

TOWN OF ST. AGATHA, MAINE

ANNUAL FINANCIAL REPORT  
with Independent Auditors Report

For the Eleven Months Ending December 31, 2007

TOWN OF ST. AGATHA, MAINE  
ANNUAL FINANCIAL REPORT  
Eleven Months Ended December 31, 2007  
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## INDEPENDENT AUDITORS REPORT

Board of Selectmen  
Town of St. Agatha  
St. Agatha, Maine

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information, of Town of St. Agatha, 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 St. Agatha, Maine's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the major fund, and the aggregate remaining fund information of the Town of St. Agatha, Maine as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 31, 2008, on my consideration of the Town of St. Agatha, Maine's internal reporting and on my 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 my 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 my audit.

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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of St. Agatha, Maine's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by US

Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Town of St. Agatha, Maine. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

January 31, 2008

TOWN OF ST. AGATHA, MAINE  
Statement of Net Assets  
December 31, 2007

<b>ASSETS</b>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets:			
Cash	\$ 538,420	\$ 43,104	\$ 581,524
Receivables			
Taxes	53,484		53,484
Liens	9,505	11,990	21,495
Internal balances	(16,824)	16,824	0
	<u>584,585</u>	<u>71,918</u>	<u>656,503</u>
Noncurrent Assets:			
Capital assets net	1,775,045	5,196,513	6,971,558
Total Noncurrent Assets	<u>1,775,045</u>	<u>5,196,513</u>	<u>6,971,558</u>
	<u>2,359,630</u>	<u>5,268,431</u>	<u>7,628,061</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	11,242		11,242
Accrued interest		2,939	2,939
Interim Financing loan		578,000	578,000
Notes due within one year		1,988	1,988
Bonds due within one year	29,500	19,582	49,082
	<u>40,742</u>	<u>602,509</u>	<u>643,251</u>
Noncurrent Liabilities:			
Notes due in more than one year		92,236	92,236
Bonds due in more than one year	79,750	313,184	392,934
	<u>79,750</u>	<u>405,420</u>	<u>485,170</u>
	<u>120,492</u>	<u>1,007,929</u>	<u>1,128,421</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,665,795	4,191,523	5,857,318
Restricted	10,019		10,019
Unrestricted	563,324	68,979	632,303
	<u>\$ 2,239,138</u>	<u>\$ 4,260,502</u>	<u>\$ 6,499,640</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ST. AGATHA, MAINE  
Statement of Activities  
For the Eleven Months Ended December 31, 2007

Function/Programs	Program Revenues				Net (Expense) Revenues
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	
Governmental activities:	\$				
General government	60,986	13,149	23,054		(24,783)
Public safety	76,157	1,733			(74,424)
Public works	216,430	3,850	33,436		(179,144)
Health and sanitation	222,190		98,700		(123,490)
Leisure services	126,395	28,930	1,329		(96,136)
Social services	7,670		1,717		(5,953)
Special assessments	424,782				(424,782)
Employee payroll and benefits	352,107				(352,107)
Debt service	7,142				(7,142)
Unclassified	11,053				(11,053)
<b>Total governmental activities</b>	<b>1,504,912</b>	<b>47,662</b>	<b>158,236</b>	<b>0</b>	<b>(1,299,014)</b>
Business type activities:					
Sewer	167,845	111,656		1,258,106	1,201,917
<b>Total business type activities</b>	<b>167,845</b>	<b>111,656</b>	<b>0</b>	<b>1,258,106</b>	<b>1,201,917</b>
<b>Total</b>	<b>1,672,757</b>	<b>159,318</b>	<b>158,236</b>	<b>1,258,106</b>	<b>(97,097)</b>

## Changes in Net Assets:

	Governmental Activities	Business-Type Activities	Total
Net (expense) / revenue	(1,299,014)	1,201,917	(97,097)
General revenues:			
General property taxation			
Property taxes	826,485		826,485
Excise taxes	229,732		229,732
Interest and costs on taxes	6,314		6,314
Intergovernmental			
State Revenue Sharing	87,208		87,208
Homestead exemption	24,371		24,371
Tree growth reimbursement	1,386		1,386
Veterans reimbursement	191		191
Interest			
Interest income	13,188	11,973	25,161
Miscellaneous			
Miscellaneous	23,049		23,049
Operating Transfers	(12,383)	12,383	0
<b>Total general revenues</b>	<b>1,199,541</b>	<b>24,356</b>	<b>1,222,511</b>
<b>Change in Net Assets</b>	<b>(99,473)</b>	<b>1,226,273</b>	<b>1,126,800</b>
Net Assets - beginning	2,338,611	3,034,229	5,372,840
Net Assets - ending	2,239,138	4,260,502	6,499,640

