

TOWN OF HARPSWELL, MAINE

Annual Financial Report

For the year ended December 31, 2008

TOWN OF HARPSWELL, MAINE
Annual Financial Report
For the year ended December 31, 2008

Table of Contents

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-10
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	13
Statement of Activities	2	14
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	6	18
Notes to Basic Financial Statements		19-30
	<u>Exhibit</u>	<u>Page</u>
Combining and Individual Fund Statements:		
General Fund:		
Comparative Balance Sheets	A-1	33
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis of Accounting)	A-2	34-36
Other Nonmajor Governmental Funds:		
Combining Balance Sheet	B-1	39
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	40
Schedule:		
Statement of Taxes and Liens Receivable	1	43



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, 2008, 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, 2008, 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 4, 2009 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 important for assessing the results of our audit.

Board of Selectmen
Page 2

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.

A handwritten signature in cursive script, reading "Raymond Kuster Ouellette".

February 4, 2009
South Portland, Maine

TOWN OF HARPSWELL, MAINE
Management's Discussion and Analysis
December 31, 2008

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, 2008. 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 exceed its liabilities by \$11,800,710. Total assets include the costs, net of accumulated depreciation, of the Town's capital assets, which totaled \$8,822,492 at December 31, 2008. Capital assets include the Town's infrastructure assets, i.e. roads and dry hydrants.
- ❖ The Statement of Activities shows an increase in net assets of \$575,406 for the fiscal year. The Town ended the year with higher cash balances as a result of its borrowing of \$500,000 for the purchase of emergency vehicles, which purchases were not completed by year-end. The Town has entered into contracts for three such vehicles and expects to enter into contracts for two other vehicles in 2009. Each of these vehicles will be leased to one of the independent fire and rescue departments providing service to the Town.
- ❖ During 2008, the Town repaid \$508,333 of the principal of its long-term debt as scheduled and paid interest of \$117,803 on its long and short term borrowings.
- ❖ The ending fund balance for all governmental funds is \$4,673,792.
- ❖ The ending fund balance for the general fund is \$3,837,595, an increase of \$90,911 over the previous year. Of this balance, \$478,123 is designated for specific purposes or reserved for a long-term note receivable. This leaves an undesignated balance of \$3,359,472, which is sufficient for compliance with the Town's Fund Balance Policy. This Policy requires the Town to maintain an undesignated fund balance of three 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 (\$648,519) and a fund for road projects (\$148,762). The Town also has a fund for its special revenue activities, which includes recreation programs (\$14,325) and activities funded through grants (\$24,591).

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 five 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 balance 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	
		<u>2008</u>	<u>2007</u>
Assets:			
Current and other assets	\$ 4,978,598	\$4,461,120	
Capital assets	8,822,492	8,820,230	
Total Assets	<u>13,801,090</u>	<u>\$13,281,350</u>	
Liabilities:			
Long-term debt outstanding	(1,886,667)	(1,895,000)	
Other liabilities	(113,713)	(161,046)	
Total Liabilities	<u>(2,000,380)</u>	<u>(2,056,046)</u>	
Net Assets:			
Invested in capital assets, net of debt	7,091,425	7,178,430	
Restricted	811,606	197,371	
Unrestricted	3,897,679	3,849,503	
Total Net Assets	<u>\$ 11,800,710</u>	<u>\$11,225,304</u>	

The Town's Total Net Assets increased by \$575,406 during 2008. 2007 Total Net Assets has been restated to adjust for an accounts payable of \$1,448 included at December 31, 2007 for which no payment was required.

Asset changes included an increase in cash balances (\$601,043) resulting primarily from the borrowing of \$500,000 for the future purchase of emergency vehicles. Taxes receivable, including those for which liens have been placed, decreased \$75,112. This decrease is attributable to an improved collection rate on current year taxes as taxpayers become more accustomed to the 2 installment payment system and the mailing in November 2008 of a reminder notice of the due date of the second installment. The Town's note receivable from Harpswell Neck Fire & Rescue (HNF&R) decreased by \$25,000 in accordance with its repayment schedule. An increase in prepaid expenses (\$17,462) is attributable to the Town's funding its January 2009 health insurance contribution at the end of 2008.

Long-term Debt obligations decreased during 2007 by \$8,333 as scheduled principal repayments of \$508,333 were offset by a new borrowing in the amount of \$500,000. Accounts payable decreased \$55,749 as a result of improvements in the Town's procedures.

60% of the Town's Net Assets at December 31, 2008 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.

\$811,606 of the 2008 Net Assets (6.9%) is restricted for capital projects and grants. This includes \$648,519 for the purchase of emergency services vehicles.

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
Changes in Net Assets

	Governmental	
	Activities	
	<u>2008</u>	<u>2007</u>
Revenues:		
Program Revenues		
Charges for services	\$ 274,462	\$276,325
Operating grants and contributions	172,649	206,263
General Revenues		
Property and excise taxes	11,613,591	11,206,311
Subsidies, grants and entitlements	234,772	246,123
Interest earned	93,357	119,267
Other	378,211	373,958
Total revenues	<u>12,767,042</u>	<u>12,428,247</u>
Expenses:		
General government	\$ 1,221,385	1,213,577
Public works	1,059,040	984,780
Protection and safety	818,565	712,561
Health and welfare	29,885	25,602
Culture and recreation	283,939	270,554
Education	7,445,553	7,198,882
County taxes	1,031,777	921,909
Overlay/abatements	9,209	12,113
Interest on long-term debt	117,803	134,325
Capital and special projects	174,480	242,030
Total expenses	<u>12,191,636</u>	<u>11,716,333</u>
Increase (decrease) in net assets	<u>\$ 575,406</u>	<u>711,914</u>

