Town of North Haven, Maine
Annual Financial Statements

For the Year Ended December 31, 2017
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Independent Auditor’s Report

Board of Selectmen
Town of North Haven, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of North Haven, Maine, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Haven, Maine, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 13 and budgetary comparison information in Exhibits 1 and 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of North Haven, Maine’s basic financial statements. The combining and individual fund financial statements presented as Exhibits 3 through 6 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements presented as exhibits are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2018 on our consideration of the Town of North Haven, Maine’s internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of North Haven, Maine’s internal control over financial reporting and compliance.

Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
March 2, 2018
As management of the Town of North Haven, we present this narrative to provide you with an overview and analysis of our annual financial statements for the year ended December 31, 2017. This information in conjunction with the notes to the financial statements should be considered when reading the Town’s financial statements.

Overview of the Financial Statements

The Town of North Haven’s basic financial statements are composed of (a) government-wide financial statements, (b) fund financial statements, and (c) notes to the basic financial statements.

Required supplementary information, under the Government Accounting Standards Board’s reporting requirements include this management’s discussion and analysis and budgetary comparison schedules.

Other supplemental information to the basic financial statement is also provided.

Government-wide Financial Statements

The government-wide financial statements provide a broad overview of the Town of North Haven’s finances. Financial information is presented in two statements - Statement of Net Position (Statement 1) and Statement of Activities (Statement 2).

The Statement of Net Position presents information about the Town’s assets and liabilities with the difference between the two reported as net position. Over time, changes in net position (increases or decreases) 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 position has changed during the fiscal year. All changes in net position are reported as soon as the underlying change or event occurs, regardless of the timing of the related cash flows. This means that revenues and expenses are reported in this statement even if the related cash movement does not occur until future fiscal periods (e.g. when taxes are actually collected or town bills are actually paid).

In the government-wide financial statements, the Town’s basic services are reported as Governmental Activities as they are principally supported by taxes and intergovernmental revenues, rather than recovering all, or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, health and welfare, culture and recreation, and fixed charges and other expenses. Fixed charges include expenses for county tax, MSAD #7’s education costs, and debt service. Other expenses include expenses from reserve funds for their intended purposes.

In the government-wide financial statements, the Town’s business-type activities, where all or a significant portion of governmental service costs are recovered through fees and charges, are reported as Business-type Activities. The Town’s business-type activities are the services provided by the water and sewer departments.
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 North Haven, like other state and local governments, uses fund accounting to insure and demonstrate compliance with finance-related legal requirements. The Town’s two kinds of funds - governmental and proprietary - use different accounting methods:

**Governmental funds** are used to report most of the Town’s basic operational services. Operating expenses and revenues are recorded and the cumulative leftover balance of these activities, which is available for spending in future years, is reported here. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town’s general government operations and the basic services it provides. Governmental fund information can help to determine what financial resources are available in the near future to finance the Town’s activities.

**Proprietary Funds** are used to account for the Town’s business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The propriety fund types for North Haven are the enterprise funds for the Water Department and the Sewer Department. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** are used to account for resources held for the benefit of parties outside the Town. Fiduciary Funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of North Haven’s own programs, or finance its operations. All of the Town’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**2017 Financial Highlights**

Statement 1 of the accompanying financial statements represents a summary of the relation between assets controlled by the Town of North Haven and the liabilities associated with them. This Statement is itself condensed in Table 1 on the following page.

The Town had total assets at year-end of approximately $12.2 million – $2.8 million in current assets and $9.4 million in capital assets.

The Capital Asset category includes the land and buildings owned by the Town, such as the Town Office, the Community Building, the Town Garage, and other such properties as well as the water purification equipment at the Water Treatment facility, the equipment at the Waste Water Treatment facility and the Town trucks. It also includes part of the Town’s infrastructure, consisting of roads, bridges, and other similar assets.
## Statement of Net Position Information

The following information is condensed version of the Statement of Net Position.

### Table 1
**Statement of Net Position**
**As of December 31, 2017 and 2016**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current &amp; other assets</td>
<td>$ 2,250,675</td>
<td>$ 2,190,122</td>
<td>$ 2,836,264</td>
<td>$ 2,190,122</td>
<td>$ 2,696,379</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>4,592,491</td>
<td>4,567,408</td>
<td>9,402,212</td>
<td>4,567,408</td>
<td>4,589,182</td>
<td>9,156,590</td>
</tr>
<tr>
<td>Total assets</td>
<td>6,843,166</td>
<td>6,757,530</td>
<td>12,238,476</td>
<td>6,757,530</td>
<td>6,285,561</td>
<td>12,243,091</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>278,212</td>
<td>311,111</td>
<td>723,323</td>
<td>311,111</td>
<td>389,905</td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>655,028</td>
<td>776,244</td>
<td>1,461,433</td>
<td>776,244</td>
<td>1,628,601</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>933,240</td>
<td>1,087,355</td>
<td>2,185,595</td>
<td>1,087,355</td>
<td>2,018,506</td>
<td></td>
</tr>
<tr>
<td>Prepaid property taxes</td>
<td>111,223</td>
<td>39</td>
<td>111,223</td>
<td>39</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Total deferred inflows</td>
<td>111,223</td>
<td>39</td>
<td>111,223</td>
<td>39</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>3,822,889</td>
<td>3,652,503</td>
<td>7,390,374</td>
<td>3,652,503</td>
<td>7,314,330</td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>24,783</td>
<td>85,400</td>
<td>109,183</td>
<td>85,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,951,031</td>
<td>1,932,233</td>
<td>2,883,264</td>
<td>1,932,233</td>
<td>1,962,675</td>
<td></td>
</tr>
<tr>
<td>Total net position</td>
<td>$ 5,798,703</td>
<td>$ 5,670,136</td>
<td>$ 9,942,144</td>
<td>$ 5,670,136</td>
<td>$ 9,344,255</td>
<td></td>
</tr>
</tbody>
</table>

A large portion of the Town’s net position reflects its investment in capital assets, less any related debt used to acquire the assets that is still outstanding. The Town uses these assets to provide services to citizens; consequently these assets are not available for future spending. Although the Town’s investment in capital assets is reported net of related debt, it should be noted that 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.

The remaining unrestricted portion of the Town’s net position represents reserve accounts which have been set up and funded for specific future purposes, and the balance of net position that may be used to meet the government’s ongoing obligations to citizens and creditors.

Table 2, on the following page, is a condensed and reformatted version of Statement 2. The table functions as a summary comparison of the Town’s revenues with the Town’s expenses. Overall, the Town increased its net position by $107,720. This is a net between $128,567 in increases from governmental activities and $20,847 in decreases from business-type activities. The activities that are under government accounting standards, considered “business-type activities” are the Water and Sewer Departments. Of note, the $20,847 reduction in net position from the combined activities of the Water and Sewer Departments includes a non-cash expense of depreciation and amortization in the amount of $176,734. From a cash flow standpoint, business-type activities resulted in $78,676 in net cash increases.
Town of North Haven, Maine
Management’s Discussion and Analysis

Statement of Net Activities Information

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

Table 2
Changes in Net Position
For the Years Ended December 31, 2017 and 2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$182,633</td>
<td>$183,455</td>
<td>$465,834</td>
<td>$474,228</td>
<td>$648,467</td>
<td>$657,683</td>
</tr>
<tr>
<td>Operating grants &amp; contributions</td>
<td>46,251</td>
<td>48,668</td>
<td>-</td>
<td>-</td>
<td>46,251</td>
<td>48,668</td>
</tr>
<tr>
<td>General Revenues</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Property &amp; excise taxes</td>
<td>4,222,245</td>
<td>4,122,867</td>
<td>-</td>
<td>-</td>
<td>4,222,245</td>
<td>4,122,867</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>24,531</td>
<td>16,902</td>
<td>-</td>
<td>-</td>
<td>24,531</td>
<td>16,902</td>
</tr>
<tr>
<td>Other</td>
<td>39,835</td>
<td>42,310</td>
<td>-</td>
<td>-</td>
<td>39,835</td>
<td>42,310</td>
</tr>
<tr>
<td>Total revenues</td>
<td>4,515,495</td>
<td>4,414,202</td>
<td>465,834</td>
<td>474,228</td>
<td>4,981,329</td>
<td>4,888,430</td>
</tr>
</tbody>
</table>

Expenditures

General government 545,696 517,983 - - 545,696 517,983
Public safety 223,012 232,318 - - 223,012 232,318
Public works 447,495 396,787 - - 447,495 396,787
Health and welfare 531,050 526,963 - - 531,050 526,963
Culture and recreation 32,987 35,318 - - 32,987 35,318
Fixed charges and other 2,606,688 2,488,339 - - 2,606,688 2,488,339
Business-type expenses - - 486,681 471,209 486,681 471,209
Total expenditures 4,386,928 4,197,708 486,681 471,209 4,873,609 4,668,917

Change in Net Position $128,567 $216,494 $(20,847) $3,019 $107,720 $219,513

Governmental Activities

To aid in the further understanding of the Statement of Activities (Statement 2), some additional explanation may be helpful. Please note that the format differs from that of Table 2 above. Expenses for each activity are listed in the left-most column. Expenses are subtracted from program revenues – revenues generated by that activity – to show the net cost of a given service. The format provides information about the relative financial burden on the Town’s taxpayers and other sources to sustain each activity.
Examples of program revenues sources are:

- **General government**: Fees for maps, tax and voter lists, and copies; rental fees
- **Public safety**: Donations
- **Public works**: Local road assistance, transfer station fees and recycling revenue, and sewer and water department admin fees
- **Health and welfare**: Patient fees and EMS fees, donations
- **Culture and recreation**: Donations for recreation programs

All other governmental revenues are reported as general revenues. The primary source of governmental revenues is property and excise taxes. However, certain intergovernmental and miscellaneous revenues are not designated for any specific purpose and help offset the general financial burden. It is important to note that all taxes are classified as general revenue, even if some are restricted for a specific purpose, such as for reserves for future expenditures.

Table 3 shows the total cost of each of the Town's major functional activities. The financial information indicates, for instance, that 23% of public works expenses were set off by MDOT grants and transfer station fees, and that 23% of health and welfare expenses were offset by clinic fees, EMS fees, and donations.

<table>
<thead>
<tr>
<th>Total Cost of Services</th>
<th>Net Cost of Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>$545,696</td>
</tr>
<tr>
<td>Public safety</td>
<td>223,012</td>
</tr>
<tr>
<td>Public works</td>
<td>447,495</td>
</tr>
<tr>
<td>Health and welfare</td>
<td>531,050</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>32,987</td>
</tr>
<tr>
<td>Fixed charges and other</td>
<td>2,606,688</td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td><strong>$4,386,928</strong></td>
</tr>
</tbody>
</table>
The Town’s Funds

The following schedule presents a summary of General Fund revenues on the budgetary basis (Exhibit 1).

Table 4
Summary of Budget-to-Actual for Revenues
Budgetary Basis
For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and excise taxes</td>
<td>$4,198,738</td>
<td>$4,250,097</td>
<td>$51,359</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>29,720</td>
<td>56,604</td>
<td>26,884</td>
</tr>
<tr>
<td>Licenses, Permits, and Fees</td>
<td>6,075</td>
<td>8,505</td>
<td>2,430</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>182,824</td>
<td>182,633</td>
<td>(191)</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>28,436</td>
<td>45,509</td>
<td>17,073</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$4,445,793</td>
<td>$4,543,348</td>
<td>$97,555</td>
</tr>
</tbody>
</table>

Chart A – 2017 Revenues by Source
The following schedule presents a summary of General Fund expenditures on the budgetary basis (Exhibit 1):

**Table 5**
Summary of Budget-to-Actual for Expenditures
Budgetary Basis
For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>$599,370</td>
<td>$535,174</td>
<td>$64,196</td>
</tr>
<tr>
<td>Public safety</td>
<td>222,540</td>
<td>180,133</td>
<td>42,407</td>
</tr>
<tr>
<td>Public works</td>
<td>388,250</td>
<td>362,539</td>
<td>25,711</td>
</tr>
<tr>
<td>Health and welfare</td>
<td>552,819</td>
<td>482,876</td>
<td>69,943</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>38,597</td>
<td>26,678</td>
<td>11,919</td>
</tr>
<tr>
<td>Fixed charges and other</td>
<td>3,010,896</td>
<td>2,966,280</td>
<td>44,616</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>$4,812,472</td>
<td>$4,553,680</td>
<td>$258,792</td>
</tr>
</tbody>
</table>

**Chart B – 2017 Expenditures by Function**

Financial Analysis of the Town’s Funds

It was noted earlier that 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.
General Fund Budgetary Highlights

The General Fund balance of $1,916,606 at year end represents a $10,332 decrease from December 31, 2016. Of that, $60,616 was a decrease in the restricted fund balance from unexpended local road assistance program grant money. Another $226,301 was additions to committed fund balance for the Town’s various reserve funds. The Town used $254,197 of reserve funds in 2017 (as can be seen in Exhibit 2). Longer term projects for which the Town is reserving funds include road repaving, property renovation and the purchase of additional capital equipment such as fire trucks, ambulances, tractors and snow plows.

