

TOWN OF MOUNT DESERT

DECEMBER 31, 2007

FOR THE YEAR ENDED DECEMBER 31, 2007

TOWN OF MOUNT DESERT

***FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES WITH
INDEPENDENT AUDITOR'S REPORT***

FOR THE YEAR ENDED DECEMBER 31, 2007

**TOWN OF MOUNT DESERT
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED DECEMBER 31, 2007**

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**TOWN OF MOUNT DESERT
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

Exhibit A

| <i>Assets</i> | <i>Governmental Activities</i> | <i>Business-Type Activities</i> | <i>Total</i> |
|---|------------------------------------|-------------------------------------|-------------------|
| Cash and Equivalents | 5,331,167 | | 5,331,167 |
| Investments | 3,305,142 | | 3,305,142 |
| Receivables | | | |
| Taxes | 279,577 | | 279,577 |
| Tax Liens | 5,070 | | 5,070 |
| Accounts | 47,271 | | 47,271 |
| Prepaid Expenditures | 8,750 | | 8,750 |
| Capital Assets: | | | |
| Land | 2,597,086 | 103,201 | 2,700,287 |
| Other Capital Assets, Net of Depreciation | 21,236,557 | 685,036 | 21,921,593 |
| Total Assets | 32,810,620 | 788,237 | 33,598,857 |
| <i>Liabilities and Net Assets</i> | | | |
| Liabilities | | | |
| Accounts Payable | 130,039 | | 130,039 |
| Retainage Payable | 63,502 | | 63,502 |
| Prepaid Taxes | 6,431 | | 6,431 |
| Accrued Compensated Absences | 28,230 | 5,399 | 33,629 |
| Accrued Salaries Payable | 5,868 | 331 | 6,199 |
| Long-term Liabilities: | | | |
| Due Within One Year | 955,893 | | 955,893 |
| Due in More Than One Year | 9,464,995 | | 9,464,995 |
| Total Liabilities | 10,654,958 | 5,730 | 10,660,688 |
| Net Assets | | | |
| Investment in Capital Assets, net of Related Debt | 13,412,755 | 788,237 | 14,200,992 |
| Restricted Net Assets | 330,209 | | 330,209 |
| Unrestricted | 8,412,698 | (5,730) | 8,406,968 |
| Total Net Assets | 22,155,662 | 782,507 | 22,938,169 |
| Total Liabilities and Net Assets | 32,810,620 | 788,237 | 33,598,857 |

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

**TOWN OF MOUNT DESERT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

Exhibit B

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Assets</u> | | |
|--|-------------------------|--|-----------------------------|--|-------------------------------------|---------------------|
| | <u>Expenses</u> | <u>Fees, Fines, and Charges for Services</u> | <u>Operating Grants</u> | <u>Governmental Activities</u> | <u>Business-like Activities</u> | <u>Total</u> |
| <u>Primary Government</u> | | | | | | |
| <u>Governmental Activities</u> | | | | | | |
| General Government | 688,206 | 119,625 | | (568,581) | | (568,581) |
| Public Safety | 789,695 | 14,221 | | (775,474) | | (775,474) |
| Public Works | 1,578,598 | 11,215 | | (1,567,383) | | (1,567,383) |
| Compliance / Mandates | 346,173 | | | (346,173) | | (346,173) |
| Other Services | 56,500 | | | (56,500) | | (56,500) |
| Village Associations | 43,700 | | | (43,700) | | (43,700) |
| Recreation | 87,433 | | | (87,433) | | (87,433) |
| Rural Wastewater Support | 142,076 | | | (142,076) | | (142,076) |
| Wastewater Capital and Debt | 103,776 | | | (103,776) | | (103,776) |
| Wastewater Treatment Plants | 838,584 | 1,250 | | (837,334) | | (837,334) |
| Debt Service | 40,134 | | | (40,134) | | (40,134) |
| Personnel | 655,576 | | | (655,576) | | (655,576) |
| Assessments | 3,055,498 | | | (3,055,498) | | (3,055,498) |
| Cash Shortage - Lost Deposit | 1,648 | | | (1,648) | | (1,648) |
| Education Programs | 2,984,991 | 489,688 | | (2,495,303) | | (2,495,303) |
| Capital Improvements | 114,220 | | | (114,220) | | (114,220) |
| Other | 163 | | | (163) | | (163) |
| Total Governmental Activities | 11,526,971 | 635,999 | - | (10,890,972) | | (10,890,972) |
| <u>Business-type Activities</u> | | | | | | |
| Marina | 393,996 | 611,044 | 28,000 | | 245,048 | 245,048 |
| Total Business-type Activities | 393,996 | 611,044 | 28,000 | | 245,048 | 245,048 |
| Total Primary Government | 11,920,967 | 1,247,043 | 28,000 | (10,890,972) | 245,048 | (10,645,924) |
| <u>General Revenues:</u> | | | | | | |
| Taxes | | | | | | |
| Property | | | | 10,622,199 | | 10,622,199 |
| Auto Excise | | | | 519,517 | | 519,517 |
| Boat Excise | | | | 30,020 | | 30,020 |
| Intergovernmental Revenues | | | | 223,412 | | 223,412 |
| Other Local Sources | | | | 1,937,426 | | 1,937,426 |
| Transfers Marina | | | | 145,575 | (145,575) | - |
| Transfers Fiduciary Funds | | | | (1,052) | | (1,052) |
| Total Revenues, Special Items and Transfers | | | | 13,477,097 | (145,575) | 13,331,522 |
| <u>Changes in Net Assets</u> | | | | | | |
| | | | | 2,586,125 | 99,473 | 2,685,598 |
| <u>Net Assets - Beginning</u> | | | | | | |
| | | | | 19,569,537 | 683,034 | 20,252,571 |
| <u>Net Assets - Ending</u> | | | | | | |
| | | | | 22,155,662 | 782,507 | 22,938,169 |