Governmental Activities

Governmental activities increased the Town's net assets by \$575,406. Total program revenues decreased by \$35,477 (7.3%) on a year to year basis, with decreases occurring in both charges for services and in grants and contributions. In the public works area, the decrease in charges for services (\$4,271) is attributable to the decline in the 4th quarter of 2008 in the prices obtained from the sale of recyclable materials. Offsetting this was a small increase (\$2,408) in revenues generated by recreational programs increased as additional adult programs were offered. Operating grants and contributions decreased by \$33,614. The Town continued to actively seek grants in 2008 as it did in 2007, however, reimbursements by the Federal Emergency Management Agency ("FEMA") for road work necessitated by the 2007 Patriots' Day storm (\$36,216) did not recur. The Town did receive in 2008 reimbursement for certain administrative costs (\$7,340) associated with the 2007 storm. Grants received in 2008 included awards to replace overboard discharge systems (\$34,644) and failed septic systems (\$55,938), as well as \$20,000 for the improvement of certain Town recreational trails.

Property tax revenue increased as the property tax base expanded and the mil rate increased. Excise taxes declined, as did receipts from the State of Maine, consistent with broader economic declines. Interest earned decreased as a result of lower rates.

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

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, except for recreation programs whose revenues, to the extent they exceed program costs, are retained for future programs. 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General government	\$ 1,221,385	1,213,577	1,221,385	1,213,577
Public works	1,059,040	984,780	793,607	715,076
Protection and safety	818,565	712,561	818,565	712,561
Health and welfare	29,885	25,602	23,497	19,720
Culture and recreation	283,939	270,554	229,610	218,633
Education	7,445,553	7,198,882	7,445,553	7,198,882
County taxes	1,031,777	921,909	1,031,777	921,909
Overlay/abatement	9,209	12,113	9,209	12,113
Interest on long-term debt	117,803	134,325	117,803	134,325
Capital and special projects	174,480	242,030	53,519	86,949
Total governmental activities	\$ 12,191,636	11,716,333	11,744,525	11,233,745

Total Cost of Services and Net Cost of Services increased from 2007 to 2008 by 4.0% and 4.55%, respectively.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As of December 31, 2008, the Town's governmental funds balance totaled \$4,673,792.

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.

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 2.4% from \$3,746,604 in 2007 to \$3,837,595 in 2008. The increase of \$90,991 in the 2008 General Fund balance was attributable to (1) actual revenues exceeding expenses by \$289,280, (2) the borrowing of \$500,000 for the purchase of emergency vehicles and (3) the net transfer to other funds of \$698,289 (\$240,000 of which went to the capital road reserve, \$500,000 to the emergency vehicle fund, and \$7,250 to recreation programs. An additional \$48,961 was transferred to the general fund from restricted grant funds as those purposes had been completed). The 2008 Town Meeting approved the use of \$255,000 of fund balance to reduce the 2008 tax commitment. Consistent with the Town's policy of maintaining three months of expenses in its year-end General Fund balance, the 2008 year-end level will allow for \$285,000 to be used to reduce the 2009 tax commitment.

Revenues: During 2008, the Town benefited from the unbudgeted assessment of a fine for land use violation in the amount of \$100,000. Absent such fine, the Town's non-property tax revenues would have fallen short of those forecasted. A fine of this magnitude is unlikely to recur and fines generally are not anticipated by the Town in preparing the municipal budget. Consistent with broader economic declines, the Town experienced lower levels of revenue from excise taxes, permitting fees and interest earned compared to 2007. Receipts from the State of Maine for revenue sharing, homestead exemptions and other programs also declined. Compared to 2007, revenues from transfer station fees and the sale of recyclable materials decreased by \$4,271 as prices for certain recyclables dropped significantly, particularly in the fourth quarter.

Unexpended Appropriations. Notable unexpended appropriation lapses to the 2007 general fund occurred in the areas of general administration (\$23,685), code enforcement (\$19,790), employee benefits (\$32,312), and recycling (\$26,880). Unexpended funds in the planner's budget (\$23,520) were carried over to be designated for use in 2008. With respect to general administration, the formerly full-time position of Bookkeeper was converted to part-time. Similarly, in the Codes Enforcement Office, a voluntary separation of a second codes enforcement officer resulted in a decision to change staffing levels in that office. These personnel changes, in addition to the hiring of new Recycling Center Manager who did not opt to participate in the Town's health insurance plan, resulted in the underspending in the employee benefit area. The costs associated with the recycling center and transfer center were \$26,880 below those budgeted, primarily reflecting lower volumes of material accepted at the transfer station. The unexpended appropriation for the recycling center was somewhat offset by an overage in another aspect of the Town's public works, i.e. winter road maintenance, the budgeted amount for which was exceeded by \$18,813.

Overlay. Of the \$154,077 raised for overlay, only \$9,209 was used for the purpose of providing abatements. The remaining \$144,868 lapsed to the general fund balance.

Contingency. The use of contingency was limited to one instance in 2008. The appropriation for Health & Welfare was exceeded as requests for general assistance were greater than anticipated, consistent with current economic conditions. The total amount approved by the Selectmen for this purpose was \$2,655.

