

Financial Statements

Town of Casco, Maine

June 30, 2007

Contents

Town of Casco, Maine

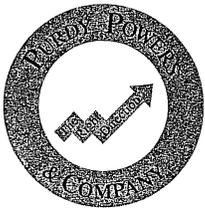
June 30, 2007

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PURDY POWERS & COMPANY

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Independent Auditors' Report

**To the Selectboard
Town of Casco
Casco, Maine**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Casco, Maine, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Casco, Maine as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, thereof and for the year then ended, in conformity with United States generally accepted accounting principles.

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

Purdy Powers & Company
Professional Association

**Portland, Maine
June 25, 2008**



CASCO VILLAGE • COOKS MILLS • SOUTH CASCO • WEBB MILLS

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Management's Discussion and Analysis

As Town Manager / Treasurer of the Town of Casco, I offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2007. Please read it in conjunction with the Town's financial statements, which begin on page 3.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 3-4) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 5. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Town as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the Town as a whole begins on the next page. One of the most important questions asked about the Town's finances is, "Is the Town as a whole, better off or worse off as a result of the year's activities?" the Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets-the difference between assets and liabilities-as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into its government activities explained as follows:

- Governmental activities-Most of the Town's basic services are reported here, including the general administration, streets, parks, ambulance and fire. Property tax, excise taxes, registration fees, franchise fees, fines, and state and federal grants finance most of these activities.

Reporting the Town's Most Significant Funds Fund Financial Statements

Our analysis of the Town's major funds begins with the fund financial statements on page 6 and provides detailed information about the most significant funds-not the Town as a whole. Some funds are required to be established by State law. However, the Town Selectmen establish many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- Governmental funds - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, 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 helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

The Town as Trustee

Reporting the Town's Fiduciary Responsibilities

We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE TOWN AS A WHOLE

For the year ended June 30, 2007, net assets changed as follows:

	Governmental Activities	
	<i>FY 2007</i>	<i>FY 2006</i>
Beginning net assets	\$ 3,769,910	\$ 3,332,320
Increase (Decrease) in net assets	<u>47,470</u>	<u>437,590</u>
Ending net assets	<u>\$ 3,817,380</u>	<u>\$ 3,769,910</u>

That reflects an increase of approximately 1% compared to a 12% increase in 2006 for governmental activities.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

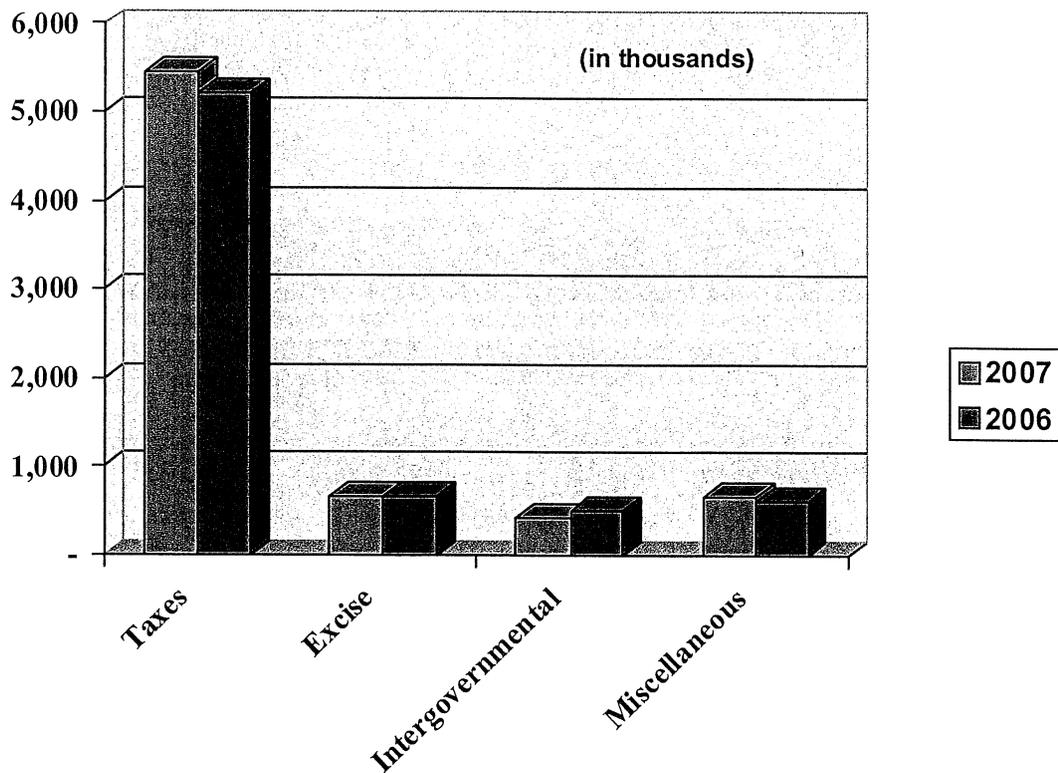
General government	Building permits, town clerk fees, license plate fees, land use ordinance fees, and plumbing permits.
Public services	Recreation and library fees, and State general assistance reimbursements.
Public safety	Fire special details, court reimbursements, grants are categorized as operating grants.
Public Works	State highway aid grant.