In 2017, the Town expended 94.6% of what it had budgeted for expenditures and it realized just above 102% of what it had estimated for revenues.

In the broader, inclusive budgetary categories summarized above in Table 5, the Town’s generally conservative approach to budgeting expenditures has resulted in a $258,792 positive variance between budgeted and actual expenditures. A portion of this surplus remains to support the Town’s balance sheet and a portion may be used to offset the tax commitment for the next year.

The Town Meeting that is held in March of each year votes on the budget as recommended by the Selectmen and Budget Committee for the upcoming year.

Capital Asset and Debt Administration

Table 6 below breaks out the Town’s general capital assets used in governmental activities into their component sub-categories. The Town’s infrastructure through 2017 consisted of the depreciated value of the 2006 road repaving and subsequent repaving projects. The depreciated cost of the rebuilt Second Bridge was included in 2014. There is no meaningful way of assigning economic value to the Town’s roads and bridges before 2006. Although it is not summarized in Table 6 below, all of the Town’s long-term debt is, as might be expected, associated with its capital assets. Long term debt at year end consisted of $766,607 associated with the governmental activities (i.e., road repaving bond, the storm sewer renovation and Beach Bridge).

Additionally, the Water and Sewer Departments had $849,786 outstanding in bonds used to acquire capital assets for those business-type activities.

At December 31, 2017, the Town had $4,592,156 invested in a broad range of general capital assets for governmental activities, including land, buildings, furniture and equipment.

<table>
<thead>
<tr>
<th>Table 6</th>
<th>Governmental Activities</th>
<th>Capital Assets (Net of Depreciation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 405,910</td>
<td>$ 405,910</td>
</tr>
<tr>
<td>Land improvements</td>
<td>520,927</td>
<td>548,589</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>521,207</td>
<td>543,633</td>
</tr>
<tr>
<td>Equipment and vehicles</td>
<td>611,340</td>
<td>558,446</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>2,533,107</td>
<td>2,510,830</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total net capital assets</td>
<td>$4,592,491</td>
<td>$4,567,408</td>
</tr>
</tbody>
</table>

For the Year Ended December 31, 2017
Chart C provides a graphic depiction of the distribution of the 2017 net book value of governmental activities’ fixed assets (capital assets, net of depreciation) by asset class.

![Chart C – Governmental Activities’ Net Book Value of Fixed Assets by Class](chart_c)

**Economic Factors and Next Year’s Budgets and Rates**

The Town of North Haven is predominantly a residential community with a large seasonal population. The Town does not have a significant commercial or industrial sector to support the cost of municipal government. The large number of seasonal homes, owned primarily by nonresidents, provides most of the property tax revenue for the Town.

After trending upward for many years, the state valuation for North Haven began to decrease from 2013’s peak of $487.8MM to $319.3MM in 2018, a change of 34.5%. The decline in the valuation of high-end shorefront property owned almost exclusively by seasonal residents is the primary cause. Given the small number of actual sales, it is difficult to pinpoint a trend. It does appear, however, that as an island, North Haven's property values may have lagged coastal mainland trends, which have turned positive in the years after the Great Recession. Seasonal home construction in 2017 was strong, with six starts, compared with three in 2016. There were five arms-length property sales in 2017, compared to thirteen in 2016. It would appear that a significant piece of the existing house inventory had been sold. Notably there were two sales of over $1MM each in 2017, both in excess of the assessed values. After the years of steadily rising Knox County budgets, and proportionately large valuations, North Haven in 2018 will enjoy a 13.4% reduction in the cost of its county assessment, from $406.5K to $352.1K. With less than 1% of Knox County’s population, North Haven’s assessed contribution to the Knox County budget is now about 4% of the total County budget. As an absolute number, the assessment is high and, to many local taxpayers, seems higher still when considered as the cost of the relatively few services actually delivered by a predominantly mainland county to an island municipality.

The long term demographic and economic issues which have been cited annually in the Discussion and Analysis continue to be relevant. The 2010 census recorded a year-round population of 355 compared to the 382 counted in 2000. In such a small community, it is possible to estimate with some accuracy the real population number between census years. The current year-round population is about 400. The number of new births between 2012 and 2017 totaled twenty-nine. The Clerk’s report for 2009-2011 had recorded the birth of only five children. While the cost of living on an island and the scarcity of economic opportunities are perennial challenges to the island’s long term sustainability as
is the shortage of affordable year round housing, the surge in the population of pre-school age children is obviously very positive. Small changes in the absolute number of young families and school age children can have a disproportionate impact, positive and negative, on the island’s well-being.

The Town benefits from good working relations with the local church and with local 501(c) 3 organizations such as the Pulpit Harbor Foundation, the North Haven Foundation, the North Haven Development Corporation, North Haven Sustainable Housing, North Haven Conservation Partners, the North Haven Historical Society, the North Haven Library, the Penobscot Bay YMCA and others to respond to the challenges and limited human resources of a small island community. The common goal is to maintain and sustain a year-round population. The new six-bed eldercare facility developed jointly by North Haven Sustainable Housing and a new 501 (c) 3, Southern Harbor Eldercare Services, will open in the spring of 2018. In a year-long campaign, the two organizations raised $3MM towards construction, an endowment and an operating reserve. Among the possible benefits of Southern Harbor House, as it will be called, will be to free up year-round housing for younger families, to create new jobs and, of course, to allow a number of elder residents to remain in their community.

Despite the enormous success of the fundraising for Southern Harbor House, which speaks to a continued robust spirit of philanthropy among not only wealthy seasonal residents but also among year round residents, trends in the summer population, which accounts for about 80% of the island’s real estate tax revenue, continue to bear watching. The traditions and wealth of the multi-generational ‘rusticating’ seasonal population have changed as they are dispersed through subsequent generations. Their philanthropy, as it has been funneled through the island’s many non-profits, has historically made a significant contribution to the amenities and cultural resources that have helped attract and hold a year-round population. One, the North Haven Foundation, for instance, provides an annual scholarship of $10K for virtually every island resident enrolled in an institution of higher learning.

Very wealthy individuals continue to purchase property on North Haven. What remains a question is whether these individuals will attach themselves to the community and respond philanthropically to its needs the way that the wealthy classes of the early 20th century, and their immediate descendants, did. Great wealth no longer seems to guarantee the leisure to rusticate whole summers away on a Maine island. The Town has reached out formally to involve the purchasers of high end seasonal properties in the community, having recognized how central the role of traditional philanthropy is to the island’s well-being. Merely one or two individuals and families may have an enormous philanthropic impact in this small community.

The 2018 Town Meeting will vote on a $2.0MM municipal budget, essentially unchanged from the 2017 budget. Town officials are committed to long term planning and the use of reserve accounts to attempt to smooth the changes in budgets from year to year. With in-house revaluation completed in 2016, and with a recognition that any declines in assessments of shorefront properties would result in an increased mil rate, even with reduced expenditures, the Town has striven to budget conservatively but without curtailing services or a commitment to prudent maintenance of town-owned property. The goal is also to sustain the lure of the island for existing residents and for those who will come to replace them.

The Maine State Ferry Service represents the most significant, if indirect, state subsidy enjoyed by the residents of North Haven and, as such, it is most subject to the vagaries of legislative and gubernatorial action, as well as to the market forces which any enterprise must endure. As the Ferry Service is, without qualification, the most vital single element of the island’s economic infrastructure, municipal officials are quick to rebut any threats of diminished subsidy and curtailments of service. After nine years of unchanged fares, the MSFS needs to raise additional revenues in the coming biennium, amounting to a 16% increase. By statute, the MSFS is required to generate 50% of its budget from the fare-box and the miscellaneous fees it charges, the remaining 50% coming from the State’s Highway Fund. The increased fares will have an inflationary impact on the island’s cost of living, given the fact that virtually all goods and many services require the use of the MSFS.

In 2017, the Town’s single largest capital outlay was to repave two sections of Town roads which had not been repaved with the rest of the island in 2006. The Town was able to finance the project with
accumulated funds from the state’s Local Roads Assistance Program (LRAP) and from its repaving reserve. The largest capital project aside from the privately financed assisted living facility was the reconstruction of Pulpit Harbor Bridge. Apart from paying for Town-owned utility impacts, the Town incurred no financial obligations for this state-financed project. With both of its bridges so recently rebuilt, and with its road paving not much past a robust middle age, the ground-based transportation infrastructure on the island is in good condition. The late nineteenth and early twentieth century buildings housing the Town Office and the Clinic, both of which have undergone substantial but partial renovations in recent years, will most likely require exterior renovations in the next two years. The Wastewater Treatment Plant underwent a major upgrade in 2017. The Water Treatment Plant will be purchasing a new SCADA system in 2018. Since both utilities are closely regulated, the timing and degree of major expenditures are not always within the Town’s control. The Wastewater Treatment Plant’s renovations was financed by new debt without the need to raise user rates, since the renovations were timed just as some old debt was extinguished. The new SCADA system for the Water Plant is an anticipated expenditure.

Requests for Information

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town’s finances and to show the Town’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town Office
16 Town Office Square
North Haven, ME 04853
(207) 867-4433
## Statement of Net Position

As of December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$803,604</td>
<td>$588,170</td>
<td>$1,391,774</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>1,269,620</td>
<td>-</td>
<td>1,269,620</td>
</tr>
<tr>
<td>Taxes receivable</td>
<td>112,840</td>
<td>-</td>
<td>112,840</td>
</tr>
<tr>
<td>Liens receivable</td>
<td>30,041</td>
<td>-</td>
<td>30,041</td>
</tr>
<tr>
<td>Accounts receivables</td>
<td>5,685</td>
<td>14,940</td>
<td>20,625</td>
</tr>
<tr>
<td>Inventory</td>
<td></td>
<td>11,364</td>
<td>11,364</td>
</tr>
<tr>
<td>Internal balances</td>
<td>28,885</td>
<td>(28,885)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Noncurrent Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>405,910</td>
<td>6,000</td>
<td>411,910</td>
</tr>
<tr>
<td>Assets not in service</td>
<td></td>
<td>-</td>
<td>413,210</td>
</tr>
<tr>
<td>Other capital assets, net of depreciation</td>
<td>4,186,581</td>
<td>4,389,583</td>
<td>8,576,164</td>
</tr>
<tr>
<td>Intangible assets, net of amortization</td>
<td>-</td>
<td>928</td>
<td>928</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>6,843,166</td>
<td>5,395,310</td>
<td>12,238,476</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>9,875</td>
<td>5,357</td>
<td>15,232</td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>14,231</td>
<td>2,836</td>
<td>17,067</td>
</tr>
<tr>
<td>Due to fiduciary funds</td>
<td>126,260</td>
<td>-</td>
<td>126,260</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>2,995</td>
<td>11,625</td>
<td>14,620</td>
</tr>
<tr>
<td>Long-term liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable</td>
<td>-</td>
<td>379,897</td>
<td>379,897</td>
</tr>
<tr>
<td>Long-term debt due within one year</td>
<td>124,851</td>
<td>45,749</td>
<td>170,600</td>
</tr>
<tr>
<td>Accrued compensated absences</td>
<td>13,272</td>
<td>2,368</td>
<td>15,640</td>
</tr>
<tr>
<td>Long-term debt due beyond one year</td>
<td>641,756</td>
<td>804,037</td>
<td>1,445,793</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>933,240</td>
<td>1,251,869</td>
<td>2,185,109</td>
</tr>
<tr>
<td><strong>Deferred Inflows of Resources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid property taxes</td>
<td>111,223</td>
<td>-</td>
<td>111,223</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows of Resources</strong></td>
<td>111,223</td>
<td>-</td>
<td>111,223</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>3,822,889</td>
<td>3,567,485</td>
<td>7,390,374</td>
</tr>
<tr>
<td>Restricted</td>
<td>24,783</td>
<td>-</td>
<td>24,783</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,951,031</td>
<td>575,956</td>
<td>2,526,987</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$5,798,703</td>
<td>$4,143,441</td>
<td>$9,942,144</td>
</tr>
</tbody>
</table>
### Statement of Activities