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

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 2008, the Town had \$8,822,492 in net investment in capital assets, and outstanding debt of \$1,886,667. \$155,600 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		Accumulated		Capital Assets,	
	Assets		Depreciation		net of depreciation	
	2008	2007	2008	2007	2008	2007
Land	\$ 2,023,022	1,980,461		-	2,023,022	1,980,461
Construction in progress	52,805			-	52,805	
Buildings and building						
Improvements	4,029,233	4,023,632	(1,392,319)	(1,259,770)	2,636,914	2,763,862
Equipment and furniture	614,208	596,066	(340,569)	(321,160)	273,639	274,906
Infrastructure	6,150,984	6,023,218	(2,314,872)	(2,222,217)	3,836,112	3,801,001
Total capital assets	\$ 12,870,252	12,623,377	4,047,760	3,803,147	8,822,492	8,820,230

During 2008, the Town completed a capital road project at a total cost of \$176,274, which was capitalized as infrastructure. It also completed the engineering of a capital road project expected to be undertaken in 2009. These engineering costs are included in construction in progress at December 31, 2008. The Town also made improvements to the Giant's Stairs and Tide Mill Cove landing. The associated costs are included in Land. Building improvements in 2008 include the cost of installing a handicapped accessible door at the Town office. Added to equipment in 2008 was a new skid steer loader for use at the Recycling Center.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The country's recession, which began taking shape last year, has deepened to such an extent regionally, nationally and globally, that there is barely any segment of the economy not showing signs of serious impact. At this time, Maine appears to be weathering the economic storm better than other areas of the country where the rates of home foreclosures and job losses are much greater. Given, however, the overall economic uncertainty of these times, consumer spending has been curtailed dramatically, particularly with respect to large ticket items like automobiles. Resultantly, the largest source of non-property tax revenue for the Town of Harpswell, the automobile excise tax which has been offsetting almost one-quarter of budgeted municipal expenditures, is not projected to show a positive growth rate in 2009. Other key revenue sources negatively affecting the 2009 budget

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

year due to economic factors are anticipated reductions in investment earnings, sales of recyclables, and building permit fees. While the announcement of state revenue source reductions will also have a negative impact on the local municipal budget, the impact is less severe on the municipal side of the budget because Harpswell generally receives a smaller amount of state revenue sharing and reimbursements compared to other communities. With respect to Harpswell's share of the M.S.A.D. #75 budget however, there is a continuing burden on property taxpayers in Harpswell for the costs of educating its students in the District without receiving any state aid.

The Town is predominantly a residential and seasonal community with no significant commercial or industrial sector to support the cost of municipal government. Many businesses are commercial fishing related or small home-based operations. The Town is projecting a slowdown in new construction in the coming year. New construction has generally provided an increase in assessed value to help offset previous increases in the municipal budget. While the number of housing sales is down, the selling prices of homes when they occur are generally above the market values being assessed by the Town. Regional economic uncertainty looms as the closure of Brunswick Naval Air Station, which abuts the Town of Harpswell, is on-schedule for final closure in 2011. While the Midcoast Regional Redevelopment Authority is working diligently to plan for new investment and job creation, there will be a period of time before this projected scenario of new growth evolves. In addition, the disposition of base housing is expected to depress the local real estate market when many of these units come online for purchase and/or rent. Shoreline property in Harpswell, however, appears to be holding its value. Still, the rate at which the overall property values of the Town increase may slow down.

Looking to the 2009 budget, there has been recognition of the current economic climate, the reality of declining non-property tax revenues and the need to keep appropriations down. Although the 2009 municipal budget proposes a decrease in appropriations from the prior year, the anticipated decline in revenue sources will not cover all proposed spending without voter approval to increase the LD 1 limit. This is the first time since the implementation of the LD 1 statute (which limits the amount collected from property tax) that voters will need to consider increasing LD 1 if all articles are approved. As the 2009 fiscal year moves forward, revenue sources will be monitored very closely to see if projections and assumptions are holding. If revenue projections are significantly lagging and the recession continues to deepen, consideration may have to be given to adopting a curtailment plan in 2009. Predictably, the 2010 budget year could be even more challenging.

The Town continues to maintain a healthy undesignated fund balance at the level of three month's worth of prior year expenditures. Consistent with this policy, \$285,000 is available in 2009 as compared to \$255,000 in 2008, to offset the collection of property taxes, still leaving a balance of slightly over three million dollars. Again, careful monitoring of revenues will be necessary in 2009 to ensure that expenditures do not outpace revenues and erode the level of fund balance.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designated 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 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

TOWN OF HARPSWELL, MAINE
Statement of Net Assets
December 31, 2008

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,351,098
Receivables:	
Taxes	441,899
Liens	61,876
Accounts	42,576
Notes receivable	50,000
Prepaid items	31,149
Capital assets:	
Capital assets, not being depreciated	2,075,827
Other capital assets, net of accumulated depreciation	6,746,665
Total assets	13,801,090
LIABILITIES	
Accounts payable and other current liabilities	89,806
Accrued interest	10,111
Noncurrent liabilities:	
Due within one year	538,333
Due in more than one year	1,362,130
Total liabilities	2,000,380
NET ASSETS	
Invested in capital assets, net of related debt	7,091,425
Restricted for:	
Capital projects and grants	811,606
Unrestricted	3,897,679
Total net assets	\$ 11,800,710

See accompanying notes to financial statements.

TOWN OF HARPSWELL, MAINE
Statement of Activities
For the year ended December 31, 2008

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets Governmental activities
		Charges for services	Operating grants and contributions	Capital grants and contributions	
Governmental activities:					
General government	\$ 1,221,385	-	-	-	(1,221,385)
Public works	1,059,040	220,133	45,300	-	(793,607)
Protection and safety	818,565	-	-	-	(818,565)
Health and welfare	29,885	-	6,388	-	(23,497)
Cultural and recreation	283,939	54,329	-	-	(229,610)
Education	7,445,553	-	-	-	(7,445,553)
County taxes	1,031,777	-	-	-	(1,031,777)
Overlay/abatements	9,209	-	-	-	(9,209)
Interest on long-term debt	117,803	-	-	-	(117,803)
Capital and special projects	174,480	-	120,961	-	(53,519)
Total governmental activities	12,191,636	274,462	172,649	-	(11,744,525)

General revenues:

Property taxes, levied for general purposes	10,630,132
Excise taxes	983,459
Interest and fees on property taxes	28,461
Intergovernmental	234,772
Investment earnings	93,357
Miscellaneous	349,750
Total general revenues	12,319,931

Change in net assets 575,406

Net assets - beginning, as restated 11,225,304

Net assets - ending \$ 11,800,710

See accompanying notes to financial statements.

