statements. The Town began reporting newly acquired infrastructure assets upon implementation of GASBS No. 34, as of and for the year ended December 31, 2004. Additionally, as of January 1, 2007, a retroactive restatement was made to bring on roads and dry hydrants put into service before 2004.

H. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. The face amount of debt is reported as other financing sources.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

I. 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. Designations of fund balance represent tentative management plans that are subject to change.

J. Comparative Data

Comparative total data for the prior period have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

K. Compensated Absences

Under terms of personnel policies of the Town, vacation leave is granted in varying amounts according to length of service. No sick leave is granted at the time of employee termination. Unused vacation leave is reported in the government-wide financial statements. No expenditure is reported for this amount on the fund financial statements unless due and payable.

L. 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.

CASH AND CASH EQUIVALENTS

Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal policy with respect to custodial credit risk. As of December 31, 2007, the Town reported deposits of \$3,750,055 with a bank balance of \$3,804,890. None of the Town's bank balances were exposed to custodial credit risk, as \$4.0 million was collateralized by an irrevocable stand-by letter of credit, and the remainder was covered by additional insurance purchased on behalf of the Town by the respective banking institutions.

PROPERTY TAX

The Town's property taxes for the current year were committed on August 9, 2007, on the assessed value listed as of April 1 for all real and personal property located in the Town. Taxes were due on September 15, 2007 and December 15, 2007; interest was charged at 10% on all unpaid taxes after that date. Assessed values are periodically established by the Assessor at 100% of assumed market value. The Town has a certified ratio of 100%.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

PROPERTY TAX, CONTINUED

The following summarizes the 2007 and 2006 levy:

	<u>2007</u>	<u>2006</u>
Assessed value:		
Real property	\$ 1,668,145,500	1,644,881,100
Personal property	3,500,600	3,421,130
Total valuation	1,671,646,100	1,648,302,230
Tax rate (per \$1,000)	6.07	5.95
Tax commitment	10,146,894	9,807,410
Less: collections and abatements	(9,630,886)	(9,253,743)
Taxes receivable at December 31	\$ 516,008	553,667

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 \$100,867 for the year ended December 31, 2007. Property taxes levied during the year are recorded as receivables at the time the levy is made. The receivables collected during the year and in the first sixty days following the end of the fiscal year are recorded as revenues. The remaining receivables are recorded as deferred revenues.

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 acquired by foreclosure for nonpayment of taxes is recorded at the amount of expired tax liens plus the costs involved in foreclosure. Liens and any current taxes on the same period are not included as part of the tax acquired property account until expiration of statutory time limits.

INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables balances at December 31, 2007, were as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	368,100
Special Revenue Funds:		
Restricted grants	59,531	-
Recreation	30,452	-
Capital Projects Fund:		
Emergency vehicle	140,277	-
Road projects	137,840	-
Totals	\$ 368,100	368,100

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

NOTES RECEIVABLES

The Town entered into an agreement with Harpswell Neck Fire and Rescue, Inc. (HNFR) on May 4, 2007, in which the Town borrowed \$75,000 on HNFR's behalf to assist with the purchase of a new pumper truck. HNFR is responsible for all principal and interest on this general obligation bond and the related note is to be repaid as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2008	\$ 25,000	2,885	27,885
May 1, 2009	25,000	1,917	26,917
May 1, 2010	25,000	960	25,960
Total	\$ 75,000	5,762	80,762

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance December 31, <u>2006</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2007</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,980,461	-	-	1,980,461
Construction in progress	262,361	250,300	512,661	-
Total capital assets not being depreciated	2,242,822	250,300	512,661	1,980,461
Capital assets, being depreciated:				
Buildings and improvements	4,023,632	-	-	4,023,632
Equipment, vehicles and furniture	594,662	33,180	31,776	596,066
Infrastructure	5,510,557	512,661	-	6,023,218
Total capital assets being depreciated	10,128,851	545,841	31,776	10,642,916
Less accumulated depreciation for:				
Buildings and improvements	1,127,348	132,422	-	1,259,770
Equipment, vehicles and furniture	313,587	35,732	28,159	321,160
Infrastructure	2,106,112	116,105	-	2,222,217
Total accumulated depreciation	3,547,047	284,259	28,159	3,803,147
Total capital assets being depreciated, net	6,581,804	261,582	3,617	6,839,769
Governmental activities capital assets, net	\$ 8,824,626	511,882	516,278	8,820,230