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ST. AGATHA, MAINE  
Balance Sheet  
Governmental Funds  
December 31, 2007

Statement 3

<b>ASSETS</b>	General <u>Fund</u>	Special Revenue <u>Funds</u>	Total Governmental <u>Funds</u>
Cash	\$ 538,420	\$	\$ 538,420
Receivables			
Taxes	53,484		53,484
Liens	9,505		9,505
Due from other funds	(26,843)	10,019	(16,824)
Total Assets	574,566	10,019	584,585
<b>LIABILITIES</b>			
Accounts payable	11,242		11,242
Deferred property taxes	51,000		51,000
Total Liabilities	62,242	0	62,242
<b>FUND BALANCES</b>			
Fund Balances			
Reserved:			
Capital purchases	140,854		140,854
Unreserved:			
Designated for subsequent years			
Revenues	2,658		2,658
	3,000		3,000
Undesignated	365,812	10,019	375,831
Total Fund Equity	512,324	10,019	522,343
Total Liabilities and Fund Equity	\$ 574,566	\$ 10,019	\$

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,775,045
Other long-term assets are not available to pay for current-periods expenditures and therefore are deferred in the funds.	51,000
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	(109,250)
Net assets of governmental activities	\$ 2,239,138

TOWN OF ST. AGATHA, MAINE  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Eleven Months Ended December 31, 2007

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 1,050,531	\$	\$ 1,050,531
Intergovernmental	172,692	98,700	271,392
Interest	13,188		13,188
Charges for services	47,662		47,662
Miscellaneous	10,673	12,376	23,049
Total Revenues	1,294,746	111,076	1,405,822
<b>Expenditures:</b>			
Current:			
General government	58,915		58,915
Public safety	44,121		44,121
Public works	85,852	14,450	100,302
Health and sanitation	168,904	53,286	222,190
Leisure services	22,896	103,499	126,395
Social services	7,670		7,670
Special assessments	424,782		424,782
Employee payroll and benefits	352,107		352,107
Unclassified	11,053		11,053
Debt services	70,777		70,777
Total Expenditures	1,247,077	171,235	1,418,312
Excess of Revenues Over (Under) Expenditures	47,669	(60,159)	(12,490)
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	10,191	(22,573)	(12,382)
Excess of Revenues Over (Under) Expenditures and Other Financing Sources	57,860	(82,732)	(24,872)
Fund Balances - beginning	454,464	92,751	547,215
Fund Balances - ending	\$ 512,324	\$ 10,019	\$ 522,343

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ST. AGATHA, MAINE  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances  
 Of Governmental Funds  
 to the Statement of Activities  
 For the Eleven Months Ended December 31, 2007

Net change in fund balances - total governmental funds	\$	(24,872)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Government funds report capital outlays as expenditures. While governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Depreciation expense		(150,237)
Repayment of debt principal is an expenditure in the governmental funds, ut the repayment reduces long-term liabilities in the Statement of Net Assets:		
Capital lease obligation principal payments		30,434
Capital bond obligation principal payments		33,202
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Deferred property tax revenue		12,000
Change in Net Assets of Governmental Activities	\$	(99,473)

## TOWN OF ST. AGATHA, MAINE

## Statement of Net Assets

Proprietary Fund

December 31, 2007

<b>ASSETS</b>	<u>Enterprise</u> <u>Sewer</u>	<u>Total</u>
Current assets:		
Cash	\$ 43,104	\$ 43,104
Receivables:		
Accounts	11,990	11,990
Internal balances	16,824	16,824
Total current assets	<u>71,918</u>	<u>71,918</u>
Noncurrent assets:		
Capital assets (net)	5,196,513	5,196,513
Total Assets	<u>5,268,431</u>	<u>5,268,431</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accrued interest	2,939	2,939
Interim financing loan	578,000	578,000
Notes payable due in one year	1,988	1,988
Bond payable due in one year	19,582	19,582
Total current liabilities	<u>602,509</u>	<u>602,509</u>
Noncurrent liabilities:		
Notes due in more than one year	92,236	92,236
Bonds payable in more than one year	313,184	313,184
Total noncurrent liabilities	<u>405,420</u>	<u>405,420</u>
Total Liabilities	<u>1,007,929</u>	<u>1,007,929</u>
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	4,191,523	4,191,523
Unrestricted	68,979	68,979
Total net assets	<u>\$ 4,260,502</u>	<u>\$ 4,260,502</u>

TOWN OF ST. AGATHA, MAINE  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Fund  
For the Eleven Months Ended December 31, 2007