TOWN OF HARPSWELL, MAINE
Balance Sheet
Governmental Funds
December 31, 2008

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,351,098	-	4,351,098
Receivables:			
Taxes	441,899	-	441,899
Liens	61,876	-	61,876
Other	42,576	-	42,576
Notes receivable	50,000	-	50,000
Interfund receivables	-	836,197	836,197
Prepaid expenditures	31,149	-	31,149
Total assets	\$ 4,978,598	836,197	5,814,795
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and payroll withholdings	67,210	-	67,210
Taxes paid in advance	19,326	-	19,326
Deferred revenues	218,270	-	218,270
Interfund payables	836,197	-	836,197
Total liabilities	1,141,003	-	1,141,003
Fund balances:			
Reserved for long-term receivable	50,000	-	50,000
Unreserved, reported in:			
Designated for subsequent years expenditures	428,123	-	428,123
Undesignated:			
General fund	3,359,472	-	3,359,472
Special revenue	-	38,916	38,916
Capital projects	-	797,281	797,281
Total fund balances	3,837,595	836,197	4,673,792
Total liabilities and fund balances	\$ 4,978,598	836,197	

Amounts reported for governmental activities in the statement of net assets (Statement 1) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,822,492
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	(1,886,667)
Compensated absences payable	(13,796)
Accrued interest	(10,111)

Net assets of governmental activities	\$ 11,800,710
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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, 2008

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 11,642,052	-	11,642,052
Intergovernmental	288,498	-	288,498
Fines and violations	101,439	-	101,439
Miscellaneous	551,521	183,532	735,053
Total revenues	12,583,510	183,532	12,767,042
Expenditures:			
Current:			
General government	1,139,500	-	1,139,500
Public works	863,028	-	863,028
Protection and safety	816,233	-	816,233
Health and welfare	29,885	-	29,885
Cultural and recreation	206,936	62,750	269,686
Education	7,445,553	-	7,445,553
County taxes	1,031,777	-	1,031,777
Overlay/abatements	9,209	-	9,209
Debt service	627,245	-	627,245
Capital and special projects	124,864	346,284	471,148
Total expenditures	12,294,230	409,034	12,703,264
Excess (deficiency) of revenues over (under) expenditures	289,280	(225,502)	63,778
Other financing sources (uses):			
Proceeds from long-term debt	500,000	-	500,000
Transfers (to) from other funds	(698,289)	698,289	-
Total other financing sources (uses)	(198,289)	698,289	500,000
Net change in fund balances	90,991	472,787	563,778
Fund balances, beginning of year as restated	3,746,604	363,410	4,110,014
Fund balances, end of year	\$ 3,837,595	836,197	4,673,792

See accompanying notes to financial statements.

TOWN OF HARPSWELL, 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 December 31, 2008

Net change in fund balances - total governmental funds (from Statement 4)	\$	563,778
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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.

Capital outlays	\$ 327,533	
Depreciation expense	(294,406)	
Loss on disposal of assets	(30,865)	2,262

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

-

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 represents the net proceeds (\$500,000) net of the repayments (\$508,333).

8,333

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in accrued compensated absences.

(76)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the fund financial statements since future repayment does not require the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

1,109

Change in net assets of governmental activities (see Statement 2)	\$	575,406
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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, 2008

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,679,814	11,679,814	11,642,052	(37,762)
Intergovernmental	283,877	283,877	288,498	4,621
Fines and violations	-	-	101,439	101,439
Miscellaneous	554,796	554,796	551,521	(3,275)
Total revenues	12,518,487	12,518,487	12,583,510	65,023
Expenditures:				
Current:				
General government	1,291,604	1,299,604	1,139,500	160,104
Public works	832,880	877,086	863,028	14,058
Protection and safety	832,984	853,676	816,233	37,443
Health and welfare	27,230	27,230	29,885	(2,655)
Cultural and recreation	208,783	208,783	206,936	1,847
Education	7,445,553	7,445,553	7,445,553	-
County taxes	1,031,777	1,031,777	1,031,777	-
Overlay/abatements	154,077	154,077	9,209	144,868
Debt service	627,938	627,938	627,245	693
Capital and special projects	133,997	450,581	124,864	325,717
Total expenditures	12,586,823	12,976,305	12,294,230	682,075
Excess (deficiency) of revenues over (under) expenditures	(68,336)	(457,818)	289,280	747,098
Other financing sources (uses):				
Proceeds from long-term debt	500,000	500,000	500,000	-
Transfer to / from other funds	(714,549)	(714,549)	(698,289)	16,260
Budgeted use of undesignated fund balance	282,885	282,885	-	(282,885)
Budgeted use of carryforward balances	-	444,018	-	(444,018)
Budgeted use of contingency	-	(54,536)	-	54,536
Total other financing sources (uses)	68,336	457,818	(198,289)	(656,107)
Net change in fund balance	-	-	90,991	90,991
Fund balance, beginning of year as restated			3,746,604	
Fund balance, end of year			\$ 3,837,595	

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

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.

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.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2008, the Town reported deposits of \$4,351,098 with a bank balance of \$4,364,355. None of the Town's bank balances were exposed to custodial credit risk, as \$9.0 million was collateralized by an irrevocable stand-by letter of credit.

PROPERTY TAX

The Town's property taxes for the current year were committed on August 4, 2008, on the assessed value listed as of April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Assessor at 100% of assumed market value. The Town has a certified ratio of 100%.