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

Governmental activities:	
General government	\$ 80,789
Public works	187,199
Protection and safety	2,332
Cultural and recreation	13,939
Total depreciation expense – governmental activities	\$ 284,259

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

SHORT-TERM DEBT

Tax Anticipation Note

Under the authority of Title 30-A, Section 5771 of the Maine Revised Statutes, as amended, a resolution was adopted by the Board of Selectmen at the March 29, 2007 meeting to authorize the Treasurer to borrow up to \$3,240,000 on an "as needed basis" to be due on or before December 31, 2007. A total of \$3,050,000 was drawn, between April and October 2007, and the outstanding principal and interest was paid on or before November 30, 2007. The total interest paid on this note was \$39,492. Since there is no beginning or ending balance at December 31, 2006 and 2007, respectively, it has not been included on the debt note below.

LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 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:					
Bonds payable	\$ 2,310,834	75,000	490,834	1,895,000	508,333
Compensated absences payable	11,767	1,845	-	13,720	-
Governmental activity long-term liabilities	\$ 2,322,601	76,845	490,834	1,908,720	508,333

Bonds Payable

Bonds payable at December 31, 2007 are comprised of the following:

	<u>Issue date</u>	<u>Maturity date</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Balance December 31, 2007</u>
Governmental activities:					
1993 Capital improvement bond	05/27/93	11/01/08	\$ 600,000	5.30-5.75%	40,000
2000 General obligation bond	05/25/00	11/01/10	1,209,800	5.281-5.406%	370,000
2003 General obligation bond	05/22/03	11/01/10	840,000	2.291-3.166%	485,000
2004 General obligation bond	10/28/04	11/01/16	700,000	1.00-9.00%	525,000
2004 General obligation bond	11/22/04	11/29/09	300,000	5.70%	120,000
2006 Capital improvements bond	10/26/06	11/01/11	350,000	2.05-5.45%	280,000
2007 General obligation bond	05/04/07	05/04/10	75,000	3.84%	75,000
Total bonds payable					\$ 1,895,000

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

LONG-TERM LIABILITIES, CONTINUED

The annual requirements to amortize all debt outstanding as of December 31, 2007 are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 508,333	79,605	587,939
2009	513,333	57,507	570,840
2010	453,333	35,714	489,047
2011	128,333	17,717	146,050
2012	58,333	13,240	71,573
2013-2016	233,335	24,118	257,453
Total	\$ 1,895,000	227,901	2,122,901

All governmental activities long-term debt requirements are paid by the general fund.

Debt authorized but unissued – At the 2004 Town meeting, \$50,000 was authorized to be borrowed for failed septic system remediation.

STATUTORY DEBT LIMIT

The laws of the State of Maine limit types of municipal borrowing to specific percentages of the State valuation of the municipality. At December 31, 2007, the Town was in compliance with these restrictions.

OVERLAPPING DEBT

The Town's proportionate share of debt of all local government units which provide services within the Town's boundaries, and which must be borne by properties in the Town is summarized as follows:

<u>Units</u>	<u>Net debt outstanding at December 31, 2007</u>	<u>Percentage applicable to the Town</u>	<u>Town's proportionate share of debt</u>
Cumberland County	\$ 8,130,000	4.55%	369,658
MSAD 75	22,055,120	37.86%	8,350,069

The Town's proportionate share of the County and District debt is paid through annual assessments.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

INTERFUND TRANSFERS

Individual fund transfers for the year ended December 31, 2007 were as follows:

	Transfers <u>in</u>	Transfers <u>out</u>
General fund	\$ -	263,100
Special revenue funds:		
Restricted grants	10,845	-
Recreation	7,255	-
Total special revenue funds	18,100	-
Capital projects fund:		
Emergency vehicle	135,000	-
Road projects	110,000	-
Total capital projects fund	245,000	-
Total transfers	\$ 263,100	263,100

These operating transfers were budgeted transfers to fund certain activities.