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

**TOWN OF MOUNT DESERT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

*Exhibit C
Page 1 of 2*

| <i>Assets</i> | <i>General Fund</i> | <i>Town Reserves</i> | <i>School Fund</i> | <i>Summit / Ripples SH Sidewalk Project</i> | <i>Other Governmental Funds</i> | <i>Total Governmental Funds</i> |
|--|-------------------------|--------------------------|------------------------|---|---|---|
| Cash and Equivalents | 5,320,803 | | | 10,364 | | 5,331,167 |
| Investments | | 3,295,175 | | | 9,967 | 3,305,142 |
| Receivables | | | | | | |
| Taxes | 279,577 | | | | | 279,577 |
| Tax Liens | 5,070 | | | | | 5,070 |
| Other | 47,271 | | | | | 47,271 |
| Prepaid Expenditures | 8,750 | | | | | 8,750 |
| Due from Other Funds | 1,401 | 2,362,095 | 1,561,885 | 198,069 | 120,141 | 4,243,591 |
| Total Assets | 5,662,872 | 5,657,270 | 1,561,885 | 208,433 | 130,108 | 13,220,568 |
| <i>Liabilities and Net Assets</i> | | | | | | |
| Liabilities | | | | | | |
| Accounts Payable | 129,501 | | | | 538 | 130,039 |
| Retainage Payable | | | | 35,459 | 28,043 | 63,502 |
| Prepaid Taxes | 6,431 | | | | | 6,431 |
| Deferred Property Taxes | 93,268 | | | | | 93,268 |
| Due to Other Funds | 4,611,279 | | | | 100 | 4,611,379 |
| Total Liabilities | 4,840,479 | - | - | 35,459 | 28,681 | 4,904,619 |
| <i>Fund Balances</i> | | | | | | |
| Reserved For: | | | | | | |
| Encumbrances | 322,393 | | | | | 322,393 |
| Construction | | | | 172,974 | 81,603 | 254,577 |
| Endowments | | | | | 7,816 | 7,816 |
| Unreserved | | | | | | |
| Designated for Subsequent Years' Expenditures | | 5,657,270 | | | | 5,657,270 |
| Undesignated | 500,000 | | 1,561,885 | - | 12,008 | 2,073,893 |
| Total Fund Balances | 822,393 | 5,657,270 | 1,561,885 | 172,974 | 101,427 | 8,315,949 |
| Total Liabilities and Fund Balances | 5,662,872 | 5,657,270 | 1,561,885 | 208,433 | 130,108 | 13,220,568 |

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

TOWN OF MOUNT DESERT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2007

Exhibit C
Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Assets are different because:

| | |
|---|--------------------------|
| Total Fund Balance | 8,315,949 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$13,230,205 | 23,833,643 |
| Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds: | |
| Deferred Taxes | 93,268 |
| Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds: | |
| Bonds Payable | (10,337,854) |
| Accrued Compensated Absences | (28,230) |
| Accrued Salaries | (5,868) |
| Capital Leases Payable | (83,034) |
| Transfers to Fiduciary and Proprietary Funds | 367,788 |
| | <u>(10,087,198)</u> |
| Net Assets of Governmental Activities | <u><u>22,155,662</u></u> |

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

TOWN OF MOUNT DESERT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit D
Page 1 of 2