The following summarizes the 2008 and 2007 levy:

	<u>2008</u>	<u>2007</u>
Assessed value:		
Real property	\$ 1,713,732,380	1,668,145,500
Personal property	3,574,500	3,500,600
Total valuation	1,717,306,880	1,671,646,100
Tax rate (per \$1,000)	6.19	6.07
Tax commitment	10,630,131	10,146,894
Less: collections and abatements	(10,188,233)	(9,630,886)
Taxes receivable at December 31	\$ 441,898	516,008

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

PROPERTY TAX, CONTINUED

Due date(s)	½ September 15, 2008 ½ December 15, 2008	½ September 15, 2007 ½ December 15, 2007
Interest rate on delinquent taxes	10.00%	10.00%
Collection rate	95.80%	94.90%

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 \$154,077 for the year ended December 31, 2008. Property taxes levied during the year are recorded as receivables at the time the levy is made. The receivables collected during the year and estimated to be collected 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, 2008, were as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	836,197
Special Revenue Funds:		
Restricted grants	14,325	-
Recreation	24,591	-
Capital Projects Fund:		
Emergency vehicle	648,519	-
Road projects	148,762	-
Totals	\$ 836,197	836,197

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. HNFR made their first payment in 2008 of \$25,000. The remaining note is to be repaid as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2009	\$ 25,000	1,917	26,917
May 1, 2010	25,000	960	25,960
Total	\$ 50,000	2,877	52,877

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

	Balance December 31, <u>2007</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2008</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,980,461	42,561	-	2,023,022
Construction in progress	-	52,805	-	52,805
Total capital assets not being depreciated	1,980,461	95,366	-	2,075,827
Capital assets, being depreciated:				
Buildings and improvements	4,023,632	5,601		4,029,233
Equipment, vehicles and furniture	596,066	37,000	18,858	614,208
Infrastructure	6,023,218	189,566	61,800	6,150,984
Total capital assets being depreciated	10,642,916	232,167	80,658	10,794,425
Less accumulated depreciation for:				
Buildings and improvements	1,259,770	132,549	-	1,392,319
Equipment, vehicles and furniture	321,160	37,700	18,291	340,569
Infrastructure	2,222,217	124,157	31,502	2,314,872
Total accumulated depreciation	3,803,147	294,406	49,793	4,047,760
Total capital assets being depreciated, net	6,839,769	(62,239)	30,865	6,746,665
<u>Governmental activities capital assets, net</u>	<u>\$ 8,820,230</u>	<u>33,127</u>	<u>30,865</u>	<u>8,822,492</u>

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

Governmental activities:	
General government	\$ 81,809
Public works	196,012
Protection and safety	2,332
Cultural and recreation	14,253
<u>Total depreciation expense – governmental activities</u>	<u>\$ 294,406</u>

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 April 17, 2008 meeting to authorize the Treasurer to borrow up to \$3,000,000 on an "as needed basis" to be due on or before December 31, 2008. A total of \$3,000,000 was drawn during April 2008, and the outstanding principal and interest was paid on or before December 19, 2008. The total interest paid on this note was \$39,468. Since there is no beginning or ending balance at December 31, 2008, it has not been included on the debt note on the following page..

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2008, 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	\$ 1,895,000	500,000	508,333	1,886,667	538,333
Compensated absences payable	13,720	30,901	30,825	13,796	-
Governmental activity					
<u>long-term liabilities</u>	<u>\$ 1,908,720</u>	<u>530,901</u>	<u>539,158</u>	<u>1,900,463</u>	<u>538,333</u>

Bonds Payable

Bonds payable at December 31, 2008 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, 2008</u>
Governmental activities:					
2000 General obligation bond	05/25/00	11/01/10	1,209,800	5.281-5.406%	220,000
2003 General obligation bond	05/22/03	11/01/10	840,000	2.291-3.166%	380,000
2004 General obligation bond	10/28/04	11/01/16	700,000	1.00-9.00%	466,667
2004 General obligation bond	11/22/04	11/29/09	300,000	5.70%	60,000
2006 Capital improvements bond	10/26/06	11/01/11	350,000	2.05-5.45%	210,000
2007 General obligation bond	05/04/07	05/04/10	75,000	3.84%	50,000
2008 General obligation bond	10/30/08	11/01/18	500,000	2.075-5.575%	500,000
<u>Total bonds payable</u>					<u>\$ 1,886,667</u>

The annual requirements to amortize all debt outstanding as of December 31, 2008 are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 538,333	78,738	617,071
2010	478,333	55,493	533,826
2011	203,333	36,632	239,965
2012	133,333	30,599	163,932
2013	108,333	25,461	133,794
2014-2018	425,002	39,456	464,458
<u>Total</u>	<u>\$ 1,886,667</u>	<u>266,379</u>	<u>2,153,046</u>

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

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, 2008, the Town was in compliance with these restrictions.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

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, 2008</u>	<u>Percentage applicable to the Town</u>	<u>Town's proportionate share of debt</u>
Cumberland County	\$ 6,095,000	4.77%	290,957
MSAD 75	19,894,537	38.28%	7,615,629

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

INTERFUND TRANSFERS

Individual fund transfers for the year ended December 31, 2008 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
<u>General fund</u>	<u>\$ 48,961</u>	<u>747,250</u>
Special revenue funds:		
Restricted grants	-	48,961
Recreation	7,250	-
<u>Total special revenue funds</u>	<u>7,250</u>	<u>48,961</u>
Capital projects fund:		
Emergency vehicle	500,000	-
Road projects	240,000	-
<u>Total capital projects fund</u>	<u>740,000</u>	<u>-</u>
<u>Total transfers</u>	<u>\$ 796,211</u>	<u>796,211</u>