RESTRICTED GRANTS

The Town classifies grant awards as restricted grants in the Town's special revenue fund. The December 31, 2007 fund balance restricted grants consisted of the following awards, at December 31, 2007:

<u>Grant Award</u>	Balance beginning of <u>year</u>	<u>Revenues</u>	<u>Expenditures</u>	Transfers (to)/from General <u>Fund</u>	Balance end of <u>year</u>
CDBG - Mitchell Field	\$ -	10,000	10,000	-	-
Small community block grant	850	23,388	17,983	(60)	6,195
Oil tank repl. - reimbursed admin.	7,431	-	-	(7,431)	-
Overboard discharge	7,277	42,245	31,974	(1,502)	16,046
HRP CDBG Septic RP	-	9,445	7,600	(162)	1,683
Emergency Services study	-	25,000	9,898	15,000 *	30,102
Private - MMA Risk Mgmt - HNF D	-	273	273	-	-
Planning brochures	252	-	-	-	252
Handicap access polls	-	6,014	8,415	5,000 *	2,599
Right of way	-	2,500	2,438	-	62
FEMA April storm (roads)	-	36,216	34,823	-	1,393
William Wharton Grant	10,000	-	8,801	-	1,199
Total restricted grants	\$ 25,810	155,081	132,205	10,845	59,531

* 2007 Town meeting appropriations

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

UNRESERVED FUND BALANCE – DESIGNATED FOR SUBSEQUENT YEARS

At December 31, 2007, portions of the general fund balance were designated for future periods and are reported as a component of unreserved fund balance. They consist of the following:

<u>Fund</u>	<u>Designated balance</u>
Planning office contracted services	\$ 5,000
Town landings	3,000
Road maintenance	44,206
Forest fire and fire police services	5,710
Dry hydrants	14,982
A. Dennis Moore recycling center/transfer station capital	88,628
Orr's Island/Bailey's Island fire capital	30
Town incorporation	2,000
Legislative assistance	4,000
Cribstone bridge	35,000
Land acquisition	1,279
Vehicle replacement	15,500
Assessing updates	20,235
HCBC digital conversion	20,000
Cemetery	950
Repeater	5,100
Boat and motor replacement	14,000
Voting machines	9,300
Copier	4,000
Generator replacement	8,000
Town landing signage	2,453
Self-insurance reserve	3,875
Water/septic study	20,431
Geographic information systems	1,476
Marine hazards	18,522
Failed septic system	14,272
Mitchell Field hazards	12,727
Mitchell Field deeds – pipeline transfer	1,500
Mitchell Field legal – pipeline transfer	5,000
Mitchell Field gift and planning process	50
Mitchell Field annual maintenance reserve	3,256
<u>Economic development</u>	<u>5,000</u>
<u>Plus contingency</u>	<u>54,536</u>
<u>Total designated fund balance – General Fund</u>	<u>\$ 444,018</u>

BUDGETED USE OF SURPLUS

During the year ended December 31, 2007, the Town budgeted to utilize prior year undesignated fund balance as a budgeted use of surplus. The amount consists of the following:

2006 Carry forward balance	\$ 446,825
<u>Current year</u>	<u>385,000</u>
<u>Total</u>	<u>\$ 831,825</u>

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

NET ASSETS

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net assets invested in capital assets, net of related debt was calculated as follows at December 31, 2007:

Capital assets	\$ 12,623,377
Accumulated depreciation	(3,803,147)
Bonds payable	(1,895,000)
Add back:	
2003 General Obligation Bond (12% was for non-procurement purposes)	58,200
2004 General Obligation Bond (revaluation)	120,000
2007 General Obligation Bond (loan to HNFR)	75,000
	<hr/>
<u>Total invested in capital assets net of related debt</u>	<u>\$ 7,178,430</u>

RESTATEMENT OF NET ASSETS

Net assets for the governmental activities, as of January 1, 2007, have been restated to reflect the retroactive addition of roads and dry hydrants to the capital assets balance:

Net assets as previously reported	\$ 7,812,049
<u>Retroactive adjustment to capital assets, net of accumulated depreciation</u>	<u>2,699,893</u>
<u>Governmental activities net assets, as restated</u>	<u>\$ 10,511,942</u>

RISK MANAGEMENT

The Town is exposed to various risks of loss 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 a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association for Workers' Compensation coverage. Based on these coverages, no known liabilities exist at December 31, 2007.