	<u>Enterprise Fund Sewer</u>	<u>Total</u>
<b>Operating Revenues:</b>		
Charges for services	\$ 111,656	\$ 111,656
Total Operating Revenues	<u>111,656</u>	<u>111,656</u>
<b>Operating Expenses:</b>		
Labor and benefits	27,952	27,952
Administration	2,500	2,500
Utilities	17,876	17,876
Professional fees	750	750
Office	814	814
Repairs and maintenance	9,605	9,605
Miscellaneous	125	125
Testing	659	659
Depreciation	85,442	85,442
Infrastructure repairs	5,851	5,851
Sludge removal	2,136	2,136
Total Operating Expenses	<u>153,710</u>	<u>153,710</u>
Operating Income (Loss)	<u>(42,054)</u>	<u>(42,054)</u>
<b>Nonoperating Revenues (Expenses):</b>		
Interest on charges	9,491	9,491
Interest on funds	2,482	2,482
Interest expense	(14,135)	(14,135)
Governmental capital grants	1,258,106	1,258,106
Debt service transfers in	12,383	12,383
Net Nonoperating Revenues (Expenses)	<u>1,268,327</u>	<u>1,268,327</u>
Change in net assets	1,226,273	1,226,273
Net Assets - beginning	<u>3,034,229</u>	<u>3,034,229</u>
Net Assets - ending	<u>\$ 4,260,502</u>	<u>\$ 4,260,502</u>

TOWN OF ST. AGATHA, MAINE  
Statement of Cash Flows  
Proprietary Fund  
For the Eleven Months Ended December 31, 2007

	<u>Enterprise Fund Sewer</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	\$ 125,962	\$ 125,962
Payments to suppliers	(40,317)	(40,317)
Payments to employees	(27,952)	(27,952)
Interfund use of services	(14,442)	(14,442)
Net Increase in Cash from Operating Activities	<u>43,251</u>	<u>43,251</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Retirement of debt	(21,304)	(21,304)
Interest expense	(14,650)	(14,650)
Interim financing proceeds	578,000	578,000
Governmental capital grants	1,258,106	1,258,106
Acquisition of capital assets	(1,835,601)	(1,835,601)
Net Decrease in Cash from Capital and Related Financing Activities	<u>(35,449)</u>	<u>(35,449)</u>
<b>Cash Flows from Investing Activities:</b>		
Interest revenue	9,491	9,491
Net Increase in Cash from Investing Activities	<u>9,491</u>	<u>9,491</u>
Net Increase (Decrease) in Cash	17,293	17,293
Cash Balance - beginning	25,811	25,811
Cash Balance - ending	<u>\$ 43,104</u>	<u>\$ 43,104</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating income (loss)	\$ (42,054)	\$ (42,054)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	85,442	85,442
Non utility billing	2,482	2,482
Debt service transfer in	12,383	
Decrease (Increase) in receivables	(560)	(560)
Increase (Decrease) in internal balances	(14,442)	(14,442)
Net Cash Provided by operating activities	<u>\$ 43,251</u>	<u>\$ 30,868</u>

TOWN OF ST. AGATHA, MAINE  
Notes to Combined Financial Statements  
December 31, 2007

1. Summary of Significant Accounting Policies

The Town of St. Agatha was incorporated under the laws of the State of Maine. The Town operates under the Town Manager/Town Meeting form of government.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

**A. Reporting Entity**

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

**B. Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset

1. Summary of Significant Accounting Policies, continued

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 instead as general revenues.

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provided 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 expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Licenses, permits, fees, excise taxes and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest income and charges for services are recorded as revenues when earned, since they are measurable and available.

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.

1. Summary of Significant Accounting Policies, continued

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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund types:

**Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**D. Capital Assets**

Capital assets, which include property, plant, and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are

1. Summary of Significant Accounting Policies, continued

recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives ranging from 3 to 50 years.

**E. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, if material, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

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

**F. Fund Equity**

Reserved fund balance indicates that a portion of the fund balance is legally or otherwise segregates for a specific future use, and is indicated by the title of each reserve listed in the balance sheet. Unreserved-designated fund balances indicate amounts which either are required to be carried forward by law or contractual agreement, or which the Town has voted to carry forward.

**G. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Budgetary Accounting

1. Summary of Significant Accounting Policies, continued

A budget is formally adopted for the General Fund, only, through the passage of a Town warrant, and is prepared on a basis consistent with generally accepted accounting principles.

In the General Fund, the level of control (level at which expenditures may not exceed budget and applied revenues) is the accounts within each department. Unexpended appropriations and unexpended revenues are

2. Budgetary Accounting, continued

lapsed at the close of the year. Once adopted, the budget can only be amended by the townspeople at a special Town meeting.