These transfers were budgeted transfers to fund certain activities.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

RESTRICTED GRANTS

The Town classifies grant awards as restricted grants in the Town's special revenue fund. The December 31, 2008 fund balance restricted grants consisted of the following awards, at December 31, 2008:

<u>Grant Award</u>	Balance beginning of year	<u>Revenues</u>	<u>Expenditures</u>	Transfers (to)/from General Fund	Balance end of year
Small community block grant	\$ 6,195	-	6,195	-	-
Overboard discharge	16,046	34,664	42,850	(7,345)	515
CDBG Septic replacement	1,683	55,938	44,511	(182)	12,928
Emergency Services study	30,102	-	-	(30,102)	-
Recreational trails	-	20,000	20,000	-	-
Planning brochures	252	-	-	-	252
Handicap access polls	2,599	586	-	(2,599)	586
Right of way	62	2,433	2,451	-	44
FEMA April storm (roads)	1,393	7,340	-	(8,733)	-
William Wharton Grant	1,199	-	1,199	-	-
Total restricted grants	\$ 59,531	120,961	117,206	(48,961)	14,325
Recreation	25,762	54,329	62,750	7,250	24,591
Total Special Revenue Funds	\$ 85,293	175,290	179,956	(41,711)	38,916

UNRESERVED FUND BALANCE – DESIGNATED FOR SUBSEQUENT YEARS

At December 31, 2008, 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>
Appropriation carryovers:	
Media room equipment	\$ 3,351
Town landings signage	2,273
Forest fire and fire police services	5,710
Dry hydrants	11,690
Contracted Services: Planner	23,520
Historic town records	2,843
Economic development	3,762
Legislative assistance	4,000
Cribstone bridge	35,000
Land acquisition	1,279
Vehicles	500
Emergency services consultant	11,421
HCBC digital conversion	25,000
Cemetery	950
Handicap access/vault	2,599

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

UNRESERVED FUND BALANCE – DESIGNATED FOR SUBSEQUENT YEARS, CONTINUED

Boat and motor replacement	\$ 20,000
Voting machines	12,300
Heating assistance reserve	4,040
Generator replacement	21,000
Town Office improvements	6,000
Self-insurance reserve	3,742
Water/septic	1,609
Geographic information systems	1,476
Marine hazards	18,522
Failed septic system	14,272
OBI reserve	30
Recycling	84,778
Assessing	20,235
Emergency communications equipment	5,100
Vehicle equipment	3,000
Recording fees	1,500
Removal/Improvements	6,355
Annual maintenance reserve	3,256
Legal	5,000
Designated revenues:	
Fuel donations	6,268
Swim donations	3,861
Plus contingency	51,881
Total designated fund balance – General Fund	\$ 428,123

BUDGETED USE OF SURPLUS

During the year ended December 31, 2008, the Town budgeted to utilize prior year undesignated fund balance as a budgeted use of surplus. The amount consists of the following:

2007 Carry forward balance	\$ 444,018
<u>Current year</u>	<u>282,885</u>
<u>Total</u>	<u>\$ 726,903</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, 2008:

Capital assets	\$ 12,870,252
Accumulated depreciation	(4,047,760)
Bonds payable	(1,886,667)
Add back non-capital items:	
2003 General Obligation Bond (12% was for Land trust contribution)	45,600
2004 General Obligation Bond (revaluation)	60,000
2007 General Obligation Bond (loan to HNFR)	50,000
Total invested in capital assets net of related debt	\$ 7,091,425

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, 2008.

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, 2008 and 2007 were \$3,689 and \$4,181, 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, 2008 was approximately \$15,130. 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, 2008 was \$15,618.

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.

PRIOR PERIOD ADJUSTMENT

Fund balance and net assets of the general fund and the governmental activities respectively were restated for prior year accounts payable never paid in the amount of \$1,448.

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, 2008 and 2007

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 4,351,098	3,750,055
Receivables:		
Taxes	441,899	517,179
Tax liens and acquired properties	61,876	61,708
Other	42,576	43,491
Notes receivable	50,000	75,000
Prepaid items	31,149	13,687
Total assets	\$ 4,978,598	4,461,120
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	67,210	122,959
Taxes paid in advance	19,326	8,457
Deferred revenues	218,270	215,000
Interfund payables:		
Special Revenue	38,916	89,983
Capital Projects	797,281	278,117
Total liabilities	1,141,003	714,516
Fund balance:		
Reserved for long-term receivable	50,000	75,000
Unreserved:		
Designated for subsequent years expenditures	428,123	444,018
Undesignated	3,359,472	3,227,586
Total fund balance	3,837,595	3,746,604
Total liabilities and fund balance	\$ 4,978,598	4,461,120

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, 2008

	Budgeted amounts		Actual	Variance positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 10,629,814	10,629,814	10,630,132	318
Interest and fees on property taxes	20,000	20,000	28,461	8,461
Excise taxes and registration fees	1,030,000	1,030,000	983,459	(46,541)
Total taxes	11,679,814	11,679,814	11,642,052	(37,762)
Intergovernmental:				
State revenue sharing	160,000	160,000	166,803	6,803
Local road assistance	45,300	45,300	45,300	-
Homestead exemption	57,877	57,877	57,883	6
Tree growth	10,000	10,000	7,060	(2,940)
General assistance	5,700	5,700	6,388	688
Veterans exemption	2,500	2,500	3,026	526
Other	2,500	2,500	2,038	(462)
Total intergovernmental	283,877	283,877	288,498	4,621
Fines and violations	-	-	101,439	101,439
Miscellaneous:				
Interest earned	112,000	112,000	93,357	(18,643)
Cable TV franchise fee	45,000	45,000	58,065	13,065
Licenses, fees and permits	157,000	157,000	139,903	(17,097)
Recycling center and disposal fees	225,000	225,000	220,133	(4,867)
Donations and gifts	10,796	10,796	21,584	10,788
Sale of property	1,000	1,000	2,563	1,563
Unclassified	4,000	4,000	15,916	11,916
Total miscellaneous	554,796	554,796	551,521	(3,275)
Total revenues	12,518,487	12,518,487	12,583,510	65,023