CONTINGENT LIABILITIES

Litigation - The Town is subject to certain legal proceedings which arise in the normal course of business. In the opinion of management, the Town has defensible positions in any/all pending cases. Further, any future liabilities are covered by insurance or will not materially affect the financial position of the Town.

State and Federal Grants - The Town participates in numerous state and federal programs which are governed by various rules and regulations imposed by the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any moneys received may be required. There are no material contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS) - CONSOLIDATED RETIREMENT PENSION PLAN

Description of the Plan - The Town contributes to the Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. The contribution rates of plan members and the Town of Harpswell are established and may be amended by the Maine Public Employees Retirement Board of Trustees. The Town's contributions to the Maine Public Employees Retirement System Consolidated Plan for the year ended December 31, 2007 and 2006 were \$4,181 and \$4,199, respectively, equal to the required contributions.

Effective March 14, 1998, this benefit is no longer available to new Town employees. Those employees already in the plan may continue under the same terms or may terminate and join the deferred compensation plan.

DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through the International City Management Association Retirement Corporation.

The deferred compensation plan is available to all full and regular part time employees of the Town who work 20 hours or more per week on a regularly scheduled basis and who are not already participating in another plan. Under the plan, employees may elect to defer a portion of their salary and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. The Town's computed contribution to this plan for the year ended December 31, 2007 was approximately \$18,195. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the Town's financial statements.

RETIREMENT PLAN - RECYCLING CENTER EMPLOYEES

The Town offers its recycling center employees a pension plan through the I.A.M. National Pension Fund.

The Town contributes on behalf of eligible employees of the recycling center who have worked during the plan year. There are no voluntary contributions by the employees allowed in this plan. The Town's expense under the plan for the year ended December 31, 2007 was \$14,600.

The funds contributed by the Town to the plan are held in trust by the I.A.M. National Pension Fund for the exclusive use of benefit participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the Town's financial statements.

GENERAL FUND

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

TOWN OF HARPSWELL, MAINE
Comparative Balance Sheets
General Fund
December 31, 2007 and 2006

	2007	2006
ASSETS		
Cash and cash equivalents	\$ 3,750,055	3,483,569
Receivables:		
Taxes	517,179	555,686
Tax liens and acquired properties	61,708	47,954
Other	43,491	34,379
Notes receivable	75,000	-
Prepaid items	13,687	14,247
Total assets	\$ 4,461,120	4,135,835
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	124,407	95,485
Taxes paid in advance	8,457	10,984
Deferred revenues	215,000	184,000
Interfund payables:		
Special Revenue	89,983	60,561
Capital Projects	278,117	155,625
Total liabilities	715,964	506,655
Fund balance:		
Reserved for long-term receivable	75,000	-
Unreserved:		
Designated for subsequent years expenditures	444,018	446,825
Undesignated	3,226,138	3,182,355
Total fund balance	3,745,156	3,629,180
Total liabilities and fund balance	\$ 4,461,120	4,135,835

TOWN OF HARPSWELL, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis of Accounting)
For the year ended December 31, 2007

	Budgeted amounts		Actual	Variance positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 10,146,894	10,146,894	10,177,553	30,659
Change in deferred property tax revenue	-	-	(31,050)	(31,050)
Interest and fees on property taxes	17,000	17,000	20,793	3,793
Excise taxes and registration fees	1,050,000	1,050,000	1,028,758	(21,242)
Total taxes	11,213,894	11,213,894	11,196,054	(17,840)
Intergovernmental:				
State revenue sharing	155,000	155,000	171,470	16,470
Local road assistance	45,300	45,300	45,300	-
Homestead exemption	61,275	61,275	61,327	52
Tree growth	4,000	4,000	10,858	6,858
General assistance	3,500	3,500	5,882	2,382
Veterans exemption	2,000	2,000	2,468	468
Other	3,000	3,000	2,537	(463)
Total intergovernmental	274,075	274,075	299,842	25,767
Fines and violations	21,500	21,500	492	(21,008)
Miscellaneous:				
Interest earned	110,000	110,000	119,267	9,267
Cable TV franchise fee	45,000	45,000	53,975	8,975
Licenses, fees and permits	102,500	102,500	159,357	56,857
Recycling center and disposal fees	175,300	175,300	224,404	49,104
Donations and gifts	10,000	11,000	11,497	497
Sale of property	17,000	17,000	110,501	93,501
Unclassified	3,900	3,900	9,579	5,679
Total miscellaneous	463,700	464,700	688,580	223,880
Total revenues	11,973,169	11,974,169	12,184,968	210,799