| | <i>General Fund</i> | <i>Town Reserves</i> | <i>Summit / Ripples School Fund</i> | <i>SH Sidewalk Project</i> | <i>Other Governmental Funds</i> | <i>Total Governmental Funds</i> |
|--|-------------------------|--------------------------|---|--------------------------------|---|---|
| Revenues | | | | | | |
| Taxes | 11,252,398 | | | | | 11,252,398 |
| Intergovernmental Revenues | 151,894 | | | | 72,875 | 224,769 |
| Charges for Services | 146,311 | | | | | 146,311 |
| Miscellaneous | 255,077 | 1,680,947 | 489,688 | 14 | 1,388 | 2,427,114 |
| Total Revenues | 11,805,680 | 1,680,947 | 489,688 | 14 | 74,263 | 14,050,592 |
| Expenditures | | | | | | |
| General Government | 680,900 | | | | | 680,900 |
| Public Safety | 737,925 | | | | | 737,925 |
| Public Works Department | 1,388,477 | | | | | 1,388,477 |
| Compliance and Mandates | 346,173 | | | | | 346,173 |
| Other Services | 56,500 | | | | | 56,500 |
| Village Associations | 43,700 | | | | | 43,700 |
| Recreation | 82,933 | | | | | 82,933 |
| Rural Wastewater Support | 142,076 | | | | | 142,076 |
| Wastewater Capital and Debt | 807,685 | | | | | 807,685 |
| Wastewater Treatment | 516,660 | | | | | 516,660 |
| Debt Service | 40,134 | | | | | 40,134 |
| Personnel | 655,576 | | | | | 655,576 |
| Assessments | 3,055,498 | | | | | 3,055,498 |
| Cash Shortage - Lost Deposit | 1,648 | | | | | 1,648 |
| Education Programs | | | 3,282,491 | | | 3,282,491 |
| Capital Outlay | | 275,999 | | 1,437,553 | 3,959 | 1,717,511 |
| Other | | | | | 163 | 163 |
| Total Expenditures | 8,555,885 | 275,999 | 3,282,491 | 1,437,553 | 4,122 | 13,556,050 |
| Excess of Revenues Over (Under) Expenditures | 3,249,795 | 1,404,948 | (2,792,803) | (1,437,539) | 70,141 | 494,542 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers from Other Funds | 597,153 | 201,586 | 2,695,776 | 342,575 | - | 3,837,090 |
| Transfers to Other Funds | (3,216,655) | (449,089) | | | (70,594) | (3,736,338) |
| Total Other Financing Sources (Uses) | (2,619,502) | (247,503) | 2,695,776 | 342,575 | (70,594) | 100,752 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures | 630,293 | 1,157,445 | (97,027) | (1,094,964) | (453) | 595,294 |
| Fund Balance - July 1 | 192,100 | 4,499,825 | 1,658,912 | 1,267,938 | 101,880 | 7,720,655 |
| Fund Balance - June 30 | 822,393 | 5,657,270 | 1,561,885 | 172,974 | 101,427 | 8,315,949 |

(Continued)

**TOWN OF MOUNT DESERT
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, 2007**

**Exhibit D
Page 2 of 2**

| | |
|--|-------------------------|
| Net change in fund balances - total governmental funds | 595,294 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets: | |
| Capital asset purchases capitalized | 1,898,484 |
| Disposal of capital assets | |
| Depreciation expense | (829,604) |
| | <u>1,068,880</u> |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds: | |
| Deferred Taxes | (82,019) |
| | <u>(82,019)</u> |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets: | |
| New lease | (68,405) |
| Capital lease obligation principal payments | 18,494 |
| General obligation bond principal payments | 1,013,452 |
| | <u>963,541</u> |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: | |
| Transfers to fiduciary and proprietary funds | 43,771 |
| Accrued salaries | (5,868) |
| Accrued compensated absences | 2,526 |
| | <u>40,429</u> |
| Change in net assets of governmental activities | <u><u>2,586,125</u></u> |

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

**TOWN OF MOUNT DESERT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2007**

Exhibit E

| | <i>Proprietary Fund Types</i> |
|--|-----------------------------------|
| | <u>Marina</u> |
| | <u>Fund</u> |
| <i>Assets</i> | |
| <i>Current Assets:</i> | |
| Due from Other Funds | 368,892 |
| Total Current Assets | 368,892 |
| <i>Noncurrent Assets:</i> | |
| Capital Assets, net | 788,237 |
| Total Noncurrent Assets | 788,237 |
| Total Assets | 1,157,129 |
| <i>Net Assets</i> | |
| Invested in Capital Assets, net of related debt | 788,237 |
| Retained Earnings | |
| Unreserved - Undesignated | 368,892 |
| Total Net Assets | 1,157,129 |
| Amounts reported for business activities in the Statement of Net Assets are different because: | |
| Total Net Assets | 1,157,129 |
| Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds: | |
| Accrued Compensated Absences | (5,399) |
| Accrued Salaries | (331) |
| Transfers to Fiduciary and Proprietary Funds | (368,892) |
| | <u>(374,622)</u> |
| Net Assets of Business Activities | <u>782,507</u> |

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

TOWN OF MOUNT DESERT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit F

| | <u>Proprietary Fund</u> <u>Marina Fund</u> |
|---|---|
| Operating Revenues: | |
| NEH Marina | 582,139 |
| Moorings | 26,128 |
| SHIP Grant | 28,000 |
| Marina Concessions | 2,777 |
| Total Operating Revenues: | <u>639,044</u> |
| Operating Expenditures: | |
| NEH Marina | 214,983 |
| Seal Harbor Marina | 10,105 |
| Bartlett Narrows Harbor | 1,754 |
| Somes Harbor | 300 |
| Depreciation | 21,033 |
| Administration | 37,137 |
| Personnel | 46,028 |
| Compliance | 657 |
| Sewer Charges | 15,428 |
| Parking Lot Repairs | 16,000 |
| Trash Removal and Disposal | 26,880 |
| Total Operating Expenditures | <u>390,305</u> |
| Net Operating Income | <u>248,739</u> |
| Net Income (Loss) before contributions and transfers | 248,739 |
| Transfer from Other Funds | 82,197 |
| Transfer to Other Funds | <u>(182,949)</u> |
| Change in Net Assets | 147,987 |
| Total Net Assets - Beginning | <u>1,009,142</u> |
| Total Net Assets - Ending | <u>1,157,129</u> |
| Net change in fund balances - total business funds | 147,987 |
| Amounts reported for business activities in the Statement of Activities are different because: | |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in business funds: | |
| Transfers to fiduciary and proprietary funds | (44,823) |
| Accrued salaries | (331) |
| Accrued compensated absences | (3,360) |
| | <u>(48,514)</u> |
| Change in net assets of business activities | <u>99,473</u> |