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, 2008

Article #	Account	Balances carried forward	Budgeted amounts		Actual	Variance positive (negative)	Balances carried forward
			Original	Final			
Expenditures:							
General government:							
10	Elected officials	\$ -	117,414	117,414	114,347	3,067	-
11	General administration:						
	Administration	-	338,866	338,866	315,181	23,685	3,351
	Assessing	-	82,684	82,684	76,980	5,704	-
	Public information	-	9,700	9,700	8,666	1,034	-
11	Tax collector's office	-	33,992	33,992	27,424	6,568	-
11	Town clerk's office	-	51,165	51,165	37,521	13,644	2,843
11	Code enforcement	-	105,773	105,773	85,983	19,790	-
11	Planning	5,000	94,570	99,570	64,567	35,003	23,520
11	Treasurer	-	1,450	1,450	1,360	90	-
11	Employee benefits	-	298,720	298,720	266,408	32,312	-
	Risk management	-	52,630	52,630	47,230	5,400	-
11	Committees and commissions	-	4,770	4,770	2,529	2,241	-
11	Operations and maintenance:						
	Municipal buildings and property	-	72,070	72,070	66,362	5,708	-
	Old town house and commons	-	4,000	4,000	3,973	27	-
	Town dock	-	3,800	3,800	2,470	1,330	-
	Mackerel cove / town landings	3,000	20,000	23,000	18,499	4,501	-
	Total general government	8,000	1,291,604	1,299,604	1,139,500	160,104	29,714
Public works:							
12	Public works:						
	Snow removal and street signs	-	426,500	426,500	445,313	(18,813)	-
	Maintenance	44,206	18,000	62,206	58,129	4,077	-
	Road, Street Signs	-	4,000	4,000	2,086	1,914	-
12	Recycling and transfer station	-	384,380	384,380	357,500	26,880	-
	Total public works	44,206	832,880	877,086	863,028	14,058	-
Protection and safety:							
13	Emergency services	5,710	202,600	208,310	201,517	6,793	5,710
19	Dry hydrant development	14,982	10,000	24,982	13,292	11,690	11,690
14	Law enforcement and communication	-	338,495	338,495	331,932	6,563	-
14	Shellfish conservation enforcement	-	186,154	186,154	184,945	1,209	-
13	New Meadows River Watershed	-	1,000	1,000	1,000	-	-
13	Street lighting	-	31,000	31,000	27,577	3,423	-
13	Harbor management	-	40,633	40,633	35,722	4,911	-
13	Animal control	-	23,102	23,102	20,248	2,854	-
	Total protection and safety	20,692	832,984	853,676	816,233	37,443	17,400
Health and welfare:							
15	Health and welfare	-	27,230	27,230	29,885	(2,655)	-
	Total health and welfare	-	27,230	27,230	29,885	(2,655)	-
Cultural and recreation:							
3	Curtis memorial library	-	113,538	113,538	113,538	-	-
16	Cultural and education programs	-	26,700	26,700	26,790	(90)	-
16	Harpswell community broadcasting	-	35,000	35,000	35,000	-	-
16	Recreation - general	-	33,545	33,545	31,608	1,937	-
	Total cultural and recreation	-	208,783	208,783	206,936	1,847	-