TOWN OF HARPSWELL, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis of Accounting), Continued
For the year ended December 31, 2007

Article #	Account	Balances carried forward	Budgeted amounts		Actual	Variance positive (negative)	Balances carried forward
			Original	Final			
Expenditures:							
General government:							
33	Elected officials	-	111,158	111,158	108,445	2,713	-
34	General administration:						
	Administration	-	267,537	267,537	251,601	15,936	-
	Assessing	-	86,545	86,545	82,662	3,883	-
	Public information	-	9,000	9,000	8,716	284	-
34	Tax collector's office	-	33,234	33,234	28,071	5,163	-
34	Town clerk's office	-	48,735	48,735	41,315	7,420	-
34	Code enforcement	-	102,331	102,331	101,780	551	-
34	Planning	5,000	75,794	80,794	62,445	18,349	5,000
34	Treasurer	-	2,000	2,000	801	1,199	-
34	Employee benefits	-	277,639	277,639	272,868	4,771	-
34/50	Risk management	-	54,176	54,176	46,980	7,196	-
34	Legal services	-	45,000	45,000	35,569	9,431	-
	Withdrawal committee	5,459	-	5,459	-	5,459	-
34	Membership	-	15,596	15,596	15,595	1	-
34	Committees & commissions	-	4,770	4,770	3,841	929	-
34	Operations and maintenance:						
	Municipal buildings and property	-	71,245	71,245	61,437	9,808	-
	Old town house & commons	-	3,580	3,580	4,081	(501)	-
	Town dock	-	2,000	2,000	1,708	292	-
	Mackerel cove / town landings	3,000	3,000	6,000	2,920	3,080	3,000
	Total general government	13,459	1,213,340	1,226,799	1,130,835	95,964	8,000
Public works:							
35	Public works:						
	Snow removal & street signs	-	391,500	391,500	419,890	(28,390)	-
	Maintenance	22,371	75,000	97,371	23,695	73,676	44,206
	Road, Street Signs	-	3,000	3,000	4,080	(1,080)	-
35	Recycling and transfer station	-	369,583	369,583	349,916	19,667	-
	Total public works	22,371	839,083	861,454	797,581	63,873	44,206
Protection and safety:							
36	Emergency services	5,710	170,750	176,460	171,955	4,505	4,505
40	Dry hydrant development	2,982	12,000	14,982	-	14,982	14,982
37	Law enforcement and communication	-	285,905	285,905	285,905	-	-
37	Shellfish conservation enforcement	-	167,132	167,132	165,597	1,535	-
36	New Meadows River Watershed	-	1,000	1,000	1,000	-	-
36	Street lighting	-	30,000	30,000	28,134	1,866	1,205
36	Harbor management	1,300	39,911	41,211	37,536	3,675	-
36	Animal control	-	22,400	22,400	20,102	2,298	-
	Total protection and safety	9,992	729,098	739,090	710,229	28,861	20,692
Health and welfare:							
38	Health and welfare	-	27,230	27,230	25,602	1,628	-
	Total health and welfare	-	27,230	27,230	25,602	1,628	-
Cultural and recreation:							
4	Curtis memorial library	-	108,378	108,378	108,378	-	-
36	Cultural and education programs	-	26,200	26,200	26,089	111	-
39	Harpswell community broadcasting	-	35,000	35,000	35,000	-	-
36	Recreation - general	-	24,696	24,696	24,238	458	-
	Total cultural and recreation	-	194,274	194,274	193,705	569	-