3. Deposits

The Town's policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk.

At year end, the Town's carrying amount of deposits was \$575,774. The bank balances for all funds totaled \$578,436. Custodial credit risk is the risk that, in the event of a bank failure the District's deposits might not be recovered. As of December 31, 2007, all of the Town's deposits were insured or collateralized.

4. Operating Property

Operating and nonoperating property are recorded at cost or, in the case of contributed property, at the fair market value at the date of acquisition. Depreciation is computed on the straight line method based upon the estimated useful lives of the assets as follows:

	Balance February 1, 2007	Increases	Decreases	Balance December 31, 2007
Sewer Department:	\$	\$	\$	\$
Land and easements	1,061			1,061
Operating property	4,480,329			4,480,329
Construction in progress	6,112	1,835,601		1,841,713
Accumulated Depreciation	(1,041,148)	(85,442)		(1,126,590)
Total Sewer	\$ 3,446,354	\$ 1,750,159	\$ 0	\$ 5,196,513
Governmental Activities:	Balance February 1, 2007	<u>Increases</u>	<u>Decreases</u>	Balance December 31, 2007
Assets not being depreciated				
Land and easements	\$ 12,800	\$	\$	\$ 12,800
Assets being depreciated				
Buildings	267,299			267,299
Equipment	273,771			273,771
Vehicles	426,900			426,900
Infrastructure	3,237,362			3,237,362
	4,218,132	0	0	4,218,132
Less accumulated depreciation				
Buildings	120,990	5,129		126,119
Equipment	163,197	45,045		208,242
Vehicles	210,739	19,129		229,868
Infrastructure	1,797,924	80,934		1,878,858
	2,292,850	150,237	0	2,443,087
Capital Assets, net	\$ 1,925,282	\$ (150,237)	\$ 0	\$ 1,775,045
Depreciation Expense:				
General government	\$	2,071		
Public safety		32,036		
Public works		116,130		
	\$	150,237		

5. Property Tax

Property taxes for the eleven months were committed on July 3, 2007, on the assessed value listed as of April 1, 2007, for all taxable real and personal property located in the Town. Payment of taxes was due September 30, 2007 with interest at 12% on all tax bills unpaid as of that date. Assessed values are periodically established by the Town's

5. Property Tax, continued

Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2007 upon which the levy for the eleven months ended December 31, 2007, was based, was \$44,674,851. This assessed value was 100% of the estimated market value.

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

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

6. Long-term Debt

The following is a summary of long-term debt transactions of the Town for the eleven months ended December 31, 2007:

	<u>Proprietary</u>		<u>General</u>
	<u>Fund Type</u>		
	<u>Enterprise Fund</u>		<u>Long-term Debt</u>
Long-term debt payable at February 1, 2007	\$	448,294	\$ 172,886
Debt Retired		(21,304)	(63,636)
Debt Proceeds			
Long-term debt payable at December 31, 2007	\$	<u>426,990</u>	<u>\$ 109,250</u>
Interest Paid	\$	<u>14,448</u>	<u>\$ 7,142</u>

Long-term debt payable at December 31, 2007 is comprised of the following:

	<u>Interest</u>	<u>Final</u>	<u>Balance</u>
	<u>rate</u>	<u>maturity</u>	<u>end of</u>
		<u>date</u>	<u>year</u>
<u>General Long-term Debt</u>			
2000 Municipal note	3.75%	2011	\$ 48,000
2006 Municipal note	5.17%	2014	61,250
			<u>\$ 109,250</u>
<u>Enterprise Fund</u>			
<u>Sewer</u>			
Maine Municipal Bond Bank	4.5%	2026	123,500
Rural Development	4.5%	2033	94,224
Maine Municipal Bond Bank	1.86%	2022	206,470
Maine Municipal Bond Bank	5%-7.85%	2009	2,796
			<u>\$ 426,990</u>
Interim Financing expected to be converted to long term			<u>\$ 478,000</u>

Interim financing was obtained prior to receipt of a loan from Rural Development. When converted to long-term the debt will be repaid in annual interest and principal payments over 40 years. Interest rates and payments will not be finalized until the project is complete. In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of 15 percent of the state valuation of such municipality. At December 31, 2007, the Town was in compliance with these regulations.