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, 2008

Article #	Account	Balances	Budgeted amounts		Actual	Variance positive (negative)	Balances carried forward
		carried forward	Original	Final			
Expenditures, continued:							
19	A. Dennis Moore Recycling / Transfer St.	88,628	16,000	104,628	19,850	84,778	84,778
	Other capital / carryovers:						
CF	OBI fire capital	30	-	30	-	30	30
CF	Land acquisition	1,279	-	1,279	-	1,279	1,279
CF	Vehicle replacement	15,500	-	15,500	15,000	500	500
CF	Update of assessing records	20,235	-	20,235	-	20,235	20,235
19	HCBC digital conversion	20,000	5,000	25,000	-	25,000	25,000
CF	Cemetery restoration	950	-	950	-	950	950
CF	Emergency communication equipment	5,100	-	5,100	-	5,100	5,100
24	Codes vehicle	-	14,000	14,000	14,000	-	-
19	Vehicle equipment	-	3,000	3,000	-	3,000	3,000
19	Boat and motor replacement	14,000	6,000	20,000	-	20,000	20,000
19	Voting machines	9,300	3,000	12,300	-	12,300	12,300
19	Copier	4,000	1,500	5,500	5,500	-	-
19	Generator replacement	8,000	13,000	21,000	-	21,000	21,000
19	T/O Improvements	-	6,000	6,000	-	6,000	6,000
CF	Cribstone Bridge	35,000	-	35,000	-	35,000	35,000
31	Town incorp. planning	2,000	2,000	4,000	3,376	624	-
CF	Legislative agent	4,000	-	4,000	-	4,000	4,000
CF	Water septic study	20,431	-	20,431	18,822	1,609	1,609
CF	Economic development	5,000	-	5,000	1,238	3,762	3,762
CF	Town landing signage	2,453	-	2,453	180	2,273	2,273
CF	Self insurance reserve	3,875	-	3,875	132	3,743	3,743
CF	Emergency service consult.	-	30,102	30,102	18,681	11,421	11,421
CF	Handicap access vault	-	2,599	2,599	-	2,599	2,599
25	HIS playground	-	5,000	5,000	5,000	-	-
30	New front door	-	5,000	5,000	3,251	1,749	-
39	Heating assistance	-	10,000	10,000	5,960	4,040	4,040
17	Video filming	-	5,000	5,000	1,159	3,841	-
CF	GIS	1,476	-	1,476	-	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	12,727	-	12,727	6,372	6,355	6,355
CF	Mitchell field - deeds	1,500	-	1,500	-	1,500	1,500
CF	Mitchell field - legal	5,000	-	5,000	-	5,000	5,000
CF	Mitchell field - gifts	50	796	846	846	-	-
CF	Mitchell field - annual maintenance reserve	3,256	-	3,256	-	3,256	3,256
21	Mitchell field - all other	-	6,000	6,000	5,497	503	-
	Total capital and special projects	316,584	133,997	450,581	124,864	325,717	319,000
20	Debt service	-	627,938	627,938	627,245	693	-
CF	Contingency	54,536	-	54,536	-	54,536	51,881
	Total budgeted expenditures	444,018	3,955,416	4,399,434	3,807,691	591,743	417,995
Other expenditures:							
	Educational appropriation	-	7,445,553	7,445,553	7,445,553	-	-
	County tax	-	1,031,777	1,031,777	1,031,777	-	-
	Overlay / abatements	-	154,077	154,077	9,209	144,868	-
	Total other expenditures	-	8,631,407	8,631,407	8,486,539	144,868	-
Excess (deficiency) of revenues over							
	(under) expenditures	(444,018)	(68,336)	(512,354)	289,280	801,634	(417,995)
Other financing sources (uses):							
28	Proceeds from long term debt	-	500,000	500,000	500,000	-	-
26	Transfer to Capital Projects - road projects	-	(240,000)	(240,000)	(240,000)	-	-
28	Transfer to Capital Projects - emergency vehicle	-	(500,000)	(500,000)	(500,000)	-	-
	Transfer from Grant fund - various admin and reimt	-	-	-	16,260	16,260	-
	Transfer from Grant fund - Emer services study	-	30,102	30,102	30,102	-	-
	Transfer from Grant fund - Administrative costs	-	2,599	2,599	2,599	-	-
16	Transfer to Recreation fund - programs	-	(7,250)	(7,250)	(7,250)	-	-
39	Use of undesign. fund balance - budget	-	255,000	255,000	-	(255,000)	-
	Use of undesign. fund balance - loan repayments	-	27,885	27,885	-	(27,885)	-
	Use of carryforward balances	444,018	-	444,018	-	(444,018)	-
	Total other financing sources (uses)	444,018	68,336	512,354	(198,289)	(710,643)	-
	Net change in fund balance	-	-	-	90,991	90,991	(417,995)
Fund balance, beginning of year as restated					3,746,604		
Fund balance, end of year					\$ 3,837,595		

* Contingency transfer approved by Selectmen to cover health and welfare overage (\$2,655)

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 to 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 Balance Sheet
December 31, 2008

	Special Revenues		Capital Projects		Totals
	Restricted Grants	Recreation	Emergency Vehicle	Road Projects	
ASSETS					
Interfund receivables	\$ 14,325	24,591	648,519	148,762	836,197
Total assets	\$ 14,325	24,591	648,519	148,762	836,197
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred revenues	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances:					
Unreserved, reported in:					
Special revenue fund	14,325	24,591	-	-	38,916
Capital project fund	-	-	648,519	148,762	797,281
Total fund balances	14,325	24,591	648,519	148,762	836,197
Total liabilities and fund balances	\$ 14,325	24,591	648,519	148,762	836,197

TOWN OF HARPSWELL, MAINE
Other Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2008

	Special Revenues		Capital Projects		Totals
	Restricted Grants	Recreation	Emergency Vehicle	Road Projects	
Revenues:					
Intergovernmental	\$ 120,961	-	-	-	120,961
Interest earned	-	-	8,242	-	8,242
Charges for services	-	54,329	-	-	54,329
Total revenues	120,961	54,329	8,242	-	183,532
Expenditures:					
For designated purpose	117,206	62,200	-	-	179,406
Expenditures from carryover funds	-	550	-	-	550
2008 capital roads project	-	-	-	229,078	229,078
Total expenditures	117,206	62,750	-	229,078	409,034
Excess (deficiency) of revenues over (under) expenditures	3,755	(8,421)	8,242	(229,078)	(225,502)
Other financing sources (uses):					
Transfers (to) from general fund	(48,961)	7,250	500,000	240,000	698,289
Total other financing sources (uses)	(48,961)	7,250	500,000	240,000	698,289
Net change in fund balances	(45,206)	(1,171)	508,242	10,922	472,787
Fund balances, beginning of year	59,531	25,762	140,277	137,840	363,410
Fund balances, end of year	\$ 14,325	24,591	648,519	148,762	836,197

SCHEDULE

TOWN OF HARPSWELL, MAINE
Statement of Taxes and Liens Receivable
December 31, 2008

Year	Balance at 12/31/07	2008 Commitment	Supplemental Taxes	Collections	Abatements	Balance at 12/31/08
pre 2002 *	\$ 1,214	-	-	(584)	-	630
2003	130	-	-	(89)	-	41
2004	517	-	-	(293)	(70)	154
2005	4,783	-	-	(3,282)	(144)	1,357
2006	55,064	-	-	(50,164)	(779)	4,121
2007	486,520	-	-	(428,169)	(2,778)	55,573
2008	-	10,629,814	318	(10,182,795)	(5,438)	441,899
	548,228	10,629,814	318	(10,665,376)	(9,209)	503,775
					Taxes receivable	441,899
					Tax liens and acquired properties	61,876
				Total		\$ 503,775

* includes tax acquired property