For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Functions / Programs</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Grants and Contributions</th>
<th>Program Revenues</th>
<th>Net (Expense) Revenue and Changes in Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government Activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>$ 545,696</td>
<td>$ 3,008</td>
<td>$</td>
<td>$ (542,688)</td>
<td>$ -</td>
</tr>
<tr>
<td>Public safety</td>
<td>223,012</td>
<td>-</td>
<td>325</td>
<td>(222,687)</td>
<td>-</td>
</tr>
<tr>
<td>Public works</td>
<td>447,495</td>
<td>70,555</td>
<td>32,073</td>
<td>(344,867)</td>
<td>-</td>
</tr>
<tr>
<td>Health and welfare</td>
<td>531,050</td>
<td>109,070</td>
<td>12,086</td>
<td>(409,894)</td>
<td>-</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>32,987</td>
<td>-</td>
<td>1,767</td>
<td>(31,220)</td>
<td>-</td>
</tr>
<tr>
<td>Fixed charges and other</td>
<td>2,606,688</td>
<td>-</td>
<td>-</td>
<td>(2,606,688)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td>4,386,928</td>
<td>182,633</td>
<td>46,251</td>
<td>(4,158,044)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Business-type Activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water department</td>
<td>248,978</td>
<td>257,951</td>
<td>-</td>
<td>(8,973)</td>
<td>8,973</td>
</tr>
<tr>
<td>Sewer department</td>
<td>237,703</td>
<td>207,883</td>
<td>-</td>
<td>(29,820)</td>
<td>(29,820)</td>
</tr>
<tr>
<td><strong>Total business-type activities</strong></td>
<td>486,681</td>
<td>465,834</td>
<td>-</td>
<td>(20,847)</td>
<td>(20,847)</td>
</tr>
<tr>
<td><strong>Total Primary Government</strong></td>
<td>$ 4,873,609</td>
<td>$ 648,467</td>
<td>$ 46,251</td>
<td>(4,158,044)</td>
<td>(20,847)</td>
</tr>
</tbody>
</table>

General Revenues:
- Property taxes: $4,095,781
- Motor vehicle: $126,464
- Intergovernmental: $24,531
- Other: $39,835

Total general revenues: $4,286,611

Change in Net Position: $128,567

Beginning Net Position: $5,670,136

Ending Net Position: $5,798,703

The accompanying notes are an integral part of these financial statements.
## Balance Sheet

**Governmental Funds**

As of December 31, 2017

### General Fund

<table>
<thead>
<tr>
<th>Assets</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>$803,604</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>1,269,620</td>
</tr>
<tr>
<td>Taxes receivable</td>
<td>112,840</td>
</tr>
<tr>
<td>Liens receivable</td>
<td>30,041</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>5,685</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>28,885</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$2,250,675</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities, Deferred Inflows of Resources, and Fund Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
</tr>
<tr>
<td>Accounts payable</td>
</tr>
<tr>
<td>Accrued payroll</td>
</tr>
<tr>
<td>Due to other funds</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
</tr>
<tr>
<td>Deferred Inflows of Resources</td>
</tr>
<tr>
<td>Unavailable property taxes</td>
</tr>
<tr>
<td>Prepaid property taxes</td>
</tr>
<tr>
<td><strong>Total deferred inflows of resources</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Balances</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
<td>24,784</td>
</tr>
<tr>
<td>Committed</td>
<td>1,141,786</td>
</tr>
<tr>
<td>Assigned</td>
<td>71,378</td>
</tr>
<tr>
<td>Unassigned</td>
<td>681,658</td>
</tr>
<tr>
<td><strong>Total fund balances</strong></td>
<td>1,919,606</td>
</tr>
</tbody>
</table>

| **Total Liabilities, Deferred Inflows of Resources, and Fund Balances** | $2,250,675 |

The accompanying notes are an integral part of these financial statements.
Reconciliation of the Total Governmental Fund Balance to the Net Position of Governmental Activities
As of December 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total governmental fund balance, per Statement 3</td>
<td>$ 1,919,606</td>
</tr>
<tr>
<td>Capital assets are not financial resources and, therefore, are not reported in the governmental funds. They are, however, economic resources of governmental activities and are, therefore, reported in the Statement of Net Position.</td>
<td></td>
</tr>
<tr>
<td>Net capital assets</td>
<td>4,592,491</td>
</tr>
<tr>
<td>Taxes that are not expected to be collected within 60 days of the end of the fiscal year are not considered financial resources and, therefore, are reported as deferred inflows of resources that reduce total governmental fund balance. They are, however, considered economic resources of governmental activities and are, therefore, not reported as deferred inflows of resources on the Statement of Net Position.</td>
<td></td>
</tr>
<tr>
<td>Unavailable property taxes</td>
<td>69,480</td>
</tr>
<tr>
<td>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. They are, however, economic liabilities of governmental activities and are, therefore, reported in the Statement of Net Position.</td>
<td></td>
</tr>
<tr>
<td>Bonds payable</td>
<td>(766,607)</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>(2,995)</td>
</tr>
<tr>
<td>Accrued compensated absences</td>
<td>(13,272)</td>
</tr>
<tr>
<td><strong>Net position of governmental activities, per Statement 1</strong></td>
<td><strong>$ 5,798,703</strong></td>
</tr>
</tbody>
</table>
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
For the Year Ended December 31, 2017

### Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$4,250,097</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>56,604</td>
</tr>
<tr>
<td>Licenses, Permits, and Fees</td>
<td>8,505</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>182,633</td>
</tr>
<tr>
<td>Other revenues</td>
<td>45,509</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>4,543,348</strong></td>
</tr>
</tbody>
</table>

### Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>535,174</td>
</tr>
<tr>
<td>Public safety</td>
<td>180,133</td>
</tr>
<tr>
<td>Public works</td>
<td>362,539</td>
</tr>
<tr>
<td>Health and welfare</td>
<td>482,876</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>26,678</td>
</tr>
<tr>
<td>Fixed charges and other</td>
<td>2,966,280</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td><strong>4,553,680</strong></td>
</tr>
</tbody>
</table>

### Net Change in Fund Balance

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Change in Fund Balance</strong></td>
<td><strong>(10,332)</strong></td>
</tr>
</tbody>
</table>

### Beginning Fund Balance

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td><strong>1,929,938</strong></td>
</tr>
</tbody>
</table>

### Ending Fund Balance

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td><strong>$ 1,919,606</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Reconciliation of the Net Change in the Total Governmental Fund Balance to the Change in Net Position of Governmental Activities
For the Year Ended December 31, 2017

Net change in the total governmental fund balance, per Statement 5 $ (10,332)

Capital assets acquired during the year are reported as expenditures in the governmental funds, but are not reported as expenses of governmental activities. Instead, they are reported as increases in capital assets in the Statement of Net Position.

Capital asset acquisitions, net of disposals 299,687

Repayments of long-term debts are recorded as expenditures in the governmental funds, but are recorded as decreases to long-term debt in the Statement of Net Position and, therefore, are not reported in the Statement of Activities.

Bond and note principal payments 144,274

Changes in the amounts of unavailable property taxes from the prior year to the current year are recorded as adjustments to revenue in governmental funds in the current period. However, these deferred inflows of resources have already been fully recognized in the Statement of Activities in the period in which the property taxes were levied and, therefore, no adjustment is required.

Increase in unavailable property taxes (27,852)

Certain expenses and expense adjustments reported in the Statement of Activities do not require the use of current resources and, therefore, are not reported as expenditures in the governmental funds.

Depreciation expense (274,605)
Increases in accrued compensated absences (3,635)
Decreases in accrued interest payable 1,030

The accompanying notes are an integral part of these financial statements.
Statement of Net Position
Proprietary Funds
As of December 31, 2017

<table>
<thead>
<tr>
<th>Assets</th>
<th>Water Department</th>
<th>Sewer Department</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$353,196</td>
<td>$234,974</td>
<td>$588,170</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>3,104</td>
<td>11,836</td>
<td>14,940</td>
</tr>
<tr>
<td>Inventory</td>
<td>11,364</td>
<td>-</td>
<td>11,364</td>
</tr>
<tr>
<td>Total current assets</td>
<td>367,664</td>
<td>246,810</td>
<td>614,474</td>
</tr>
<tr>
<td>Land</td>
<td>-</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Assets not in service</td>
<td>-</td>
<td>413,210</td>
<td>413,210</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>3,957,775</td>
<td>5,066,702</td>
<td>9,024,477</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(1,441,731)</td>
<td>(3,193,163)</td>
<td>(4,634,894)</td>
</tr>
<tr>
<td>Net fixed assets</td>
<td>2,516,044</td>
<td>2,292,749</td>
<td>4,808,793</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>3,427</td>
<td>-</td>
<td>3,427</td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td>(2,499)</td>
<td>-</td>
<td>(2,499)</td>
</tr>
<tr>
<td>Net intangible assets</td>
<td>928</td>
<td>-</td>
<td>928</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>2,884,636</strong></td>
<td><strong>2,539,559</strong></td>
<td><strong>5,424,195</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Water Department</th>
<th>Sewer Department</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>2,095</td>
<td>3,262</td>
<td>5,357</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>17,396</td>
<td>11,489</td>
<td>28,885</td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>1,449</td>
<td>1,387</td>
<td>2,836</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>1,115</td>
<td>10,510</td>
<td>11,625</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>32,446</td>
<td>13,303</td>
<td>45,749</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>54,501</td>
<td>39,951</td>
<td>94,452</td>
</tr>
<tr>
<td>Accrued compensated absences</td>
<td>2,368</td>
<td>-</td>
<td>2,368</td>
</tr>
<tr>
<td>Notes payable</td>
<td>-</td>
<td>379,897</td>
<td>379,897</td>
</tr>
<tr>
<td>Long-term debt, net of current portion</td>
<td>405,537</td>
<td>398,500</td>
<td>804,037</td>
</tr>
<tr>
<td>Total long-term liabilities</td>
<td>407,905</td>
<td>778,397</td>
<td>1,186,302</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>462,406</strong></td>
<td><strong>818,348</strong></td>
<td><strong>1,280,754</strong></td>
</tr>
</tbody>
</table>

**Net Position**

<table>
<thead>
<tr>
<th>Net investment in capital assets</th>
<th>Water Department</th>
<th>Sewer Department</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,076,946</td>
<td>1,490,540</td>
<td>3,567,486</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>345,284</td>
<td>230,671</td>
<td>575,955</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td><strong>$2,422,230</strong></td>
<td><strong>$1,721,211</strong></td>
<td><strong>$4,143,441</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Proprietary Funds
For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Water Department</th>
<th>Sewer Department</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$254,186</td>
<td>$206,050</td>
<td>$460,236</td>
</tr>
<tr>
<td>Miscellaneous revenue</td>
<td>1,280</td>
<td>96</td>
<td>1,376</td>
</tr>
<tr>
<td><strong>Total operating revenue</strong></td>
<td>255,466</td>
<td>206,146</td>
<td>461,612</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution and collection systems</td>
<td>72,100</td>
<td>17,103</td>
<td>89,203</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>86,717</td>
<td>90,017</td>
<td>176,734</td>
</tr>
<tr>
<td>Pumping stations and treatment plant</td>
<td>720</td>
<td>64,756</td>
<td>65,476</td>
</tr>
<tr>
<td>Power</td>
<td>16,521</td>
<td>10,296</td>
<td>26,817</td>
</tr>
<tr>
<td>Administration and general</td>
<td>29,630</td>
<td>17,408</td>
<td>47,038</td>
</tr>
<tr>
<td>Chemicals</td>
<td>7,162</td>
<td>7,080</td>
<td>14,242</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,757</td>
<td>1,064</td>
<td>3,821</td>
</tr>
<tr>
<td>Fuel and supplies</td>
<td>10,504</td>
<td>8,433</td>
<td>18,937</td>
</tr>
<tr>
<td>Testing</td>
<td>3,136</td>
<td>3,051</td>
<td>6,187</td>
</tr>
<tr>
<td>Other</td>
<td>10,040</td>
<td>-</td>
<td>10,040</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>239,287</td>
<td>219,208</td>
<td>458,495</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td>16,179</td>
<td>(13,062)</td>
<td>3,117</td>
</tr>
<tr>
<td><strong>Non-Operating Revenues (Expenses)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>2,485</td>
<td>1,737</td>
<td>4,222</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(9,691)</td>
<td>(18,495)</td>
<td>(28,186)</td>
</tr>
<tr>
<td><strong>Total non-operating revenues (expenses)</strong></td>
<td>(7,206)</td>
<td>(16,758)</td>
<td>(23,964)</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>8,973</td>
<td>(29,820)</td>
<td>(20,847)</td>
</tr>
<tr>
<td><strong>Beginning Net Position</strong></td>
<td>2,413,257</td>
<td>1,751,031</td>
<td>4,164,288</td>
</tr>
<tr>
<td><strong>Ending Net Position</strong></td>
<td>$2,422,230</td>
<td>$1,721,211</td>
<td>$4,143,441</td>
</tr>
</tbody>
</table>
## Statement of Cash Flows
### Proprietary Funds
For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Water Department</th>
<th>Sewer Department</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flow from Operating Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers</td>
<td>$258,226</td>
<td>$210,169</td>
<td>$468,395</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>($100,182)</td>
<td>($79,958)</td>
<td>($180,140)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>($51,893)</td>
<td>($46,319)</td>
<td>($98,212)</td>
</tr>
<tr>
<td>Other operating payments</td>
<td>($802)</td>
<td>($5,065)</td>
<td>($5,867)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$105,349</td>
<td>$78,827</td>
<td>$184,176</td>
</tr>
<tr>
<td><strong>Cash Flow from Capital and Related Financing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayments of long-term debt</td>
<td>($35,798)</td>
<td>$352,258</td>
<td>$316,460</td>
</tr>
<tr>
<td>Payments of interest</td>
<td>($7,261)</td>
<td>($17,423)</td>
<td>($24,684)</td>
</tr>
<tr>
<td>Purchases of fixed assets</td>
<td>($2,520)</td>
<td>($394,756)</td>
<td>($397,276)</td>
</tr>
<tr>
<td><strong>Net cash used in capital and related financing activities</strong></td>
<td>($45,579)</td>
<td>($59,921)</td>
<td>($105,500)</td>
</tr>
<tr>
<td><strong>Net Increase in Cash</strong></td>
<td>$59,770</td>
<td>$18,906</td>
<td>$78,676</td>
</tr>
</tbody>
</table>