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

**TOWN OF MOUNT DESERT
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2007**

Exhibit G

| | <i>Proprietary Fund Types</i> |
|---|--|
| | <i>Marina Fund</i> |
| <i>Cash Flows from Operating Activities</i> | |
| Received from Customers | 611,043 |
| Payments to Suppliers | (412,700) |
| Payments to Employees | (83,164) |
| Other Receipts (Payments) | 9,018 |
| | <hr/> |
| <i>Net Cash Provided by (Used in) Operating Activities</i> | 124,197 |
| | <hr/> |
| <i>Cash Flows from Capital and Related Financing Activities</i> | |
| Purchases of Capital Assets | (124,197) |
| | <hr/> |
| <i>Net Cash Used in Capital and Related Financing Activities</i> | (124,197) |
| | <hr/> |
| <i>Cash Flows from Investing Activities</i> | |
| | |
| <i>Net Cash Provided by (Used in) Investing Activities</i> | - |
| | <hr/> |
| <i>Net Increase (Decrease) in Cash and Cash Equivalents</i> | - |
| | <hr/> |
| <i>Balances - beginning of the year</i> | - |
| | <hr/> |
| <i>Balances - end of the year</i> | - |
| | <hr/> <hr/> |
| <i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i> | |
| Net Operating Income (Loss) | 147,987 |
| Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities: | |
| Depreciation and Amortization | 21,033 |
| (Increase) Decrease in Due from Other Funds | (44,823) |
| | <hr/> |
| <i>Net Cash Provided by (Used in) Operating Activities</i> | 124,197 |
| | <hr/> <hr/> |

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

**TOWN OF MOUNT DESERT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2007**

Exhibit H

| <i>Assets</i> | <i>Private Purpose Trust Fund Horace Reynolds Scholarship Fund</i> |
|--|--|
| Investments | 15,691 |
| Total Assets | 15,691 |
| <i>Liabilities and Fund Balances</i> | |
| Liabilities | |
| Due to Other Funds | 1,104 |
| Total Liabilities | 1,104 |
| Fund Balances | |
| Reserved for Endowments | 12,184 |
| Unreserved | 2,403 |
| Total Fund Balances | 14,587 |
| Total Liabilities Fund Balances | 15,691 |

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

TOWN OF MOUNT DESERT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit I

| | <i>Private Purpose Trust Fund <u>Horace Reynolds Scholarship Fund</u></i> |
|---|---|
| Revenues | |
| Investment Income | 981 |
| | <u>981</u> |
| Expenditures | |
| Scholarships | 1,052 |
| Total Expenditures | <u>1,052</u> |
| Excess of Revenues Over (Under) Expenditures | (71) |
| Fund Balance - July 1 | <u>14,658</u> |
| Fund Balance - June 30 | <u><u>14,587</u></u> |

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

**TOWN OF MOUNT DESERT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007**

Exhibit J

| | <i>Original Budget</i> | <i>Final Budget</i> | <i>Actual</i> | <i>Variance Favorable (Unfavorable)</i> |
|--|----------------------------|-------------------------|--------------------|---|
| Revenues | | | | |
| Taxes | 11,353,462 | 11,143,148 | 11,252,398 | 109,250 |
| Intergovernmental Revenues | 140,340 | 155,899 | 151,894 | (4,005) |
| Charges for Services | 116,560 | 116,560 | 146,311 | 29,751 |
| Miscellaneous | 139,350 | 139,350 | 255,077 | 115,727 |
| Total Revenues | 11,749,712 | 11,554,957 | 11,805,680 | 250,723 |
| Expenditures (Net of Departmental Revenues) | | | | |
| General Government | 727,698 | 697,154 | 637,639 | 59,515 |
| Public Safety | 795,926 | 803,822 | 726,360 | 77,462 |
| Public Works | 1,479,544 | 1,451,439 | 1,403,164 | 48,275 |
| Compliance and Mandates | 361,292 | 360,635 | 351,173 | 9,462 |
| Other Services | 57,000 | 56,500 | 56,500 | - |
| Village Associations | 43,700 | 43,700 | 43,700 | - |
| Recreation | 90,797 | 90,797 | 82,933 | 7,864 |
| Rural Wastewater Support | 150,000 | 150,000 | 142,076 | 7,924 |
| Wastewater Capital and Debt | 1,045,174 | 1,045,174 | 1,073,117 | (27,943) |
| Wastewater Treatment | 586,999 | 572,878 | 516,660 | 56,218 |
| Debt Service | 64,331 | 64,331 | 40,134 | 24,197 |
| Personnel | 779,770 | 720,290 | 655,576 | 64,714 |
| Assessments | 3,212,428 | 3,002,114 | 3,055,498 | (53,384) |
| Total Expenditures | 9,394,659 | 9,058,834 | 8,784,530 | 274,304 |
| Excess Revenues Over Expenditures | 2,355,053 | 2,496,123 | 3,021,150 | 525,027 |
| Other Financing Sources | | | | |
| Transfers from Other Funds | 738,223 | 597,153 | 597,153 | - |
| Transfer to Credit Reserve | | | (123,379) | (123,379) |
| Cash Shortage - Lost Deposit | | | (1,648) | (1,648) |
| Transfers to Other Funds | (3,093,276) | (3,093,276) | (3,093,276) | - |
| Total Other Financing Sources | (2,355,053) | (2,496,123) | (2,621,150) | (125,027) |
| Net Change in Fund Balance | - | - | 400,000 | 400,000 |
| Beginning Fund Balances - Budgetary Basis | | | 100,000 | 100,000 |
| Ending Fund Balances - Budgetary Basis | - | - | 500,000 | 500,000 |
| Adjustments to Conform to GAAP: | | | | |
| Elimination of Encumbrances | | | 322,393 | |
| Ending Fund Balances - GAAP Basis | | | 822,393 | |

TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit A-1
Page 1 of 2

| | <i>Estimated</i> | <i>Actual</i> | <i>Over (Under) Budget</i> |
|-----------------------------|-------------------|-------------------|------------------------------------|
| Taxes | | | |
| Property | 10,601,298 | 10,681,961 | 80,663 |
| Motor Vehicle Excise | 500,000 | 519,517 | 19,517 |
| Boat Excise | 29,850 | 30,020 | 170 |
| Interest on Taxes | 12,000 | 20,900 | 8,900 |
| | <u>11,143,148</u> | <u>11,252,398</u> | <u>109,250</u> |
| Intergovernmental Revenues | | | |
| Acadia National Park | 23,000 | 22,692 | (308) |
| Otter Creek Treatment Plant | 30,000 | 31,645 | 1,645 |
| Road Assistance | 45,296 | 44,528 | (768) |
| Tree Growth | 4,200 | | (4,200) |
| General Assistance | 1,000 | 689 | (311) |
| Homestead Reimbursement | 20,584 | 20,593 | 9 |
| ANP Jordan Pond House | 15,000 | 15,000 | - |
| Safety Equipment Grant | 3,157 | 3,157 | - |
| FEMA Grant | 12,402 | 12,402 | - |
| Snowmobile Refund | 420 | 609 | 189 |
| Veterans Exemption | 840 | 579 | (261) |
| | <u>155,899</u> | <u>151,894</u> | <u>(4,005)</u> |
| Charges for Services | | | |
| Police Department | 7,500 | 14,221 | 6,721 |
| Highways | 1,000 | 4,054 | 3,054 |
| Sewers | 560 | 1,250 | 690 |
| Solid Waste | 2,500 | 7,161 | 4,661 |
| Paid Parking | 48,000 | 53,624 | 5,624 |
| Planning and Zoning | 40,000 | 46,066 | 6,066 |
| Town Clerk | 7,000 | 10,791 | 3,791 |
| Tax Collection | 10,000 | 9,144 | (856) |
| | <u>116,560</u> | <u>146,311</u> | <u>29,751</u> |

**TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Exhibit A-1
Page 2 of 2**

| | <i>Estimated</i> | <i>Actual</i> | <i>Over (Under) Budget</i> |
|-------------------------------------|--------------------------|--------------------------|------------------------------------|
| Miscellaneous | | | |
| Surplus Property and Equipment | 5,000 | 20 | (4,980) |
| Solid Waste Performance Credit | 44,500 | 55,870 | 11,370 |
| Interest on Investments | 70,000 | 149,378 | 79,378 |
| Interest on Temporary Loans | 15,750 | | (15,750) |
| Insurance Dividends/Refunds | 1,000 | 11,882 | 10,882 |
| Maple Lane Apartments | 2,500 | 3,818 | 1,318 |
| Donations | 600 | 600 | - |
| Other | | 33,509 | 33,509 |
| | <u>139,350</u> | <u>255,077</u> | <u>115,727</u> |
| Transfers and Other Sources | | | |
| Credit Reserve | 425,000 | 425,000 | - |
| Office Equipment Reserve | 3,860 | 3,860 | - |
| NEH Marina | 97,699 | 97,699 | - |
| Municipal Revenue Sharing | 70,594 | 70,594 | - |
| | <u>597,153</u> | <u>597,153</u> | <u>-</u> |
| Total Revenues and Transfers | <u>12,152,110</u> | <u>12,402,833</u> | <u>250,723</u> |

**TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2007**

*Exhibit A-2
Page 1 of 2*

| | <i>Encumbered from 2006</i> | <i>Appropriation</i> | <i>Expenditures</i> | <i>Encumbered to 2008</i> | <i>(Over) Under Budget</i> |
|-----------------------------------|---------------------------------|----------------------|---------------------|-------------------------------|------------------------------------|
| General Government | | | | | |
| Elected Officials | | 8,770 | 5,477 | 1,500 | 1,793 |
| Administration | | 262,046 | 230,415 | | 31,631 |
| Assessor/CEO | 22,187 | 72,064 | 80,402 | | 13,849 |
| Tax Collector/Treasurer | | 77,396 | 82,687 | 1,500 | (6,791) |
| CEO/Assessor Assistant | 10,754 | 75,902 | 59,330 | 21,669 | 5,657 |
| Buildings and Grounds | 34,989 | 119,510 | 149,394 | | 5,105 |
| Town Office Building | | 25,000 | 25,000 | | - |
| Town Clerk/Registrar | | 56,466 | 48,195 | | 8,271 |
| | <u>67,930</u> | <u>697,154</u> | <u>680,900</u> | <u>24,669</u> | <u>59,515</u> |
| Public Safety | | | | | |
| Police Department | 1,681 | 424,022 | 376,978 | 7,605 | 41,120 |
| Fire Department | 16,744 | 199,883 | 187,955 | | 28,672 |
| Communications | 745 | 179,917 | 172,992 | | 7,670 |
| | <u>19,170</u> | <u>803,822</u> | <u>737,925</u> | <u>7,605</u> | <u>77,462</u> |
| Public Works Department | | | | | |
| Highways, Streets and Roads | | 1,008,559 | 992,211 | | 16,348 |
| Waste Collection and Disposal | | 397,580 | 354,746 | | 42,834 |
| Parks and Cemeteries | | 45,300 | 41,520 | 14,687 | (10,907) |
| | <u>-</u> | <u>1,451,439</u> | <u>1,388,477</u> | <u>14,687</u> | <u>48,275</u> |
| Compliance/Mandates | 5,000 | 360,635 | 346,173 | 10,000 | 9,462 |
| Other Services | | 56,500 | 56,500 | | |
| Village Associations | | 43,700 | 43,700 | | |
| Recreation | | 90,797 | 82,933 | | 7,864 |
| Rural Wastewater Support | | 150,000 | 142,076 | | 7,924 |
| Wastewater Capital and Debt | | | | | |
| NEH Recon Yard | | 35,000 | 4,052 | 30,948 | - |
| Replace DEEP Station | | 193,000 | | 193,000 | - |
| Somesville Treatment Plant Design | | | 54,051 | | (54,051) |
| Return Pumps | | 17,500 | 12,216 | 5,284 | - |
| NEH Electrical Upgrade | | 40,000 | 3,800 | 36,200 | - |
| Principal on Bonds | | 590,201 | 591,006 | | (805) |
| Interest on Bonds | | 169,473 | 142,560 | | 26,913 |
| | | <u>1,045,174</u> | <u>807,685</u> | <u>265,432</u> | <u>(27,943)</u> |

TOWN OF MOUNT DESERT
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit A-2
Page 2 of 2

| | <i>Encumbered from 2006</i> | <i>Appropriation</i> | <i>Expenditures</i> | <i>Encumbered to 2008</i> | <i>(Over) Under Budget</i> |
|--------------------------------|---------------------------------|----------------------|---------------------|-------------------------------|------------------------------------|
| Wastewater Treatment | | | | | |
| Sewer Treatment | | 306,453 | 278,206 | | 28,247 |
| Northeast Harbor Plant | | 101,025 | 103,488 | | (2,463) |
| Somesville Plant | | 49,000 | 50,595 | | (1,595) |
| Seal Harbor Plant | | 79,300 | 61,956 | | 17,344 |
| Otter Creek Plant | | 37,100 | 22,415 | | 14,685 |
| | | <u>572,878</u> | <u>516,660</u> | | <u>56,218</u> |
| Debt Service | | | | | |
| Interest on Temporary Notes | | 15,000 | | | 15,000 |
| Principal on Bonds | | 33,750 | 33,000 | | 750 |
| Interest on Bonds/Notes | | 14,081 | 7,134 | | 6,947 |
| Legal Expense | | 1,500 | | | 1,500 |
| | | <u>64,331</u> | <u>40,134</u> | | <u>24,197</u> |
| Personnel | | | | | |
| Unemployment Compensation | | 8,500 | 9,403 | | (903) |
| Maine State Retirement | | 19,408 | 17,166 | | 2,242 |
| Actuary Administration | | 1,000 | 1,000 | | - |
| ICMA Retirement | | 26,844 | 13,062 | | 13,782 |
| Section 125 Admin Expenses | | 750 | 321 | | 429 |
| Workers Compensation | | 62,198 | 55,803 | | 6,395 |
| Social Security/Medicare | | 125,172 | 121,475 | | 3,697 |
| Medical Insurance | | 464,179 | 428,657 | | 35,522 |
| Life/Accident Insurance | | 630 | 823 | | (193) |
| Recruit Expenses | | 4,000 | 7,866 | | (3,866) |
| Salary Adjustments-Non Union | | 7,609 | | | 7,609 |
| | | <u>720,290</u> | <u>655,576</u> | | <u>64,714</u> |
| Assessments | | | | | |
| MDI High School | | 2,138,463 | 2,138,463 | | - |
| County Tax | | 778,896 | 778,896 | | - |
| Overlay | | 84,755 | 138,139 | | (53,384) |
| | | <u>3,002,114</u> | <u>3,055,498</u> | | <u>(53,384)</u> |
| Operating Transfers Out | | | | | |
| Elementary School | | 2,695,776 | 2,695,776 | | - |
| Summit/Ripples/SH Sidewalk | | 22,000 | 22,000 | | - |
| Reserve Funds | | | | | |
| Public Works Equipment Reserve | | 105,500 | 105,500 | | - |
| Refuse Equipment Reserve | | 20,000 | 20,000 | | - |
| Wastewater Equipment Reserve | | 10,000 | 10,000 | | - |
| Fire Equipment Reserve | | 150,000 | 150,000 | | - |
| Town Office Building Reserve | | 30,000 | 30,000 | | - |
| Wastewater Reserve | | 50,000 | 50,000 | | - |
| Communications Reserve | | 10,000 | 10,000 | | - |
| | | <u>3,093,276</u> | <u>3,093,276</u> | | <u>-</u> |
| Totals | 92,100 | 12,152,110 | 11,647,513 | 322,393 | 274,304 |