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

THE TOWN'S FUNDS

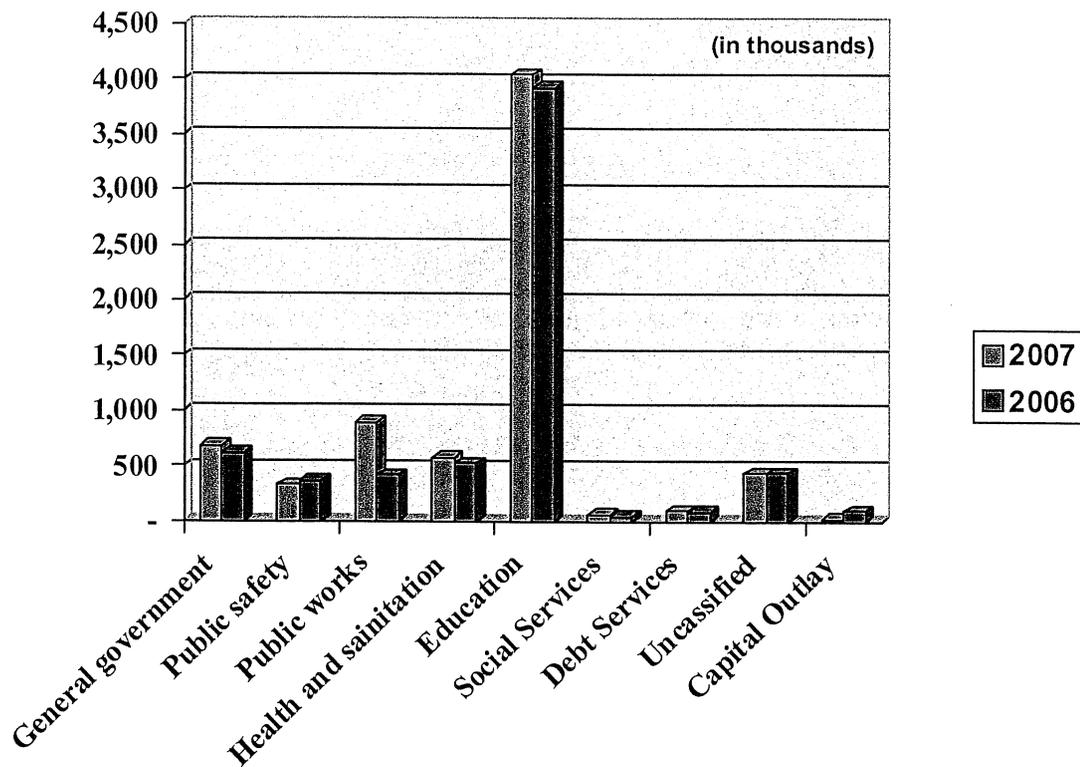
The following schedule presents a summary of general fund revenues and expenditures for the fiscal year ended June 30, 2007, and the amount and percentage of increases and decreases in relation to the prior year.