### Business-Type Activities

<table>
<thead>
<tr>
<th></th>
<th>Water Department</th>
<th>Sewer Department</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income (loss)</td>
<td>$16,179</td>
<td>($13,062)</td>
<td>$3,117</td>
</tr>
<tr>
<td><strong>Adjustments for non-cash revenues and expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>86,717</td>
<td>90,017</td>
<td>176,734</td>
</tr>
<tr>
<td><strong>Adjustments for changes in operating assets and</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in accounts receivable</td>
<td>4,041</td>
<td>4,120</td>
<td>8,161</td>
</tr>
<tr>
<td>Increase in inventory</td>
<td>(1,574)</td>
<td>-</td>
<td>(1,574)</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>1,846</td>
<td>2,557</td>
<td>4,403</td>
</tr>
<tr>
<td>Increase in accrued wages</td>
<td>198</td>
<td>356</td>
<td>554</td>
</tr>
<tr>
<td>Increase in accrued compensated absences</td>
<td>24</td>
<td>-</td>
<td>24</td>
</tr>
<tr>
<td>Decrease in due to other funds</td>
<td>(2,082)</td>
<td>(5,161)</td>
<td>(7,243)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$105,349</td>
<td>$78,827</td>
<td>$184,176</td>
</tr>
</tbody>
</table>
**Statement of Fiduciary Net Position**

**Fiduciary Funds**

As of December 31, 2017

<table>
<thead>
<tr>
<th>Private-Purpose Trusts</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Due from general fund</td>
<td>$126,260</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
</tr>
<tr>
<td>Held in trust for other entities</td>
<td>$126,260</td>
</tr>
</tbody>
</table>
### Statement of Changes in Fiduciary Net Position

**Fiduciary Funds**

For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Additions</strong></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$1,574</td>
</tr>
<tr>
<td>Perpetual care fees</td>
<td>2,500</td>
</tr>
<tr>
<td><strong>Total additions</strong></td>
<td>4,074</td>
</tr>
<tr>
<td><strong>Deductions</strong></td>
<td></td>
</tr>
<tr>
<td>Program expenditures</td>
<td>1,574</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>2,500</td>
</tr>
<tr>
<td><strong>Beginning Net Position</strong></td>
<td>123,760</td>
</tr>
<tr>
<td><strong>Ending Net Position</strong></td>
<td>$126,260</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Note 1: Summary of Significant Accounting Policies

The Reporting Entity

The Town of North Haven, Maine, incorporated on June 30, 1846, currently operates under a Board of Selectmen-Town Administrator-Town Meeting form of government. The Board consists of five members elected by the registered voters for overlapping terms of three years. The financial statements of the Town of North Haven conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing accounting principles generally accepted in the United States of America 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) (when applicable) that do not conflict with or contradict GASB pronouncements.

The most significant accounting policies used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may be financially accountable and, as such, be includable within the Town’s basic financial statements. In accordance with GASB, the Town (the primary government) is financially accountable if it appoints a voting majority of the organization’s 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 imposes specific financial burden on the Town. The Town also is financially accountable for organizations that are fiscally dependent on it and there exists a financial benefit or burden relationship. 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 potential component units that should be included as part of the Town’s basic financial statements.

Basis of Presentation

The Town’s basic financial statements consist of government-wide financial statements that describe the Town’s overall financial position and changes in financial position, and fund financial statements that provide a more detailed level of financial information.

Government-Wide Financial Statements

The government-wide financial statements, composed of the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the Town at year end. The Statement of Activities points out the extent to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function, service, program, or department. 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 requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town.
Note 1: Summary of Significant Account Policies (Continued)

**Fund Financial Statements**

Fund financial statements report detailed information about the Town. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Separate financial statements are provided for governmental funds, enterprise funds, and fiduciary funds. Since the focus is on major funds rather than reporting funds by type, each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The Town's major governmental fund is the General Fund. The Town's major enterprise funds are the Water Department and Sewer Department funds. The Town has no non-major governmental or enterprise funds.

Fiduciary funds are used to account for resources in which the Town acts as an agent or trustee. The Town currently maintains one type of fiduciary fund – private-purpose trusts. These funds are not incorporated into the government-wide statements.

**Governmental Funds**

Governmental funds are identified as general, special revenue, capital projects, debt service, or permanent funds based on specific criteria. The focus is on the flows of current financial resources. The following governmental fund types are used by the Town:

- **General Fund** – The General Fund is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Proprietary Funds**

Proprietary funds are identified as either enterprise or internal service funds based on specific criteria. Proprietary funds are used to account for the Town's ongoing activities, which are similar to those often found in the private sector. The focus is on the flow of economic resources. The following proprietary fund types are used by the Town:

- **Enterprise Funds** – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Thus, the intent of the governing body is to provide goods and services to the general public on a continuing basis, the costs of which are to be financed or recovered primarily through user charges (program revenues). Additionally, the governing body makes periodic determinations of whether revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's two enterprise funds are the Water Department and Sewer Department funds. Both are major funds.

**Fiduciary Funds**

Fiduciary funds are identified as pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, or agency funds based on specific criteria. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the government’s own programs. The focus is on the flow of economic resources. The following fiduciary fund types are used by the Town:
Note 1: Summary of Significant Accounting Policies (Continued)

Private-Purpose Trust Funds – Private-purpose trust funds are used to account for assets received by the Town and held in a trustee capacity. Non-expendable trust funds are those for which principal must be preserved intact. Expendable trust funds are those for which principal and income may be expended in the course of their designated operations. The Town has three private-purpose trust funds, one each for the Seaview, Fuller, and Brown cemeteries.

Measurement Focus and Basis of Accounting

Measurement focus refers to which of the Town’s resources are being measured. Basis of accounting refers to the timing of the measurements being made, regardless of the measurement focus being applied. That is, basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide financial statements, enterprise fund financial statements, and fiduciary fund financial statements are reported using the economic measurement focus and the accrual basis of accounting. All economic resources and claims on those economic resources are measured, including fixed assets, other non-current assets, and long-term liabilities. Under 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 period 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. The current financial resources measurement focus excludes from measurement resources such as fixed assets, other non-current assets, and long-term liabilities. Under modified accrual accounting, revenues are recognized when 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. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

Interfund Transactions

During the course of normal operations, transactions occur between individual funds. Interfund transactions are classified depending on the nature of the transaction.

Interfund loans are recorded as receivables and payables and are presented as “due from other funds” and “due to other funds,” respectively, on the balance sheets of the fund financial statements. For reporting purposes, current amounts due from and due to the same funds are offset and the net amounts are shown in the respective fund balance sheets. Non-fiduciary interfund loans are eliminated in the government-wide financial statements.

Interfund services provided and used are recorded as revenues in the fund providing the goods or services and as expenditures/expenses in the fund receiving the goods or services. Any unpaid amounts are recorded as receivables and payables and presented in the same manner as interfund loans.
Note 1: Summary of Significant Accounting Policies (Continued)

Interfund transfers are flows of assets from one fund to another without equivalent flows of assets in return. Interfund transfers are recorded and are presented as “transfers in” and “transfers out” in the fund financial statements. In the governmental funds, these transfers are reported as other financing sources and uses.

Interfund reimbursements are repayments from funds responsible for particular expenditures/expenses to funds that initially paid for them. Reimbursements are not displayed in the financial statements.

Cash and Cash Equivalents

The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less.

Allowance for Doubtful Accounts

The Town does not maintain an allowance for doubtful accounts. Before the end of each fiscal year, liens are placed on prior year’s real estate tax balances. Generally accepted accounting principles require that the allowance method be used to recognize bad debts. Historically, the effect of using the direct write-off method on accounts receivable balances from the clinic is not materially different from the results that would have been obtained under the allowance method.

Inventory

Inventory for the governmental funds is considered to be expenditures at the time of purchase rather than when consumed, and is not included in the governmental fund balance sheet. The costs of inventory items are recognized as expenses in the proprietary funds when used.

Landfill Closure and Post-Closure Care Cost

GASB requires the Town to record a liability for the estimated costs of landfill closure and post-closure care, as required by government authorities.

State and federal regulations require that the Town perform certain maintenance and monitoring functions at the site for a period of thirty years after closure. The Town has one landfill, closure of which is complete. Some monitoring costs will be required in the next few years. However, these costs are not deemed to be material and were therefore not recorded as a liability.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the governmental activities or business-type activities columns in the government-wide financial statements, as applicable.

Capital assets are defined by the Town as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. The useful life is management’s estimate of how long the asset is expected to meet service demands.

Land and any construction in progress are not depreciated. As required by GASB, capitalization of interest cost is applied on new construction, when applicable.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend its life is not capitalized.
Note 1: Summary of Significant Accounting Policies (Continued)

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as expenditures upon acquisition. Fixed assets are not capitalized and related depreciation is not expensed in the fund financial statements.

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

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>10 - 50 years</td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>10 - 60 years</td>
</tr>
<tr>
<td>Equipment and vehicles</td>
<td>5 - 30 years</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>20 - 75 years</td>
</tr>
</tbody>
</table>

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report an additional financial statement element called deferred outflows of resources. These represent consumption of net assets that apply to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report an additional financial statement element called deferred inflows of resources. These represent acquisition of net assets that apply to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the Town’s deferred inflows of resources consist of prepaid property taxes. In the fund financial statements, due to differences in the modified accrual basis of accounting, deferred inflows also include unavailable property taxes.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bond issuance costs are reported as expenses.

In the fund financial statements, governmental funds report the face amount of debt issued during the fiscal year as other financing resources in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. Governmental funds also recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Proprietary funds report long-term debt and other long-term obligations as liabilities in the Statement of Net Position – Proprietary Funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bond issuance costs are reported as expenses.
Net Position Classifications

Net position is required to be classified into the following three components:

*Net Investment in Capital Assets* – This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets</td>
<td>$ 7,801,109</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(3,208,618)</td>
</tr>
<tr>
<td>Bonds and notes payable</td>
<td>(766,607)</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>(2,995)</td>
</tr>
</tbody>
</table>

Net investment in capital assets: $ 3,822,889

*Restricted* – This component consists of constraints placed on the use of net position which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**Fund Balance Classifications**

In the fund financial statements, governmental fund balance is presented in five possible categories:

*Nonspendable* – This component consists of net fund amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

*Restricted* – This component consists of net funds that have externally enforceable legal restrictions.

*Committed* – This component consists of net funds that are constrained by limitations that the government imposes upon itself at its highest level of decision making authority and that remain binding unless removed in the same manner.

*Assigned* – This component consists of net funds that are intended to be used for specific purposes, but are neither restricted nor committed. The Board of Selectmen and Town Administrator have the authority to assign amounts to be used for specific purposes.