**TOWN OF MOUNT DESERT
GENERAL FUND**

Exhibit A-3

**STATEMENT OF CHANGES IN UNRESERVED - UNDESIGNATED FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | | |
|--------------------------------------|----------------|------------------------------|
| Unreserved Fund Balance, January 1 | 100,000 | |
| Unreserved Fund Balance, December 31 | <u>500,000</u> | |
| Increase | | <u><u>400,000</u></u> |

Analysis of Change

| | | |
|--|----------------|------------------------------|
| Additions | | |
| Budget Summary | | |
| Revenue Surplus - Exhibit A-1 | 250,723 | |
| Unexpended Balance of Appropriations - Exhibit A-2 | <u>274,304</u> | |
| Budget Surplus | | <u>525,027</u> |
| Deductions | | |
| Cash Shortage - Lost Deposit | | (1,648) |
| Fund Balance Transferred to Credit Reserve per Vote | | <u>(123,379)</u> |
| Increase | | <u><u>400,000</u></u> |

**TOWN OF MOUNT DESERT
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007**

Exhibit B-1

| <i>Assets</i> | <i>Municipal Revenue Sharing</i> | <i>Elementary School Department</i> | <i>Town Reserve Funds</i> | <i>Shellfish Fund</i> | <i>Total</i> |
|--|--|---|-----------------------------------|---------------------------|------------------|
| Investments | | | 3,295,175 | | 3,295,175 |
| Due from Other Funds | 2,281 | 1,561,885 | 2,362,095 | 8,214 | 3,934,475 |
| Total Assets | 2,281 | 1,561,885 | 5,657,270 | 8,214 | 7,229,650 |
| <i>Fund Balances</i> | | | | | |
| Fund Balances | | | | | |
| Unreserved | | | | | |
| Designated for Subsequent Years' Expenditures | | | 5,657,270 | | 5,657,270 |
| Undesignated | 2,281 | 1,561,885 | | 8,214 | 1,572,380 |
| Total Fund Balances | 2,281 | 1,561,885 | 5,657,270 | 8,214 | 7,229,650 |

**TOWN OF MOUNT DESERT
 ALL SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2007**

Exhibit B-2

| | Municipal Revenue Sharing | Elementary School Department | Town Reserve Funds | Shellfish Fund | Total |
|---|--|---|-----------------------------------|---------------------------|------------------|
| Revenues | | | | | |
| Intergovernmental Revenues | 72,875 | | | | 72,875 |
| Local Sources | | 489,688 | 1,652,233 | 780 | 2,142,701 |
| Fair Value Increase (Decrease) | | | 28,714 | | 28,714 |
| Total Revenues | 72,875 | 489,688 | 1,680,947 | 780 | 2,244,290 |
| Expenditures | | | | | |
| Education | | 3,282,491 | | | 3,282,491 |
| Capital Outlay | | | 273,367 | | 273,367 |
| Other | | | 2,632 | | 2,632 |
| Total Expenditures | | 3,282,491 | 275,999 | - | 3,558,490 |
| Excess of Revenues Over (Under) Expenditures | 72,875 | (2,792,803) | 1,404,948 | 780 | (1,314,200) |
| Other Financing Sources (Uses) | | | | | |
| Transfers from Other Funds | | 2,695,776 | 201,586 | | 2,897,362 |
| Transfers to Other Funds | (70,594) | | (449,089) | | (519,683) |
| Total Other Financing Sources (Uses) | (70,594) | 2,695,776 | (247,503) | | 2,377,679 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | 2,281 | (97,027) | 1,157,445 | 780 | 1,063,479 |
| Fund Balance - January 1 | - | 1,658,912 | 4,499,825 | 7,434 | 6,166,171 |
| Fund Balance - December 31 | 2,281 | 1,561,885 | 5,657,270 | 8,214 | 7,229,650 |