<u>Revenue</u>	<u>FY 2007</u> <u>Amount</u>	<u>FY 2006</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u> <u>from FY 2006</u>	<u>%</u> <u>Increase</u> <u>(Decrease)</u>
<i>Property Taxes</i>	\$ 5,450,384	\$ 5,213,431	236,953	5%
<i>Excise Taxes</i>	645,405	647,011	(1,606)	0%
<i>Intergovernmental</i>	406,351	504,073	(97,722)	(19%)
<i>Miscellaneous</i>	663,443	605,204	58,239	9%
Total Revenue	<u>\$ 7,165,583</u>	<u>\$ 6,969,719</u>	<u>195,864</u>	<u>3%</u>



This shift in revenues is reflective of the changing State economy resulting in changes in State revenue sharing. Excise tax revenues are related to the motor vehicle market, as the tendency to purchase new automobiles is reduced so are the excise tax funds. If down trends of other sources of income continues, the property tax will continue to play a stronger role in financing the local municipal budget.

<u>Expenditures</u>	<u>FY 2007</u> <u>Amount</u>	<u>FY 2006</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u> <u>from FY 2006</u>	<u>%</u> <u>Increase</u> <u>(Decrease)</u>
<i>General government</i>	\$ 683,244	\$ 620,027	\$ 63,217	10%
<i>Public safety</i>	337,491	360,881	(23,390)	(6%)
<i>Public works</i>	898,127	421,265	476,862	113%
<i>Health and sanitation</i>	579,326	522,271	57,055	11%
<i>Education</i>	4,039,850	3,926,676	110,174	3%
<i>Social services</i>	71,116	43,149	27,967	65%
<i>Debt service</i>	94,912	87,838	7,074	8%
<i>Capital Outlay</i>	27,427	101,801	(74,374)	(271%)
<i>Unclassified</i>	435,715	443,281	(7,566)	(2%)
Total Expenditures	<u>\$ 7,167,208</u>	<u>\$ 6,530,189</u>	<u>\$ 637,019</u>	<u>10%</u>



The greatest increase in expenditures both as a matter of percent and dollars spent is in the Public works sector. The public works sector experienced the tremendous increase because of damages incurred as a result of the patriots Day 2007 Storm. This storm event resulted in 6 roads completely breached and several other areas with substantial damages. The second largest increase in dollars is represented in the health and sanitation department. This is primarily due to increase costs for disposal of materials at the Bulky waste facility and the household transfer station facilities.

Changes in capital outlay reflect a year of savings for projects to be expensed in later years. Social services the third largest percentage of change is a relatively small part of the overall budget. Increases in the social services budget are attributed to increase in demand for general assistance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The town of Casco continues to maintain a healthy fund balance allowing the town to function without the need to borrow funds in anticipation of taxes, thus saving the tax payer dollars. The fund balance is overseen by the Board of Selectmen. The balance is determined by formula. The town has utilized these funds in the past two years for emergency appropriation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2007, the Town had \$3.86 million invested in capital assets including fire equipment, buildings, and park facilities. (See table below)

	Governmental Activities	
	<u>2007</u>	<u>2006</u>
Land and improvements	\$ 219,000	\$ 219,000
Buildings and improvements	1,534,499	1,534,499
Vehicles and equipment	1,989,183	1,973,011
Intellectual property	<u>120,000</u>	<u>120,000</u>
TOTALS	<u>\$ 3,862,682</u>	<u>\$ 3,846,510</u>

The town of Casco finance committee maintains an active inventory of Casco’s capital assets. The Finance committee makes recommendation on an annual basis to the Town Meeting regarding appropriations of funds for capital needs. Capital projects may include; new construction, purchase of equipment, repair or upgrade of infrastructure.