*Unassigned* – This component represents net funds that are available for any purpose.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the Town's intent to use committed or assigned resources first, and then unassigned resources as they are needed.
Note 1: Summary of Significant Accounting Policies (Continued)

Estimates

Management uses estimates and assumptions in preparing these basic financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, the disclosure of contingent liabilities, and the reported revenue and expenses. Actual results could differ from these estimates.

Note 2: Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the bank’s failure, the Town will not be able to recover the value of its deposits that are in the possession of an outside party.

The Town does not have a deposit policy for custodial credit risk. The Town maintains demand deposits and in banks that are members of the FDIC. As of December 31, 2017, $250,000 of the Town's $2,866,394 held by banks was insured by the FDIC. The remaining uninsured deposits of $2,616,394 were covered under a collateral agreement with the bank of pledged securities with a market value matching the uninsured deposits.

Note 3: Property Taxes

The Town's property taxes for the current year were committed August 3, 2017 on the assessed value of all listed real estate and taxable personal property located in the Town as of April 1, 2017. Taxes were due on September 30, 2017; interest was charged at 7.00% on all unpaid taxes after that date. The real estate and taxable personal property assessed value upon which the levy for the year ended December 31, 2017 was based amounted to $311,392,200.

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 $25,768 for the year ended December 31, 2017. Property taxes levied are recorded as receivables at the time the levy is made.

In the General Fund’s financial statements, taxes collected during the year and in the first sixty (60) days subsequent to the fiscal year have been recorded as revenues. The remaining receivables estimated to be collectible subsequent to the sixty (60) day period are recorded as deferred inflows in the fund financial statements. In the government-wide financial statements, taxes are recorded as revenues in the period levied regardless of the timing of the collection of those taxes.

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 non-payment 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 parcel are not included as part of the tax acquired property account until the expiration of statutory time limits.
Note 3: Property Taxes (Continued)

The following summarizes the tax levy for 2017:

- Real estate valuation: $310,294,700
- Personal property valuation: $1,097,500
- Total valuation: $311,392,200
- Mil rate (per $1,000 of valuation): 13.10
- Tax commitment: $4,079,238

Collection of 2017 taxes levied is as follows:

- Original tax commitment: $4,079,238
- Supplemental taxes: -
- Total tax commitment: 4,079,238

Less:
- Abatements of current year taxes: -
- Current year taxes receivable at year end: 112,840

Current year tax collections: $3,966,398
Collection rate of current year taxes: 97.2%

Note 4: Capital Assets

Governmental Activities

For governmental activities, capital asset activity for the year ended December 31, 2017, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Disposals</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$405,910</td>
<td>-</td>
<td>-</td>
<td>$405,910</td>
</tr>
<tr>
<td>Land improvements</td>
<td>1,060,507</td>
<td>-</td>
<td>-</td>
<td>1,060,507</td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>1,124,584</td>
<td>-</td>
<td>-</td>
<td>1,124,584</td>
</tr>
<tr>
<td>Equipment and vehicles</td>
<td>1,239,012</td>
<td>126,700</td>
<td>(45,007)</td>
<td>1,320,705</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>3,713,903</td>
<td>175,500</td>
<td>-</td>
<td>3,889,403</td>
</tr>
<tr>
<td><strong>Total capital assets</strong></td>
<td>7,543,916</td>
<td>302,200</td>
<td>(45,007)</td>
<td>7,801,109</td>
</tr>
</tbody>
</table>

Less: Accumulated Depreciation

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Disposals</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>511,918</td>
<td>27,662</td>
<td>-</td>
<td>539,580</td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>580,951</td>
<td>22,426</td>
<td>-</td>
<td>603,377</td>
</tr>
<tr>
<td>Equipment and vehicles</td>
<td>680,566</td>
<td>71,294</td>
<td>(42,495)</td>
<td>709,365</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>1,203,073</td>
<td>153,223</td>
<td>-</td>
<td>1,356,296</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>2,976,508</td>
<td>274,605</td>
<td>(42,495)</td>
<td>3,208,618</td>
</tr>
</tbody>
</table>

Net capital assets: $4,567,408

As of and for the year ended December 31, 2017
Town of North Haven, Maine

Notes to the Basic Financial Statements

Note 4: Capital Assets (Continued)

For governmental activities, depreciation was charged to functional areas as follows:

<table>
<thead>
<tr>
<th>Functional Area</th>
<th>Depreciation Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>$7,211</td>
</tr>
<tr>
<td>Public safety</td>
<td>$42,879</td>
</tr>
<tr>
<td>Public works</td>
<td>$170,356</td>
</tr>
<tr>
<td>Health and welfare</td>
<td>$47,850</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>$6,309</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$274,605</strong></td>
</tr>
</tbody>
</table>

Business-type Activities

For Business-type activities, capital assets are valued at cost. Depreciation of all exhaustible fixed assets is charged as an expense against their operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

<table>
<thead>
<tr>
<th>Water Department</th>
<th>Sewer Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years</td>
<td>Cost</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Land</td>
<td>-</td>
</tr>
<tr>
<td>Collection/distribution mains</td>
<td>25 - 75</td>
</tr>
<tr>
<td>Treatment facility and equipment</td>
<td>8 - 50</td>
</tr>
<tr>
<td>Pumping equipment</td>
<td>5 - 25</td>
</tr>
<tr>
<td>Pumping station and other structures</td>
<td>32 - 50</td>
</tr>
<tr>
<td>Generating and maintenance equipment</td>
<td>5 - 20</td>
</tr>
<tr>
<td>Hydrants and cisterns</td>
<td>67</td>
</tr>
<tr>
<td><strong>Total capital assets</strong></td>
<td>3,957,775</td>
</tr>
<tr>
<td><strong>Less: Accumulated depreciation</strong></td>
<td>$(1,441,731)</td>
</tr>
<tr>
<td><strong>Net capital assets</strong></td>
<td>$2,516,044</td>
</tr>
</tbody>
</table>

Net capital assets recorded in the Water and Sewer Departments for the year ended December 31, 2017 was $85,860 and $90,017, respectively.

Note 5: Intangible Assets

In 2014, the Water Department incurred $3,427 in costs to determine revised water usage rates. These intangible assets were capitalized as of December 31, 2014 and are being amortized over four years beginning in fiscal year 2015.

Amortization expense of intangible assets in the Water Department for the year ended December 31, 2017 was $857.
**Note 6: Interfund Receivables and Payables**

At December 31, 2017, the balance due to and due from accounts were as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Interfund Receivables</th>
<th>Interfund Payables</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund</td>
<td>$28,885</td>
<td>$126,260</td>
</tr>
<tr>
<td>Water department fund</td>
<td>-</td>
<td>17,396</td>
</tr>
<tr>
<td>Sewer department fund</td>
<td>-</td>
<td>11,489</td>
</tr>
<tr>
<td>Private-purpose trust funds</td>
<td>126,260</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total interfund balances</strong></td>
<td><strong>155,145</strong></td>
<td><strong>155,145</strong></td>
</tr>
</tbody>
</table>

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. The balances represent (1) expenditures charged to the enterprise funds and paid by and reimbursable to the general fund, and (2) funds belonging to the private-purpose funds that are maintained in the general fund's bank accounts and are owed to the private-purpose funds as of December 31, 2017.

**Note 7: Overlapping Debt**

The Town is liable for its proportional share of any defaulted debt issued by Knox County and Maine School Administrative District No. 7. The Town’s share of Knox County’s debt as of December 31, 2017 is $93,734, representing 4.42% of the total debt outstanding ($2,120,680) at that date. The Town’s share of Maine School Administrative District No. 7 debt is $1,045,000, representing 100% of the total debt outstanding. In addition, the Town is contracted to pay its remaining balance of MSAD No. 7’s 2017/2018 school year assessment through June 30, 2018 totaling $1,141,245.

**Note 8: Notes Payable**

The Town had the following note outstanding at December 31, 2017:

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Date of Issue</th>
<th>Date of Maturity</th>
<th>Balance at 12/31/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%</td>
<td>2/2/2017</td>
<td>Upon completion</td>
<td>$379,897</td>
</tr>
</tbody>
</table>

Clean Water State Revolving Note

The outstanding note was to finance upgrades to the Town’s Pollution Control Facility and will be permanently funded upon completion of the project.

The following summarizes activity in notes payable during fiscal year 2017:

<table>
<thead>
<tr>
<th>Beginning Balance</th>
<th>New Issues</th>
<th>Maturities</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean Water State Revolving Note</td>
<td>$ -</td>
<td>$379,897</td>
<td>$379,897</td>
</tr>
</tbody>
</table>

As of and for the year ended December 31, 2017
Note 9: Long-Term Debt

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

### Governmental Activities

<table>
<thead>
<tr>
<th>Serial Maturities</th>
<th>Amount Outstanding at year-end</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road Improvements</td>
<td>$466,668</td>
</tr>
<tr>
<td>USDA Rural Housing Service</td>
<td>$299,939</td>
</tr>
<tr>
<td><strong>Total Governmental Activities</strong></td>
<td><strong>$766,607</strong></td>
</tr>
</tbody>
</table>

### Business-Type Activities

<table>
<thead>
<tr>
<th>Serial Maturities</th>
<th>Amount Outstanding at year-end</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Department:</td>
<td></td>
</tr>
<tr>
<td>USDA Rural Development</td>
<td>$49,876</td>
</tr>
<tr>
<td>Water Treatment Facility SRF</td>
<td>$247,250</td>
</tr>
<tr>
<td>USDA Safe Drinking Water</td>
<td>$140,857</td>
</tr>
<tr>
<td>Total Water Department</td>
<td><strong>437,983</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Serial Maturities</th>
<th>Amount Outstanding at year-end</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewer Department:</td>
<td></td>
</tr>
<tr>
<td>USDA Rural Development</td>
<td>$411,803</td>
</tr>
<tr>
<td>Total Sewer Department</td>
<td><strong>411,803</strong></td>
</tr>
</tbody>
</table>

**Total Business-Type Activities:** $849,786

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2017 are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year 2018</td>
<td>$124,851</td>
<td>$23,215</td>
<td>$148,066</td>
</tr>
<tr>
<td>Fiscal Year 2019</td>
<td>125,138</td>
<td>18,145</td>
<td>143,283</td>
</tr>
<tr>
<td>Fiscal Year 2020</td>
<td>125,434</td>
<td>14,348</td>
<td>139,782</td>
</tr>
<tr>
<td>Fiscal Year 2021</td>
<td>125,741</td>
<td>11,708</td>
<td>137,449</td>
</tr>
<tr>
<td>Fiscal Year 2022</td>
<td>9,391</td>
<td>9,290</td>
<td>18,681</td>
</tr>
<tr>
<td>Fiscal Years 2023 - 2027</td>
<td>52,124</td>
<td>41,286</td>
<td>93,410</td>
</tr>
<tr>
<td>Fiscal Years 2028 - 2032</td>
<td>61,907</td>
<td>31,503</td>
<td>93,410</td>
</tr>
<tr>
<td>Fiscal Years 2033 - 2037</td>
<td>73,527</td>
<td>19,884</td>
<td>93,411</td>
</tr>
<tr>
<td>Fiscal Years 2038 - 2042</td>
<td>68,494</td>
<td>6,089</td>
<td>74,583</td>
</tr>
</tbody>
</table>

**Totals:** $766,607 $175,468 $942,075
Note 9:  Long-Term Debt (Continued)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$45,749</td>
<td>$26,952</td>
<td>$72,701</td>
</tr>
<tr>
<td>2019</td>
<td>47,014</td>
<td>25,686</td>
<td>72,700</td>
</tr>
<tr>
<td>2020</td>
<td>48,336</td>
<td>24,363</td>
<td>72,699</td>
</tr>
<tr>
<td>2021</td>
<td>49,720</td>
<td>22,981</td>
<td>72,701</td>
</tr>
<tr>
<td>2022</td>
<td>51,164</td>
<td>21,537</td>
<td>72,701</td>
</tr>
<tr>
<td>2023 - 2027</td>
<td>238,042</td>
<td>86,373</td>
<td>324,415</td>
</tr>
<tr>
<td>2028 - 2032</td>
<td>231,878</td>
<td>51,246</td>
<td>283,124</td>
</tr>
<tr>
<td>2033 - 2037</td>
<td>137,883</td>
<td>18,608</td>
<td>156,491</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$849,786</td>
<td>$277,746</td>
<td>$1,127,532</td>
</tr>
</tbody>
</table>

During the year ended December 31, 2017, the following changes occurred in long-term debt:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balances</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Activities</td>
<td>Bonds payable</td>
<td>$910,881</td>
<td>$ -</td>
<td>$(144,274)</td>
<td>$766,607</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balances</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business-Type Activities</td>
<td>Water bonds payable</td>
<td>469,775</td>
<td>-</td>
<td>(31,792)</td>
<td>437,983</td>
</tr>
<tr>
<td></td>
<td>Sewer bonds payable</td>
<td>443,448</td>
<td>-</td>
<td>(31,645)</td>
<td>411,803</td>
</tr>
<tr>
<td>Total Business-Type Activities</td>
<td>$913,223</td>
<td>$ -</td>
<td>$(63,437)</td>
<td>$849,786</td>
<td>$45,749</td>
</tr>
</tbody>
</table>

Note 10: Other Long-Term Liabilities

Besides long-term debt, the Town’s other long-term liabilities includes amounts due to employees for accrued compensated absences, which represents unused vacation hours earned by employees as of December 31, 2017. The total amount accrued by the Town for this is $15,640. Of this amount, $13,272 is allocated to governmental activities for employees whose wages are paid out of the General Fund. The remaining $2,368 is allocated to business-type activities, specifically the Water Department, for employees whose wages are paid out of the Water Department enterprise fund.