**TOWN OF MOUNT DESERT
RESERVE FUNDS
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2007**

Exhibit B-3

| | <i>Balance January 1</i> | <i>Transfers In</i> | <i>Receipts</i> | <i>Expenditures/ Transfers</i> | <i>Balance December 31</i> |
|------------------------------|------------------------------|-------------------------|-----------------|------------------------------------|--------------------------------|
| Capital Improvement Funds | | | | | |
| Town Roads | 88,148 | 25,000 | 3,433 | 20,648 | 95,933 |
| Wastewater | 71,009 | 50,000 | 3,330 | | 124,339 |
| Pollution Control Equipment | 15,216 | 10,000 | 700 | | 25,916 |
| Northeast Harbor Marina | 159,634 | 75,000 | 5,233 | 90,867 | 149,000 |
| Seal Harbor Bait House | 2,653 | 500 | 99 | | 3,252 |
| Town Office Building | 64,918 | 30,000 | 2,398 | 37,439 | 59,877 |
| Land Acquisition | 177,409 | | 6,040 | | 183,449 |
| Credit Reserve | 2,251,558 | | | 2,251,558 | - |
| Capital Improvement | | 1,565,980 | 45,187 | 259,683 | 1,351,484 |
| Bartlett Narrows Dock | 22,571 | 4,750 | 855 | | 28,176 |
| Seal Harbor Dock | 30,992 | 5,000 | 1,146 | | 37,138 |
| Seal Harbor Marina Road | 116,658 | 20,000 | 4,332 | 4,752 | 136,238 |
| Wastewater Bond Repayment | | 213,207 | 1,551,130 | 92,000 | 1,672,337 |
| Capital Equipment Funds | | | | | |
| Public Works | 141,339 | 60,500 | 5,915 | | 207,754 |
| Fire | 235,407 | 150,000 | 17,046 | | 402,453 |
| Refuse | 94,415 | 20,000 | 3,581 | | 117,996 |
| Assessor's Car | 1,018 | | 35 | | 1,053 |
| Office Equipment | 3,733 | | 127 | 3,860 | - |
| Communications Radio | 19,838 | 10,000 | 858 | | 30,696 |
| Others | | | | | |
| Dog Welfare | 1,647 | | 788 | 2,632 | (197) |
| Sub-Total | 3,498,163 | 2,239,937 | 1,652,233 | 2,763,439 | 4,626,894 |
| General (Fair Value Changes) | 1,001,662 | | 28,714 | | 1,030,376 |
| Total | 4,499,825 | 2,239,937 | 1,680,947 | 2,763,439 | 5,657,270 |

**TOWN OF MOUNT DESERT
ALL CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007**

Exhibit C-1

| <i>Assets</i> | <i>Sewer Treatment Project</i> | <i>Summit / Ripples SH Sidewalk Project</i> | <i>Total</i> |
|--|--|---|----------------|
| Cash and Equivalents | | 10,364 | 10,364 |
| Due from Other Funds | 109,646 | 198,069 | 307,715 |
| Total Assets | 109,646 | 208,433 | 318,079 |
| <i>Liabilities and Fund Balances</i> | | | |
| Liabilities | | | |
| Retainage Payable | 28,043 | 35,459 | 63,502 |
| Total Liabilities | 28,043 | 35,459 | 63,502 |
| Fund Balances | | | |
| Reserved for Construction | 81,603 | 172,974 | 254,577 |
| Total Fund Balances | 81,603 | 172,974 | 254,577 |
| Total Liabilities and Fund Balances | 109,646 | 208,433 | 318,079 |

**TOWN OF MOUNT DESERT
 ALL CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 2007**

Exhibit C-2

| | <i>Sewer Treatment Project</i> | <i>Summit / Ripples SH Sidewalk Project</i> | <i>Total</i> |
|--|--|---|----------------|
| Revenues | | | |
| Interest Income | | 14 | 14 |
| Total Revenues | | 14 | 14 |
| Expenditures | | | |
| Engineering | | 105,243 | 105,243 |
| Professional Services | 3,959 | | 3,959 |
| General Contractor | | 1,250,349 | 1,250,349 |
| Equipment | | 79,957 | 79,957 |
| Miscellaneous | | 2,004 | 2,004 |
| Total Expenditures | 3,959 | 1,437,553 | 1,441,512 |
| Excess of Revenues Over (Under) Expenditures | (3,959) | (1,437,539) | (1,441,498) |
| Other Financing Sources (Uses) | | | |
| Transfer from Other Funds | | 342,575 | 342,575 |
| Transfer to Other Funds | | | - |
| | - | 342,575 | 342,575 |
| Excess of Revenues and Other Sources Over (Under) Expenditures | (3,959) | (1,094,964) | (1,098,923) |
| Fund Balance - July 1 | 85,562 | 1,267,938 | 1,353,500 |
| Fund Balance - June 30 | 81,603 | 172,974 | 254,577 |

**TOWN OF MOUNT DESERT
 COMBINING BALANCE SHEET
 ALL PERMANENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2007**

Exhibit D-1

| <i>Assets</i> | <i>Frank Stanley Trust</i> | <i>Cemetery Trusts</i> | <i>Total</i> |
|--|------------------------------------|----------------------------|--------------|
| Investments | 5,457 | 4,510 | 9,967 |
| Total Assets | 5,457 | 4,510 | 9,967 |
| <i>Liabilities and Fund Balances</i> | | | |
| Liabilities | | | |
| Accounts Payable | | 538 | 538 |
| Due to Other Funds | 100 | | 100 |
| Total Liabilities | 100 | 538 | 638 |
| Fund Balances | | | |
| Reserved for Endowments | 3,844 | 3,972 | 7,816 |
| Unreserved | 1,513 | | 1,513 |
| Total Fund Balances | 5,357 | 3,972 | 9,329 |
| Total Liabilities and Fund Balances | 5,457 | 4,510 | 9,967 |

**TOWN OF MOUNT DESERT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL PERMANENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2007**

Exhibit D-2

| | <i>Frank Stanley Trust</i> | <i>Cemetery Trusts</i> | <i>Total</i> |
|---|------------------------------------|----------------------------|--------------|
| Revenues | | | |
| Investment Income | 326 | 282 | 608 |
| Expenditures | | | |
| Scholarships | | | - |
| Cemetery Maintenance | | 163 | 163 |
| | - | 163 | 163 |
| Excess of Revenues Over Expenditures | 326 | 119 | 445 |
| Fund Balance - July 1 | 5,031 | 3,853 | 8,884 |
| Fund Balance - June 30 | 5,357 | 3,972 | 9,329 |