Debt

At year-end, the Town had \$485,000 in outstanding bonds and capital leases compared to \$555,000 last year. That is a decrease of 12.6% as shown in the following table:

	Governmental Activities		Increase
	<u>2007</u>	<u>2006</u>	<u>(Decrease)</u>
General obligation bond	<u>\$ 485,000</u>	<u>\$ 555,000</u>	<u>\$ (70,000)</u>

There was no new debt issued this year. Other obligations of the Town include accrued compensated absences for unused vacation time.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A large project looms on the horizon for the Town of Casco as committees and the Board of Selectmen grapple with the Casco Community center building project. Decisions need to be made to determine if the building will be repaired, removed, built new, and in the course of things where the town offices will be housed. The current location of the Town offices are short term only, as part of an agreement with the Casco Fire Department when the building was built by Fire Department volunteers. In addition to the Town Building questions the Local Scholl District S.A.D. 61 is in the process of reviewing possibilities of Scholl consolidation under the new State law. In addition to School consolidation the Local school district is suffering from a severe reduction in State aid to education under the new essential programs and services budgeting process resulting in a higher demand for local tax dollars and a reduction in school programs.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, visit the Town Office or call 627-4515.

Statement of Net Assets

Town of Casco, Maine

As of June 30, 2007

	<u>Governmental Activities</u>
Assets	
Cash	\$ 2,344,949
Investments	146,147
Taxes receivable	431,349
Tax liens receivable	103,668
Accounts receivable	32,296
Tax acquired property	34,730
Capital assets, net of accumulated depreciation	<u>1,366,717</u>
Total Assets	4,459,856
Liabilities	
Accounts payable	54,037
Accrued interest payable	9,516
Taxes paid in advance	405
Escrow accounts payable	24,110
Due to other governments	13,263
Long-term liabilities:	
Portion due or payable within one year:	
Bond payable	80,000
Accrued compensated absences	20,641
Portion due or payable after one year:	
Bond payable	405,000
Accrued compensated absences	<u>35,504</u>
Total Liabilities	<u>642,476</u>
Net Assets	
Invested in capital assets, net of related debt	881,717
Restricted	13,310
Unrestricted	<u>2,922,353</u>
Total Net Assets	<u>\$ 3,817,380</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

Town of Casco, Maine

For the Year Ended June 30, 2007

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>(Expense) Revenue and Changes in Net Assets</u>
				<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 711,594	\$ 152,390	\$ -	\$ (559,204)
Public safety	348,892	-	-	(348,892)
Public works	908,712	-	59,372	(849,340)
Health and sanitation	601,442	-	160,416	(441,026)
Education	4,039,850	-	-	(4,039,850)
Social services	71,116	-	23,320	(47,796)
Unclassified	453,881	2,339	-	(451,542)
Interest on long-term debt	23,600	-	-	(23,600)
Capital outlay	27,427	-	-	(27,427)
Total Governmental Activities	<u>\$ 7,186,514</u>	<u>\$ 154,729</u>	<u>\$ 243,108</u>	<u>(6,788,677)</u>
General revenues:				/
Taxes:				
Property				5,510,384
Excise				586,033
Intergovernmental				383,031
Interest income				134,538
Miscellaneous				222,161
			Total General Revenues	<u>6,836,147</u>
			Change in Net Assets	47,470
Net assets at beginning of year				<u>3,769,910</u>
			Net Assets at End of Year	<u>\$ 3,817,380</u>

See accompanying independent auditors' report and notes to financial statements.