Note 11: Tax Anticipation Note

During the year, the Town had a $1,300,000 tax anticipation note for working capital needs.

Short-term debt activity for the year ended December 31, 2017 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Retirements</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax anticipation note</td>
<td>$ -</td>
<td>1,300,000</td>
<td>(1,300,000)</td>
<td>$ -</td>
</tr>
</tbody>
</table>

Interest paid on short-term debt during the year was $4,785.
Note 12: Statutory Debt Limits

In accordance with 30-A MRSA, Section 5702, as amended, no municipality shall incur debt (a) for school purposes in excess of 10% of its last full state valuation, (b) for storm or sanitary sewer purposes in excess of 7.5% of its last full state valuation, (c) for municipal airport and special district purposes in excess of 3% of its last full state valuation, and (d) for all other purposes in excess of 7.5% of its last full state valuation. Additionally, a municipality’s total debt may not exceed 15% of its last full state valuation. The Town’s last full state valuation, dated January 22, 2018, is $319,300,000.

The Town’s debt types and margins below statutory limits are as follows:

<table>
<thead>
<tr>
<th>Statutory Limit</th>
<th>Debt Type Limit</th>
<th>Outstanding Debt</th>
<th>Debt Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>School purposes</td>
<td>10.0%</td>
<td>31,930,000</td>
<td>-</td>
</tr>
<tr>
<td>Storm or sanitary sewer purposes</td>
<td>7.5%</td>
<td>23,947,500</td>
<td>913,223</td>
</tr>
<tr>
<td>Airport and special districts</td>
<td>3.0%</td>
<td>9,579,000</td>
<td>-</td>
</tr>
<tr>
<td>All other purposes</td>
<td>7.5%</td>
<td>23,947,500</td>
<td>910,881</td>
</tr>
<tr>
<td>Total debt</td>
<td>15.0%</td>
<td>47,895,000</td>
<td>1,824,104</td>
</tr>
</tbody>
</table>

Note 13: Contingencies and Other Disclosures

Litigation

The Town is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the Town has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the Town.

State and Federal Grants

The Town participates in state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment 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 money received may be required. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined basic financial statements for such contingencies.

Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance, or participates in a public entity risk pool sponsored by the Maine Municipal Association. Based on the coverage provided by commercial insurance purchased, the Town is not aware of any material, actual or potential, claim liabilities which should be recorded at December 31, 2017. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past four fiscal years. The amount of unpaid claims was $0 at December 31, 2017.
Note 14: Restricted Balances of Net Position

In the government-wide Statement of Net Position, the restricted portion of net position is $24,784 as of December 31, 2017. This amount represents unexpended grant funds from the Maine Department of Transportation’s Local Road Assistance Program.

Note 15: Fund Balance Components

At December 31, 2017, the general fund’s unassigned fund balance was $625,954. The remaining fund balance was classified as follows, and for the following purposes:

<table>
<thead>
<tr>
<th>Restricted</th>
<th>Committed</th>
<th>Assigned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local road assistance program</td>
<td>$24,784</td>
<td>$ -</td>
</tr>
<tr>
<td>Highway truck reserve</td>
<td>-</td>
<td>$126,968</td>
</tr>
<tr>
<td>Ambulance reserve</td>
<td>-</td>
<td>$48,102</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td>-</td>
<td>$30,967</td>
</tr>
<tr>
<td>Fire truck reserve</td>
<td>-</td>
<td>$129,347</td>
</tr>
<tr>
<td>Office equipment reserve</td>
<td>-</td>
<td>$9,607</td>
</tr>
<tr>
<td>Town office reserve</td>
<td>-</td>
<td>$41,395</td>
</tr>
<tr>
<td>Town house reserve</td>
<td>-</td>
<td>$9,140</td>
</tr>
<tr>
<td>Highway repaving reserve</td>
<td>-</td>
<td>$517,134</td>
</tr>
<tr>
<td>Mullin’s Head Park reserve</td>
<td>-</td>
<td>$13,253</td>
</tr>
<tr>
<td>Town properties reserve</td>
<td>-</td>
<td>$22,859</td>
</tr>
<tr>
<td>Medical clinic reserve</td>
<td>-</td>
<td>$17,383</td>
</tr>
<tr>
<td>Recycling facility reserve</td>
<td>-</td>
<td>$85,170</td>
</tr>
<tr>
<td>Town garage reserve</td>
<td>-</td>
<td>$27,019</td>
</tr>
<tr>
<td>Community building reserve</td>
<td>-</td>
<td>$40,900</td>
</tr>
<tr>
<td>Floats and docks reserve</td>
<td>-</td>
<td>$16,394</td>
</tr>
<tr>
<td>Digital mapping reserve</td>
<td>-</td>
<td>$4,128</td>
</tr>
<tr>
<td>Playground reserve</td>
<td>-</td>
<td>$2,020</td>
</tr>
<tr>
<td>Appropriations carried forward - general government</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriations carried forward - public safety</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriations carried forward - health and welfare</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriations carried forward - culture and recreation</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

$24,784 $1,141,786 $71,378
Note 16: Retirement

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-time employees of the Town. 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 contribution to this plan for the year ended December 31, 2017, was $31,520. Members’ contributions to the plan for the year ended December 31, 2017, was $24,473. 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.

The Town has no liability for losses under the plan; however, as part of its fiduciary role, the Town has an obligation of due care in selecting the third party administrator.

Additionally, the Town’s contribution to Social Security and Medicare was $48,975 and $11,453, respectively, for the year ended December 31, 2017.

Note 17: Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through March 2, 2018, the date the financial statements were available to be issued.
## Budgetary Comparison Schedule - Summarized
### General Fund - Budgetary Basis
For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Positive (Negative) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$4,198,738</td>
<td>$4,198,738</td>
<td>$4,250,097</td>
<td>$51,359</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>29,720</td>
<td>29,720</td>
<td>56,604</td>
<td>26,884</td>
</tr>
<tr>
<td>Licenses, Permits, and Fees</td>
<td>6,075</td>
<td>6,075</td>
<td>8,505</td>
<td>2,430</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>182,824</td>
<td>182,824</td>
<td>182,633</td>
<td>(191)</td>
</tr>
<tr>
<td>Other revenues</td>
<td>28,436</td>
<td>28,436</td>
<td>45,509</td>
<td>17,073</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>4,445,793</td>
<td>4,445,793</td>
<td>4,543,348</td>
<td>97,555</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>596,568</td>
<td>599,370</td>
<td>535,174</td>
<td>64,196</td>
</tr>
<tr>
<td>Public safety</td>
<td>222,013</td>
<td>222,540</td>
<td>180,133</td>
<td>42,407</td>
</tr>
<tr>
<td>Public works</td>
<td>388,250</td>
<td>388,250</td>
<td>362,539</td>
<td>25,711</td>
</tr>
<tr>
<td>Health and welfare</td>
<td>549,669</td>
<td>552,819</td>
<td>482,876</td>
<td>69,943</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>36,830</td>
<td>38,597</td>
<td>26,678</td>
<td>11,919</td>
</tr>
<tr>
<td>Fixed charges and other</td>
<td>2,756,699</td>
<td>3,010,896</td>
<td>2,966,280</td>
<td>44,616</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>4,550,029</td>
<td>4,812,472</td>
<td>4,553,680</td>
<td>258,792</td>
</tr>
<tr>
<td><strong>Revenue Surplus (Deficit)</strong></td>
<td>$ (104,236)</td>
<td>$ (366,679)</td>
<td>$ (10,332)</td>
<td>$ 356,347</td>
</tr>
</tbody>
</table>

### Changes in Fund Balances Components

<table>
<thead>
<tr>
<th></th>
<th>Original</th>
<th>Final</th>
<th>Actual</th>
<th>Positive (Negative) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted fund balance</td>
<td>$ (85,400)</td>
<td>$ (85,400)</td>
<td>$ (60,616)</td>
<td></td>
</tr>
<tr>
<td>Committed fund balance</td>
<td>196,500</td>
<td>(60,103)</td>
<td>(27,896)</td>
<td></td>
</tr>
<tr>
<td>Assigned fund balance</td>
<td>(65,336)</td>
<td>(65,336)</td>
<td>6,042</td>
<td></td>
</tr>
<tr>
<td>Unassigned fund balance</td>
<td>(150,000)</td>
<td>(155,840)</td>
<td>72,138</td>
<td></td>
</tr>
<tr>
<td><strong>Net changes in fund balance</strong></td>
<td>$ (104,236)</td>
<td>$ (366,679)</td>
<td>$ (10,332)</td>
<td></td>
</tr>
</tbody>
</table>

See the notes to the required supplementary information.
Budgetary Comparison Schedule - Detailed
General Fund - Budgetary Basis
For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Positive (Negative) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$4,079,238</td>
<td>$4,079,238</td>
<td>$4,107,090</td>
<td>$27,852</td>
</tr>
<tr>
<td>Payments in lieu of taxes</td>
<td>9,500</td>
<td>9,500</td>
<td>16,544</td>
<td>7,044</td>
</tr>
<tr>
<td>Excise taxes</td>
<td>110,000</td>
<td>110,000</td>
<td>126,463</td>
<td>16,463</td>
</tr>
<tr>
<td>Total taxes</td>
<td>4,198,738</td>
<td>4,198,738</td>
<td>4,250,097</td>
<td>51,359</td>
</tr>
<tr>
<td><strong>Intergovernmental</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State revenue sharing</td>
<td>8,169</td>
<td>8,169</td>
<td>8,181</td>
<td>12</td>
</tr>
<tr>
<td>Homestead reimbursement</td>
<td>15,196</td>
<td>15,196</td>
<td>14,525</td>
<td>(671)</td>
</tr>
<tr>
<td>BETE reimbursement</td>
<td>147</td>
<td>147</td>
<td>151</td>
<td>4</td>
</tr>
<tr>
<td>Veterans exemption reimbursement</td>
<td>-</td>
<td>-</td>
<td>399</td>
<td>399</td>
</tr>
<tr>
<td>Tree growth reimbursement</td>
<td>-</td>
<td>-</td>
<td>1,275</td>
<td>1,275</td>
</tr>
<tr>
<td>MDOT grants</td>
<td>6,208</td>
<td>6,208</td>
<td>32,073</td>
<td>25,865</td>
</tr>
<tr>
<td>Total intergovernmental</td>
<td>29,720</td>
<td>29,720</td>
<td>56,604</td>
<td>26,884</td>
</tr>
<tr>
<td><strong>Licenses, Permits, and Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agent and clerk fees</td>
<td>3,575</td>
<td>3,575</td>
<td>3,526</td>
<td>(49)</td>
</tr>
<tr>
<td>Plumbing permit fees</td>
<td>-</td>
<td>-</td>
<td>2,803</td>
<td>2,803</td>
</tr>
<tr>
<td>Land use permit fees</td>
<td>2,500</td>
<td>2,500</td>
<td>1,503</td>
<td>(997)</td>
</tr>
<tr>
<td>Dog license fees</td>
<td>-</td>
<td>-</td>
<td>202</td>
<td>202</td>
</tr>
<tr>
<td>Lien cost fees</td>
<td>-</td>
<td>-</td>
<td>451</td>
<td>451</td>
</tr>
<tr>
<td>Returned check fees</td>
<td>-</td>
<td>-</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Total licenses, permits, and fees</td>
<td>6,075</td>
<td>6,075</td>
<td>8,505</td>
<td>2,430</td>
</tr>
<tr>
<td><strong>Charges for Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notary, fax, and copier charges</td>
<td>224</td>
<td>224</td>
<td>208</td>
<td>(16)</td>
</tr>
<tr>
<td>Rental charges</td>
<td>7,000</td>
<td>7,000</td>
<td>2,800</td>
<td>(4,200)</td>
</tr>
<tr>
<td>Sewer and water dept. admin charges</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>-</td>
</tr>
<tr>
<td>Transfer station fees</td>
<td>62,000</td>
<td>62,000</td>
<td>67,555</td>
<td>5,555</td>
</tr>
<tr>
<td>Medical clinic fees</td>
<td>100,000</td>
<td>100,000</td>
<td>100,770</td>
<td>770</td>
</tr>
<tr>
<td>Emergency medical services</td>
<td>10,600</td>
<td>10,600</td>
<td>8,300</td>
<td>(2,300)</td>
</tr>
<tr>
<td>Total licenses, permits, and fees</td>
<td>182,824</td>
<td>182,824</td>
<td>182,633</td>
<td>(191)</td>
</tr>
<tr>
<td><strong>Other Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on taxes and liens</td>
<td>5,500</td>
<td>5,500</td>
<td>7,491</td>
<td>1,991</td>
</tr>
<tr>
<td>Interest on cash and investments</td>
<td>12,000</td>
<td>12,000</td>
<td>21,173</td>
<td>9,173</td>
</tr>
<tr>
<td>Donations</td>
<td>2,000</td>
<td>2,000</td>
<td>5,242</td>
<td>3,242</td>
</tr>
<tr>
<td>Outreach</td>
<td>8,936</td>
<td>8,936</td>
<td>8,936</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>2,667</td>
<td>2,667</td>
</tr>
<tr>
<td>Total other revenues</td>
<td>28,436</td>
<td>28,436</td>
<td>45,509</td>
<td>17,073</td>
</tr>
<tr>
<td>Total revenues</td>
<td>4,445,793</td>
<td>4,445,793</td>
<td>4,543,348</td>
<td>97,555</td>
</tr>
</tbody>
</table>