TOWN OF HARPSWELL, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis of Accounting), Continued
For the year ended December 31, 2007

Article #	Account	Balances	Budgeted amounts		Actual	Variance positive (negative)	Balances carried forward
		carried forward	Original	Final			
Expenditures, continued:							
41	A. Dennis Moore Recycling / Transfer St.	101,407	-	101,407	12,779	88,628	88,628
Other capital / carryovers:							
46	Loan to HNFR	-	75,000	75,000	-	75,000	-
36	OB fire capital	10,827	25,000	35,827	35,797	30	30
36	CH fire capital	21,053	25,000	46,053	46,053	-	-
36	HN fire capital	25,000	25,000	50,000	50,000	-	-
CF	Land acquisition	1,279	-	1,279	-	1,279	1,279
40	Vehicle replacement	29,500	12,000	41,500	26,000	15,500	15,500
CF	Update of assessing records	20,235	-	20,235	-	20,235	20,235
40	HCBC digital conversion	15,000	5,000	20,000	-	20,000	20,000
CF	Cemetery restoration	950	-	950	-	950	950
CF	Repeater	5,100	-	5,100	-	5,100	5,100
40	Boat and motor replacement	10,000	4,000	14,000	-	14,000	14,000
40	Voting machines	6,300	3,000	9,300	-	9,300	9,300
40	Copier	2,500	1,500	4,000	-	4,000	4,000
40	Generator replacement	-	8,000	8,000	-	8,000	8,000
	Computer equipment	-	2,500	2,500	2,500	-	-
	Holbrook foundation	-	50,000	50,000	50,000	-	-
Special projects / carryovers:							
	Cribstone Bridge	-	-	35,000	-	35,000	35,000
	Town incorp. Planning	-	2,000	2,000	-	2,000	2,000
	Legislative agent	-	6,000	6,000	2,000	4,000	4,000
	Water septic study	-	20,431	20,431	-	20,431	20,431
	Economic development	-	5,000	5,000	-	5,000	5,000
CF	Town landing signage	2,758	-	2,758	305	2,453	2,453
CF	Self insurance reserve	3,875	-	3,875	-	3,875	3,875
Spec.	Salary survey	3,500	6,000	9,500	7,750	1,750	-
CF	GIS	2,976	-	2,976	1,500	1,476	1,476
CF	Marine hazards	18,522	-	18,522	-	18,522	18,522
CF	Failed septic systems	14,272	-	14,272	-	14,272	14,272
CF	Mitchell field - hazard materials removal	13,055	-	13,055	328	12,727	12,727
CF	Mitchell field - deeds	1,500	-	1,500	-	1,500	1,500
CF	Mitchell field - legal	5,000	-	5,000	-	5,000	5,000
	Mitchell field - gifts	7,000	-	8,000	7,950	50	50
CF	Mitchell field - annual maintenance reserve	8,236	-	8,236	4,980	3,256	3,256
CF	Boundary survey	2,662	-	2,662	-	2,662	-
Total capital and special projects		332,507	275,431	643,938	247,942	395,996	316,584
42	Debt service	-	633,231	633,231	628,134	5,097	-
CF	Contingency	68,496	-	68,496	13,960 *	54,536	54,536
Total budgeted expenditures		446,825	3,911,687	4,394,512	3,747,988	646,524	444,018
Other expenditures:							
	Educational appropriation	-	7,198,882	7,198,882	7,198,882	-	-
	County tax	-	921,909	921,909	921,909	-	-
	Overlay / abatements	-	100,867	100,867	12,113	88,754	-
Total other expenditures		-	8,221,658	8,221,658	8,132,904	88,754	-
Excess (deficiency) of revenues over							
(under) expenditures		(446,825)	(160,176)	(642,001)	304,076	946,077	(444,018)
Other financing sources (uses):							
	Proceeds from long term debt	-	75,000	75,000	75,000	-	-
	Transfer to Capital Projects - road projects	-	(110,000)	(110,000)	(110,000)	-	-
	Transfer to Capital Projects - emergency vehicle	-	(135,000)	(135,000)	(135,000)	-	-
	Transfer from Grant fund - Oil tank replace. admin	-	7,431	7,431	7,431	-	-
	Transfer to Grant fund - Handicap Access/ Vault	-	(5,000)	(5,000)	(5,000)	-	-
	Transfer to Grant fund - Emer services study	-	(15,000)	(15,000)	(15,000)	-	-
	Transfer from Grant fund - Administrative costs	-	-	-	-	1,724	-
	Transfer to Recreation fund - programs	-	(7,255)	(7,255)	(7,255)	-	-
	Use of undesign. fund balance - budget	-	240,000	240,000	-	(240,000)	-
	Use of undesign. fund balance - roads	-	110,000	110,000	-	(110,000)	-
	Use of undesign. fund balance - Cribstone bridge	-	-	35,000	-	(35,000)	-
	Use of carryforward balances	446,825	-	446,825	-	(446,825)	-
Total other financing sources (uses)		446,825	160,176	642,001	(188,100)	(830,101)	-
Net change in fund balance		-	-	-	115,976	115,976	(444,018)
Fund balance, beginning of year					3,629,180		
Fund balance, end of year					\$ 3,745,156		