6. Long-term Debt, continued

The annual requirement to amortize all long-term debt outstanding as of December 31, 2007 are as follows:

<u>Year</u>	<u>Enterprise Fund</u>		<u>General Long-term Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 21,570	\$ 8,312	\$ 20,750	\$ 4,967
2009	22,026	7,900	20,750	4,064
2010	20,938	7,470	20,750	3,162
2011	21,310	7,144	20,750	2,260
2012	21,693	6,809	8,750	1,357
2013-2017	114,596	28,659	17,500	1,357
2018-2022	125,950	18,656		
2023-2027	47,047	1,163		
2028-2032	26,228	4,982		
2033	5,632	267		
Total	\$ 426,990	\$ 91,362	\$ 109,250	\$ 17,167

7. Capital Reserves

The Town has set aside certain balances for accumulation until expenditure in future years. These accounts were as follows at December 31, 2007:

Salt shed	\$ 23,351
Economic develop	9,093
Payloader reserve	762
LRA Reserve	13,428
Community development reserve	24,807
Capital equipment	5,240
Fitness Center	1,170
Community	9,918
Revaluation reserve	15,194
Public works truck	37,891
Total	\$ 140,854

8. Undesignated General Fund Fund Equity

The undesignated General Fund fund equity reflected a change for the current eleven months as follows:

Balance - February 1, 2005	\$ 230,992
Increase (Decrease):	
Actual over budgeted revenues	103,651
Actual over budgeted expenditures	31,169
Net Increase (Decrease)	134,820
Balance - December 31, 2007	\$ 365,812

9. Designated for Subsequent Years Revenues

The portion of the General Fund fund equity which has been designated for subsequent year's revenues represents amounts received during the current accounting period that are to be budgeted as revenues in the subsequent year. Historically, the townspeople vote to carry certain departmental unexpended balances forward to the following year for expenditure. This is usually in lieu of additional appropriations in any particular accounts.

9. Designated for Subsequent Years Revenues, continued

These accounts, were as follows at December 31, 2007:

	<u>Subsequent Years</u>	<u>Revenues</u>	<u>Expenditures</u>
Lake shore permits	\$	31	\$
Dog shelter		3,306	
Property tax relief			3,000
Total	\$	3,337	3,000

10. Joint Venture - Northern Aroostook Regional Airport Authority

The Northern Aroostook Regional Airport is owned jointly by its eight member towns. The Town of St. Agatha, Maine owns 8% of the facility. Ownership is based on a formula using population and state valuation figures at the time of inception. Ownership percentage will not always be the same over the life of the joint venture. The Facility is administered by an eight member executive committee each town appoints 1 voting member to serve. No summary is available from the Authority's annual financial report, prepared on the accrual basis for the fiscal year ended December 31, 2007.

TOWN OF ST. AGATHA, MAINE  
Budget Comparison Schedule  
General Fund

For the Eleven Months Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:	\$	\$	\$	\$
Taxes	1,026,485	1,026,485	1,050,531	24,046
Intergovernmental	134,439	134,439	172,692	38,253
Charges for services	25,000	25,000	47,662	22,662
Interest			13,188	13,188
Miscellaneous			10,673	10,673
Total revenues	<u>1,185,924</u>	<u>1,185,924</u>	<u>1,294,746</u>	<u>108,822</u>
Expenditures:				
Current:				
General government	66,120	70,851	58,915	11,936
Public safety	43,330	43,330	44,121	(791)
Public works	71,250	93,767	85,852	7,915
Health and sanitation	111,950	161,950	168,904	(6,954)
Leisure services	13,775	13,775	22,896	(9,121)
Social services	7,725	7,725	7,670	55
Special assessments	430,596	430,596	424,782	5,814
Employee payroll and benefits	376,365	376,365	352,107	24,258
Unclassified	11,430	11,430	11,053	377
Debt service		70,777	70,777	0
Capital reserves	41,000	41,000		41,000
Total expenditures	<u>1,173,541</u>	<u>1,321,566</u>	<u>1,247,077</u>	<u>74,489</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,383</u>	<u>(135,642)</u>	<u>47,669</u>	<u>183,311</u>
Other Financing Sources (Uses):				
Operating transfer in	(12,383)	(12,383)	10,191	(22,574)
Total Other Financing Sources (Uses)	<u>(12,383)</u>	<u>(12,383)</u>	<u>10,191</u>	<u>(22,574)</u>
Excess of revenues over (under) Expenditures and other Financing Sources (Uses)	<u>0</u>	<u>(148,025)</u>	<u>57,860</u>	<u>160,737</u>
Fund Balance - beginning	454,464	454,464	454,464	0
Fund Balance - ending	<u>\$ 454,464</u>	<u>\$ 306,439</u>	<u>\$ 512,324</u>	<u>\$ 160,737</u>

The accompanying notes to the financial statements are an integral part of this statement.