Balance Sheet - Governmental Funds

Town of Casco, Maine

As of June 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 2,176,317	\$ 168,632	\$ 2,344,949
Investments	146,147	-	146,147
Taxes receivable	431,349	-	431,349
Tax liens receivable	103,668	-	103,668
Accounts receivable	32,296	-	32,296
Tax acquired property	34,730	-	34,730
Due from other funds	<u>32,178</u>	<u>917,700</u>	<u>949,878</u>
Total Assets	<u>\$ 2,956,685</u>	<u>\$ 1,086,332</u>	<u>\$ 4,043,017</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 54,037	\$ -	\$ 54,037
Escrow accounts payable	24,110	-	24,110
Due to other funds	917,700	32,178	949,878
Due to other governments	13,263	-	13,263
Taxes paid in advance	405	-	405
Deferred property taxes	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total Liabilities	1,309,515	32,178	1,341,693
 Fund Balances			
Reserved for:			
Endowments	-	13,310	13,310
Unreserved:			
Designated for subsequent expenditures	307,579	1,040,844	1,348,423
Undesignated	<u>1,339,591</u>	<u>-</u>	<u>1,339,591</u>
Total Fund Balances	<u>1,647,170</u>	<u>1,054,154</u>	<u>2,701,324</u>
 Total Liabilities and Fund Balances	 <u>\$ 2,956,685</u>	 <u>\$ 1,086,332</u>	 <u>\$ 4,043,017</u>

See accompanying independent auditors' report and notes to financial statements.

**Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Assets**

Town of Casco, Maine

As of June 30, 2007

Total Fund Balances - Governmental Funds \$ 2,701,324

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported as assets in governmental
funds. The cost of capital assets, net of accumulated depreciation is: 1,366,717

Property tax revenues are presented on the modified accrual basis
of accounting in the governmental funds but in the Statement of
Activities, property tax revenue is reported under the accrual method.
The balance in deferred property tax revenue in the governmental
funds as a liability is: 300,000

Long-term liabilities are not due and payable in the current period
and therefore are not reported as liabilities in the funds. Long-term
and related liabilities at year-end consist of:

Bond payable	\$ (485,000)	
Accrued interest payable	(9,516)	
Accrued compensated absences	<u>(56,145)</u>	
		<u>(550,661)</u>

Total Net Assets - Governmental Activities \$ 3,817,380

See accompanying independent auditors' report and notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds**

Town of Casco, Maine

For the Year Ended June 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes			
Property	\$ 5,450,384	\$ -	\$ 5,450,384
Excise	645,405	-	645,405
Intergovernmental	406,351	-	406,351
Miscellaneous	663,443	8,401	671,844
Total Revenues	<u>7,165,583</u>	<u>8,401</u>	<u>7,173,984</u>
Expenditures			
Current			
General government	683,244	-	683,244
Public safety	337,491	-	337,491
Public works	898,127	-	898,127
Health and sanitation	579,326	-	579,326
Education	4,039,850	-	4,039,850
Social services	71,116	-	71,116
Unclassified	435,715	16,166	451,881
Debt service - principal	70,000	-	70,000
- interest	24,912	-	24,912
Capital outlay	27,427	-	27,427
Total Expenditures	<u>7,167,208</u>	<u>16,166</u>	<u>7,183,374</u>
Revenues Under Expenditures	(1,625)	(7,765)	(9,390)
Other Financing Sources (Uses)			
Operating transfers in	108,555	278,012	386,567
Operating transfers out	<u>(278,012)</u>	<u>(108,555)</u>	<u>(386,567)</u>
Total Other Financing Sources (Uses)	<u>(169,457)</u>	<u>169,457</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(171,082)	161,692	(9,390)
Fund balances at beginning of year	<u>1,818,252</u>	<u>892,462</u>	<u>2,710,714</u>
Fund Balances at End of Year	<u>\$ 1,647,170</u>	<u>\$ 1,054,154</u>	<u>\$ 2,701,324</u>

See accompanying independent auditors' report and notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

Town of Casco, Maine

As of June 30, 2007

Net Change in Fund Balances - Total Governmental Funds \$ (9,390)

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

Property tax revenues are presented on the modified accrual basis
of accounting in the governmental funds but in the Statement of
Activities, property tax revenue is reported under the accrual method.
The current year change in deferred property tax revenue reported in the
governmental funds and not in the Statement of Activities is: 60,000

Governmental funds report capital asset additions as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated
over their estimated useful lives as depreciation expense. This is the
amount by which depreciation expense exceeded capital asset additions
in the current period:

Capital asset additions	\$ 16,172	
Depreciation expense	<u>(83,829)</u>	(67,657)

Repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the Statement of Net
Assets. This is the principal portion of debt service payments. 70,000

Some expenses reported in the Statement of Activities do not require
the use of current financial resources and therefore are not reported
as expenditures in the governmental funds.