* Contingency transfer approved by Selectmen to replace computer server.

OTHER GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds account for specific resources, the expenditure of which are restricted by law or administrative action for particular purposes.

Special revenue funds are established for the following purposes:

Restricted Grants

The purpose of this fund is segregate state, federal and private awards whose purpose is restricted by the agency providing the funds.

Recreation

To account for various recreation fees and related expenditures.

NONMAJOR CAPITAL PROJECT FUNDS

Capital projects funds are established to account for resources obtained and expended for the acquisition of major capital facilities and projects.

The Town's individual capital project funds were established for the following purposes:

Emergency Vehicle

To accumulate funds in a dedicated interest bearing account to ultimately purchase emergency vehicles.

Road Projects

To account for various funds appropriated by Town Meeting for the reconstruction of existing roadways.

TOWN OF HARPSWELL, MAINE
Other Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2007

	Special Revenues		Capital Projects		Totals
	Restricted Grants	Recreation	Emergency Vehicle	Road Projects	
Revenues:					
Intergovernmental	\$ 155,081	-	-	-	155,081
Interest earned	-	-	5,277	-	5,277
Charges for services	-	51,921	-	-	51,921
Total revenues	155,081	51,921	5,277	-	212,279
Expenditures:					
For designated purpose	132,205	51,232	-	-	183,437
Expenditures from carryover funds	-	11,678	-	-	11,678
2007 capital roads project	-	-	-	127,785	127,785
Total expenditures	132,205	62,910	-	127,785	322,900
Excess (deficiency) of revenues over (under) expenditures	22,876	(10,989)	5,277	(127,785)	(110,621)
Other financing sources (uses):					
Transfers (to) from general fund	10,845	7,255	135,000	110,000	263,100
Total other financing sources (uses)	10,845	7,255	135,000	110,000	263,100
Net change in fund balances	33,721	(3,734)	140,277	(17,785)	152,479
Fund balances, beginning of year	25,810	29,496	-	155,625	210,931
Fund balances, end of year	\$ 59,531	25,762	140,277	137,840	363,410

*Payables and
allowance*

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SCHEDULES

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TOWN OF HARPSWELL, MAINE
Statement of Taxes and Liens Receivable
December 31, 2007

Year	Balance at 12/31/06	2007 Commitment	Supplemental Taxes	Collections	Abatements	Balance at 12/31/07
pre 2002 *	\$ 5,829	-	-	(4,615)	-	1,214
2003	1,578	-	-	(1,448)	-	130
2004	2,095	-	-	(1,578)	-	517
2005	38,452	-	-	(31,800)	(1,869)	4,783
2006	555,686	-	-	(495,093)	(4,358)	56,235
2007	-	10,146,894	29,487	(9,654,488)	(5,885)	516,008
	603,640	10,146,894	29,487	(10,189,022)	(12,112)	578,887
					Taxes receivable	517,179
					Tax liens and acquired properties	61,708
				Total	\$	578,887

* includes tax acquired property