See the notes to the required supplementary information.
## Budgetary Comparison Schedule - Detailed
### General Fund - Budgetary Basis
For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Positive (Negative) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Government</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town administration</td>
<td>$242,974</td>
<td>$242,974</td>
<td>$230,448</td>
<td>$12,526</td>
</tr>
<tr>
<td>Assessors</td>
<td>33,650</td>
<td>33,650</td>
<td>32,068</td>
<td>1,582</td>
</tr>
<tr>
<td>Planning and code enforcement</td>
<td>15,500</td>
<td>15,500</td>
<td>8,897</td>
<td>6,603</td>
</tr>
<tr>
<td>Plumbing inspector</td>
<td>6,074</td>
<td>8,876</td>
<td>959</td>
<td>7,917</td>
</tr>
<tr>
<td>Community building</td>
<td>13,064</td>
<td>13,064</td>
<td>12,439</td>
<td>625</td>
</tr>
<tr>
<td>Town properties</td>
<td>21,500</td>
<td>21,500</td>
<td>25,025</td>
<td>(3,525)</td>
</tr>
<tr>
<td>Insurance</td>
<td>59,263</td>
<td>59,263</td>
<td>50,633</td>
<td>8,630</td>
</tr>
<tr>
<td>Payroll expenses</td>
<td>167,013</td>
<td>167,013</td>
<td>162,822</td>
<td>4,191</td>
</tr>
<tr>
<td>Other general government</td>
<td>37,530</td>
<td>37,530</td>
<td>11,883</td>
<td>25,647</td>
</tr>
<tr>
<td><strong>Total general government</strong></td>
<td>596,568</td>
<td>599,370</td>
<td>535,174</td>
<td>64,196</td>
</tr>
<tr>
<td><strong>Public Safety</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fire department</td>
<td>54,691</td>
<td>55,016</td>
<td>22,499</td>
<td>32,517</td>
</tr>
<tr>
<td>Police protection</td>
<td>61,486</td>
<td>61,486</td>
<td>52,609</td>
<td>8,877</td>
</tr>
<tr>
<td>Animal control</td>
<td>1,168</td>
<td>1,370</td>
<td>497</td>
<td>873</td>
</tr>
<tr>
<td>Other public safety</td>
<td>104,668</td>
<td>104,668</td>
<td>104,528</td>
<td>140</td>
</tr>
<tr>
<td><strong>Total public safety</strong></td>
<td>222,013</td>
<td>222,540</td>
<td>180,133</td>
<td>42,407</td>
</tr>
<tr>
<td><strong>Public Works</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads and bridges</td>
<td>85,000</td>
<td>85,000</td>
<td>66,950</td>
<td>18,050</td>
</tr>
<tr>
<td>Local road assistance program</td>
<td>85,400</td>
<td>85,400</td>
<td>85,400</td>
<td>-</td>
</tr>
<tr>
<td>Snow removal</td>
<td>59,300</td>
<td>59,300</td>
<td>63,085</td>
<td>(3,785)</td>
</tr>
<tr>
<td>Floats and docks</td>
<td>13,350</td>
<td>13,350</td>
<td>10,251</td>
<td>3,099</td>
</tr>
<tr>
<td>Solid waste and recycling</td>
<td>145,200</td>
<td>145,200</td>
<td>136,853</td>
<td>8,347</td>
</tr>
<tr>
<td><strong>Total public works</strong></td>
<td>388,250</td>
<td>388,250</td>
<td>362,539</td>
<td>25,711</td>
</tr>
<tr>
<td><strong>Health and Welfare</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical clinic</td>
<td>388,830</td>
<td>390,880</td>
<td>359,164</td>
<td>31,716</td>
</tr>
<tr>
<td>Emergency medical services</td>
<td>103,703</td>
<td>104,803</td>
<td>72,845</td>
<td>31,958</td>
</tr>
<tr>
<td>Outreach</td>
<td>11,000</td>
<td>11,000</td>
<td>8,243</td>
<td>2,757</td>
</tr>
<tr>
<td>Service agencies</td>
<td>33,936</td>
<td>33,936</td>
<td>33,936</td>
<td>-</td>
</tr>
<tr>
<td>Veterans' graves</td>
<td>3,200</td>
<td>3,200</td>
<td>2,633</td>
<td>567</td>
</tr>
<tr>
<td>Other health and welfare</td>
<td>9,000</td>
<td>9,000</td>
<td>6,055</td>
<td>2,945</td>
</tr>
<tr>
<td><strong>Total health and welfare</strong></td>
<td>549,669</td>
<td>552,819</td>
<td>482,876</td>
<td>69,943</td>
</tr>
<tr>
<td><strong>Culture and Recreation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mullins Head</td>
<td>6,553</td>
<td>6,683</td>
<td>1,671</td>
<td>5,012</td>
</tr>
<tr>
<td>Recreation council</td>
<td>13,777</td>
<td>15,414</td>
<td>8,507</td>
<td>6,907</td>
</tr>
<tr>
<td>Other culture and recreation</td>
<td>16,500</td>
<td>16,500</td>
<td>16,500</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total culture and recreation</strong></td>
<td>36,830</td>
<td>38,597</td>
<td>26,678</td>
<td>11,919</td>
</tr>
</tbody>
</table>

See the notes to the required supplementary information.
## Budgetary Comparison Schedule - Detailed
### General Fund - Budgetary Basis
For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Positive (Negative) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Charges and Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>$2,163,308</td>
<td>$2,163,308</td>
<td>$2,161,863</td>
<td>$1,445</td>
</tr>
<tr>
<td>County assessment</td>
<td>396,886</td>
<td>396,886</td>
<td>396,886</td>
<td>-</td>
</tr>
<tr>
<td>Tax abatements</td>
<td>25,768</td>
<td>25,768</td>
<td>-</td>
<td>25,768</td>
</tr>
<tr>
<td>Debt service</td>
<td>170,737</td>
<td>170,737</td>
<td>169,520</td>
<td>1,217</td>
</tr>
<tr>
<td>Reserve fund expenditures</td>
<td>-</td>
<td>254,197</td>
<td>238,011</td>
<td>16,186</td>
</tr>
<tr>
<td>Total fixed charges and other</td>
<td>2,756,699</td>
<td>3,010,896</td>
<td>2,966,280</td>
<td>44,616</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>4,550,029</td>
<td>4,812,472</td>
<td>4,553,680</td>
<td>258,792</td>
</tr>
<tr>
<td><strong>Revenue Surplus (Deficit)</strong></td>
<td>$(104,236)</td>
<td>$(366,679)</td>
<td>$(10,332)</td>
<td>$(356,347)</td>
</tr>
</tbody>
</table>

### Changes in Fund Balance Components

**Restricted Fund Balance**
- Additions to LRAP funds: 
  - $ (85,400) 
  - $ (50,000) 
- Use of LRAP funds: 
  - $(50,000) 
  - $(50,000)

**Committed Fund Balance**
- Additions to reserve funds: 
  - $196,500 
  - $210,115
- Use of reserve funds: 
  - $(60,103) 
  - $(238,011)

**Assigned Fund Balance**
- Additions to carried forward appropriations: 
  - $ (65,336) 
  - $ (2,204)
- Use of carried forward appropriations: 
  - $(65,336) 
  - $(2,204)

**Unassigned Fund Balance**
- Additions to unassigned fund balance: 
  - $ (150,000) 
  - $ 72,138
- Use of unassigned fund balance: 
  - $(150,000) 
  - $ (72,138)
- Net changes in fund balance: 
  - $(104,236) 
  - $(10,332)

See the notes to the required supplementary information.
Note 1: Budgetary Basis of Accounting

Each year a Town adopts a budget for the general fund. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

To establish budgetary data reflected in the financial statements, the Town prepared a budget, early in the year, for the year beginning January 1. The operating budget included proposed expenditures and the means of financing them. After giving public notice of the meeting, the inhabitants of the Town voted in March for the purpose of adopting the proposed budget. The budget was adopted subsequent to the vote by the inhabitants of the Town.

Note 2: Budgeted Deficits

The Town’s original appropriated budget budgeted a deficit between estimated revenues and approved expenditures of $104,236. This deficit was approved to be funded through the use of existing fund balance by using $85,400 from the restricted fund balance, $65,336 of assigned fund balance, and $150,000 from the unassigned fund balance. Additionally, $196,500 was approved to be added to the committed fund balance, thus resulting in a net reduction of total fund balance of $104,236 to cover the budgeted deficit.

The Town’s final budget includes changes to the original appropriated budget, as approved by the selectmen or authorized by annual town meeting warrant articles or under state statute. The changes included approved expenditures from reserve funds for their designated purposes and expenditures of donations and fees received by the Town for various departments. The end result is that the final budget budgeted a deficit of $366,679, composed of using $85,400 of restricted fund balance, $60,103 of committed fund balance, $65,336 of assigned fund balance, and $155,840 of unassigned fund balance.

Actual results were that the Town realized a net deficit of $10,332. The deficit affected fund balance by using $60,616 of restricted fund balance, using $27,896 of committed fund balance, adding $6,042 to assigned fund balance, and adding $72,138 to the unassigned fund balance.