Change in accrued interest payable	1,312
Change in accrued compensated absences	<u>(6,795)</u>

Change in Net Assets of Governmental Activities \$ 47,470

See accompanying independent auditors' report and notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Budgetary Basis)**

Town of Casco, Maine

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Taxes				
Property	\$ 5,500,975	\$ 5,500,975	\$ 5,450,384	\$ (50,591)
Excise	634,000	634,000	645,405	11,405
Intergovernmental	395,000	395,000	406,351	11,351
Miscellaneous	390,798	390,798	663,443	272,645
Total Revenues	6,920,773	6,920,773	7,165,583	244,810
Expenditures				
Current				
General government	851,571	851,571	683,244	168,327
Public safety	432,199	432,199	337,491	94,708
Public works	679,442	812,442	898,127	(85,685)
Health and sanitation	382,893	382,893	579,326	(196,433)
Education	4,039,850	4,039,850	4,039,850	-
Social services	54,431	54,431	71,116	(16,685)
Unclassified	465,020	465,020	435,715	29,305
Debt service - principal	70,000	70,000	70,000	-
- interest	24,413	24,413	24,912	(499)
Capital outlay	-	-	27,427	(27,427)
Total Expenditures	6,999,819	7,132,819	7,167,208	(34,389)
Revenues Over (Under) Expenditures	(79,046)	(212,046)	(1,625)	210,421
Other Financing Sources (Uses)				
Operating transfers in	-	-	108,555	108,555
Operating transfers out	(234,988)	(234,988)	(278,012)	(43,024)
Utilization of designated surplus	359,543	359,543	-	(359,543)
Utilization of undesignated surplus	51,330	184,330	-	(184,330)
Total Other Financing Sources (Uses)	175,885	308,885	(169,457)	(478,342)
Revenues and Other Sources Over Expenditures and Other Uses	\$ 96,839	\$ 96,839	(171,082)	\$ (267,921)
Fund balance at beginning of year			1,818,252	
Fund Balance at End of Year			\$ 1,647,170	

See accompanying independent auditors' report and notes to financial statements.

Notes to Financial Statements

Town of Casco, Maine

Note A - Summary of Significant Accounting Policies

The Town of Casco, Maine was incorporated in 1841 and operates under a Selectboard -Town Manager form of government. The accounting policies of the Town of Casco conform to generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

The basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in GAAP include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of Casco has no component units.

Basis of Presentation

Government-wide Financial Statements

The statement of net assets and statement of activities report information about the reporting government as a whole. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

Notes to Financial Statements - Continued

Town of Casco, Maine

Note A - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures.

Governmental Activities

Governmental funds are identified as either general, special revenue, capital projects, or permanent funds based upon the following guidelines.

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.

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

Permanent Funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization as stipulated by the specific trust instrument.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

Governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

Governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Notes to Financial Statements - Continued

Town of Casco, Maine

Note A - Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The Town follows GASBS No. 31, Accounting and Reporting of Certain Investments and External Investment Pools. Under GASBS No. 31, certain investments held by governments are reported at their fair value in the balance sheet. Unrealized gains and losses are included in the statement of revenues, expenditures and changes in fund balance.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase.

Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method. Estimated useful lives are as follows: land improvements, 20 years; buildings and improvements, 20 to 50 years; infrastructure, 40 to 50 years; and vehicles and equipment, 10 to 15 years.