Note 3: Expenditures in Excess of Appropriations

During the year, expenditures exceeded appropriations in the Town Properties line (under the General Government line) by $3,525. In addition, expenditures exceeded appropriations in the Snow removal line (under the Public Works line) by $3,785. Total amounts overdrawn were $7,310.
## Combining Statement of Fiduciary Net Position

**Fiduciary Funds**

As of December 31, 2017

(With Comparative Totals as of December 31, 2016)

<table>
<thead>
<tr>
<th></th>
<th>Seaview Cemetery Fund</th>
<th>Fuller Cemetery Fund</th>
<th>Brown Cemetery Fund</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td>Totals</td>
<td></td>
</tr>
<tr>
<td>Due from general fund</td>
<td>$15,800</td>
<td>$51,949</td>
<td>$58,511</td>
<td>$126,260</td>
<td>$123,760</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
<td></td>
<td></td>
<td>Totals</td>
<td></td>
</tr>
<tr>
<td>Permanent principal</td>
<td>15,800</td>
<td>47,425</td>
<td>48,458</td>
<td>111,683</td>
<td>109,183</td>
</tr>
<tr>
<td>Accumulated income</td>
<td>-</td>
<td>4,524</td>
<td>10,053</td>
<td>14,577</td>
<td>14,577</td>
</tr>
<tr>
<td>Total net position</td>
<td>$15,800</td>
<td>$51,949</td>
<td>$58,511</td>
<td>$126,260</td>
<td>$123,760</td>
</tr>
</tbody>
</table>
### Combining Statement of Changes in Fiduciary Net Position

**Fiduciary Funds**

For the Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

<table>
<thead>
<tr>
<th></th>
<th>Seaview Cemetery Fund</th>
<th>Fuller Cemetery Fund</th>
<th>Brown Cemetery Fund</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Additions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$201</td>
<td>$629</td>
<td>$744</td>
<td>$1,574</td>
</tr>
<tr>
<td>Perpetual care fees</td>
<td>-</td>
<td>2,500</td>
<td>-</td>
<td>2,500</td>
</tr>
<tr>
<td>Total additions</td>
<td>201</td>
<td>3,129</td>
<td>744</td>
<td>4,074</td>
</tr>
<tr>
<td><strong>Deductions</strong></td>
<td>201</td>
<td>629</td>
<td>744</td>
<td>1,574</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>-</td>
<td>2,500</td>
<td>-</td>
<td>2,500</td>
</tr>
<tr>
<td><strong>Beginning Net Position</strong></td>
<td>15,800</td>
<td>49,449</td>
<td>58,511</td>
<td>123,760</td>
</tr>
<tr>
<td><strong>Ending Net Position</strong></td>
<td>$15,800</td>
<td>$51,949</td>
<td>$58,511</td>
<td>$126,260</td>
</tr>
</tbody>
</table>
## Schedule of Changes in General Fund Committed Fund Balances

Exhibit 5

For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Beginning Balance</th>
<th>Budgeted Increases</th>
<th>Interest Income</th>
<th>Expenditures for Restricted Purposes</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway truck reserve</td>
<td>$219,065</td>
<td>$ -</td>
<td>$1,982</td>
<td>$(94,079)</td>
<td>$126,968</td>
</tr>
<tr>
<td>Ambulance reserve</td>
<td>42,548</td>
<td>5,000</td>
<td>554</td>
<td>-</td>
<td>48,102</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td>25,626</td>
<td>5,000</td>
<td>342</td>
<td>-</td>
<td>30,968</td>
</tr>
<tr>
<td>Fire truck reserve</td>
<td>102,956</td>
<td>25,000</td>
<td>1,391</td>
<td>-</td>
<td>129,347</td>
</tr>
<tr>
<td>Office equipment reserve</td>
<td>12,640</td>
<td>-</td>
<td>133</td>
<td>(3,165)</td>
<td>9,608</td>
</tr>
<tr>
<td>Town office reserve</td>
<td>29,876</td>
<td>11,100</td>
<td>419</td>
<td>-</td>
<td>41,395</td>
</tr>
<tr>
<td>Town house reserve</td>
<td>11,601</td>
<td>10,000</td>
<td>85</td>
<td>(12,546)</td>
<td>9,140</td>
</tr>
<tr>
<td>Highway repaving reserve</td>
<td>526,005</td>
<td>75,000</td>
<td>6,229</td>
<td>(90,100)</td>
<td>517,134</td>
</tr>
<tr>
<td>Mullin's Head Park reserve</td>
<td>13,089</td>
<td>-</td>
<td>164</td>
<td>-</td>
<td>13,253</td>
</tr>
<tr>
<td>Town properties reserve</td>
<td>22,576</td>
<td>-</td>
<td>283</td>
<td>-</td>
<td>22,859</td>
</tr>
<tr>
<td>Medical clinic reserve</td>
<td>21,408</td>
<td>8,000</td>
<td>199</td>
<td>(12,224)</td>
<td>17,383</td>
</tr>
<tr>
<td>Recycling facility reserve</td>
<td>59,325</td>
<td>25,000</td>
<td>844</td>
<td>-</td>
<td>85,169</td>
</tr>
<tr>
<td>Town garage reserve</td>
<td>21,131</td>
<td>5,600</td>
<td>287</td>
<td>-</td>
<td>27,018</td>
</tr>
<tr>
<td>Community building reserve</td>
<td>34,642</td>
<td>5,800</td>
<td>458</td>
<td>-</td>
<td>40,900</td>
</tr>
<tr>
<td>Floats and docks reserve</td>
<td>22,112</td>
<td>20,000</td>
<td>179</td>
<td>(25,897)</td>
<td>16,394</td>
</tr>
<tr>
<td>Digital mapping reserve</td>
<td>4,076</td>
<td>-</td>
<td>52</td>
<td>-</td>
<td>4,128</td>
</tr>
<tr>
<td>Playground reserve</td>
<td>1,003</td>
<td>1,000</td>
<td>17</td>
<td>-</td>
<td>2,020</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$1,169,679</strong></td>
<td><strong>$196,500</strong></td>
<td><strong>$13,618</strong></td>
<td><strong>(238,011)</strong></td>
<td><strong>$1,141,786</strong></td>
</tr>
</tbody>
</table>
## Schedule of Departmental Operations
For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Appropriation Balances</th>
<th>Appropriations</th>
<th>Transfers and Other Credits</th>
<th>Total Available</th>
<th>Expenditures</th>
<th>Overdrawn</th>
<th>Unexpended</th>
<th>Carried Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Government</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town administration</td>
<td>$</td>
<td>$242,974</td>
<td>$230,448</td>
<td>$ -</td>
<td>$12,526</td>
<td>$ -</td>
<td></td>
</tr>
<tr>
<td>Assessors</td>
<td>-</td>
<td>33,650</td>
<td>32,068</td>
<td>-</td>
<td>1,582</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Planning and code enforcement</td>
<td>-</td>
<td>15,500</td>
<td>8,897</td>
<td>-</td>
<td>6,603</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Plumbing inspector</td>
<td>6,074</td>
<td>-</td>
<td>8,876</td>
<td>959</td>
<td>-</td>
<td>-</td>
<td>7,917</td>
</tr>
<tr>
<td>Community building</td>
<td>-</td>
<td>13,064</td>
<td>12,439</td>
<td>-</td>
<td>625</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Town properties</td>
<td>-</td>
<td>21,500</td>
<td>25,025</td>
<td>3,525</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>59,263</td>
<td>50,633</td>
<td>-</td>
<td>8,630</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Payroll expenses</td>
<td>-</td>
<td>167,013</td>
<td>162,822</td>
<td>-</td>
<td>4,191</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other general government</td>
<td>7,530</td>
<td>30,000</td>
<td>37,530</td>
<td>11,883</td>
<td>-</td>
<td>18,117</td>
<td>7,530</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>13,604</td>
<td>582,964</td>
<td>599,370</td>
<td>535,174</td>
<td>3,525</td>
<td>52,274</td>
<td>15,447</td>
</tr>
<tr>
<td><strong>Public Safety</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fire department</td>
<td>22,509</td>
<td>32,182</td>
<td>55,016</td>
<td>22,499</td>
<td>-</td>
<td>9,739</td>
<td>22,778</td>
</tr>
<tr>
<td>Police protection</td>
<td>-</td>
<td>61,486</td>
<td>52,609</td>
<td>-</td>
<td>8,877</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Animal control</td>
<td>1,168</td>
<td>-</td>
<td>1,370</td>
<td>497</td>
<td>-</td>
<td>-</td>
<td>873</td>
</tr>
<tr>
<td>Other public safety</td>
<td>-</td>
<td>104,668</td>
<td>104,668</td>
<td>104,528</td>
<td>-</td>
<td>140</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>23,677</td>
<td>198,336</td>
<td>222,540</td>
<td>180,133</td>
<td>-</td>
<td>18,756</td>
<td>23,651</td>
</tr>
<tr>
<td><strong>Public Works</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads and bridges</td>
<td>-</td>
<td>85,000</td>
<td>85,000</td>
<td>66,950</td>
<td>-</td>
<td>18,050</td>
<td>-</td>
</tr>
<tr>
<td>Local road assistance program</td>
<td>85,400</td>
<td>-</td>
<td>85,400</td>
<td>85,400</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Snow removal</td>
<td>-</td>
<td>59,300</td>
<td>63,085</td>
<td>3,785</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Floats and docks</td>
<td>-</td>
<td>13,350</td>
<td>10,251</td>
<td>-</td>
<td>3,099</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Solid waste and recycling</td>
<td>-</td>
<td>145,200</td>
<td>136,853</td>
<td>-</td>
<td>8,347</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>85,400</td>
<td>302,850</td>
<td>388,250</td>
<td>362,539</td>
<td>3,785</td>
<td>29,496</td>
<td>-</td>
</tr>
</tbody>
</table>
For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Health and Welfare</th>
<th>Appropriation Balances</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Lapsed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Appropriations</td>
<td>Transfers and Other Credits</td>
<td>Total Available</td>
<td>Expenditures</td>
<td>Overdrawn</td>
<td>Unexpended</td>
<td>Carried Forward</td>
</tr>
<tr>
<td>Medical clinic</td>
<td>$1,640 $387,190</td>
<td>$2,050</td>
<td>$390,880</td>
<td>$359,164</td>
<td>$28,026</td>
<td>$3,690</td>
<td></td>
</tr>
<tr>
<td>Emergency medical services</td>
<td>19,985 $83,718</td>
<td>1,100</td>
<td>104,803</td>
<td>72,845</td>
<td>11,365</td>
<td>20,593</td>
<td></td>
</tr>
<tr>
<td>Outreach</td>
<td>- 11,000</td>
<td>- 11,000</td>
<td>8,243</td>
<td>- 2,757</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service agencies</td>
<td>- 33,936</td>
<td>- 33,936</td>
<td>33,936</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Veterans' graves</td>
<td>- 3,200</td>
<td>- 3,200</td>
<td>2,633</td>
<td>- 567</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other health and welfare</td>
<td>- 9,000</td>
<td>- 9,000</td>
<td>6,055</td>
<td>- 2,945</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>21,625 $528,044</td>
<td>3,150</td>
<td>552,819</td>
<td>482,876</td>
<td>45,660</td>
<td>24,283</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Culture and Recreation</th>
<th>Appropriation Balances</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Lapsed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Appropriations</td>
<td>Transfers and Other Credits</td>
<td>Total Available</td>
<td>Expenditures</td>
<td>Overdrawn</td>
<td>Unexpended</td>
<td>Carried Forward</td>
</tr>
<tr>
<td>Mullins Head</td>
<td>1,553 $5,000</td>
<td>130</td>
<td>6,683</td>
<td>1,671</td>
<td>- 3,329</td>
<td>1,683</td>
<td></td>
</tr>
<tr>
<td>Recreation council</td>
<td>4,877 $8,900</td>
<td>1,637</td>
<td>15,414</td>
<td>8,507</td>
<td>- 593</td>
<td>6,314</td>
<td></td>
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<tr>
<td>Other culture and recreation</td>
<td>- 16,500</td>
<td>- 16,500</td>
<td>16,500</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>6,430 $30,400</td>
<td>1,767</td>
<td>38,597</td>
<td>26,678</td>
<td>- 3,922</td>
<td>7,997</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Fixed Charges and Other</th>
<th>Appropriation Balances</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Lapsed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Appropriations</td>
<td>Transfers and Other Credits</td>
<td>Total Available</td>
<td>Expenditures</td>
<td>Overdrawn</td>
<td>Unexpended</td>
<td>Carried Forward</td>
</tr>
<tr>
<td>Education</td>
<td>- 2,163,308</td>
<td>- 2,163,308</td>
<td>2,161,863</td>
<td>- 1,445</td>
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</tr>
<tr>
<td>County assessment</td>
<td>- 396,886</td>
<td>- 396,886</td>
<td>396,886</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax abatements</td>
<td>- 25,768</td>
<td>- 25,768</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt service</td>
<td>- 170,737</td>
<td>- 170,737</td>
<td>169,520</td>
<td>- 1,217</td>
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<td></td>
</tr>
<tr>
<td>Reserve fund expenditures</td>
<td>- 196,500</td>
<td>57,697</td>
<td>254,197</td>
<td>238,011</td>
<td>16,186</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>- 2,953,199</td>
<td>57,697</td>
<td>3,010,896</td>
<td>2,966,280</td>
<td>44,616</td>
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</tbody>
</table>

| Grand Total                 | $150,736 $4,595,793 | $65,943 | $4,812,472 | $4,553,680 | $7,310 | $194,724 | $71,378 |
Independent Auditor’s Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Board of Selectmen
Town of North Haven

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of North Haven, Maine, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Town of North Haven, Maine’s basic financial statements, and have issued our report thereon dated March 2, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of North Haven, Maine’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of North Haven, Maine’s internal control. Accordingly, we do not express an opinion on the effectiveness of Town of North Haven, Maine’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of North Haven, Maine’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountants
March 2, 2018