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

Vacation and Sick Leave

Under the terms of personnel policies, vacation and sick leave are granted in varying amounts. Accumulated unused sick leave is not payable upon separation and therefore is not included as part of compensated absences. The Town accrues unpaid vacation when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentation.

Notes to Financial Statements - Continued

Town of Casco, Maine

Note A - Summary of Significant Accounting Policies - Continued

Budget

The Town of Casco's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The following procedures are followed in establishing budgetary data reflected in the financial statements:

- Early in the second half of the last fiscal year the Town prepared a budget for this fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A vote of the inhabitants of the Town was then taken for the purpose of adopting the proposed budget after public notice of the vote was given.
- The budget was adopted subsequent to passage by the inhabitants of the Town.

The Town does not adopt budgets for special revenue funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund loan receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide presentation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. Since not all funds maintain a separate cash account, cash is pooled in the General Fund cash account and activity for individual funds are recorded through the General Fund and each respective individual fund through the recognition of a "due to/due from" as appropriate. The due to/from other funds balances are subject to elimination upon consolidation in the government-wide presentation. All interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Notes to Financial Statements - Continued

Town of Casco, Maine

Note A - Summary of Significant Accounting Policies - Continued

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. 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.

Debt Issuance Costs

In governmental funds, debt issuance costs are recognized in the current period. For the government-wide financial statements, governmental activity debt issuance costs are amortized over the life of the debt issue.

Revenue Recognition - Property Taxes

The Town's property tax for the current year was levied September 13, 2006, on the assessed value listed as of April 1, 2006, for all real and personal property located in the Town. Taxes were due October 5, 2006 and April 5, 2007. Interest on unpaid taxes commenced on October 6, 2006 and April 6, 2007, at 11.0% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

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 \$96,839 (1.4%) for the year ended June 30, 2007.

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.

Notes to Financial Statements - Continued

Town of Casco, Maine

Note B - Cash and Investments

The Town conducts all its banking transactions with its depository banks.

Custodial Credit Risk - Deposits

At June 30, 2007, the carrying amount of the Town's deposits was \$2,344,949, and the bank balance was \$2,376,608. The difference between these balances relates to deposits in transit, outstanding checks and cash on hand at year-end. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy on custodial credit risk. As of June 30, 2007 the Town's bank balance of \$2,376,608 was not exposed to credit risk.

Investments

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks and bonds and mutual funds. Generally, the Town invests such excess funds in local bank investment accounts which invest in repurchase agreements.

At June 30, 2007, the Town's investment portfolio consisted of stocks and U.S. Government Securities. The carrying amount of the Town's investments was \$146,147 (market).

The Town's investments are categorized to give an indication of the level of risk assumed by the Town at year-end. These categories are defined as follows:

- Category # 1 - Includes investments that are insured or registered, or securities held by the Town or its agent in the Town's name.
- Category # 2 - Includes uninsured and unregistered investments with securities held by the broker, or dealer, or by its trust department or agent but not in the Town's name.
- Category # 3 - Includes uninsured and unregistered investments with securities held by the broker, dealer, bank, or by its trust department or agent but not in the Town's name.

<u>Investment Vehicle</u>	<u>Balance</u>	<u>Category</u>		
		<u>#1</u>	<u>#2</u>	<u>#3</u>
Mutual funds	\$ 146,147	\$ -	\$ -	\$ -

Investments in mutual funds are not subject to categorization.

Notes to Financial Statements - Continued

Town of Casco, Maine

Note C - Capital Assets

A summary of capital assets transactions for the year ended June 30, 2007, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land and improvements	\$ 219,000	\$ -	\$ -	\$ 219,000
Depreciable Assets:				
Buildings and improvements	1,534,499	-	-	1,534,499
Vehicles and equipment	1,973,011	16,172	-	1,989,183
Intellectual property	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
Totals at historical cost	3,846,510	16,172	-	3,862,682
Less accumulated depreciation:				
Buildings and improvements	553,515	39,612	-	593,127
Vehicles and equipment	1,822,621	32,217	-	1,854,838
Intellectual property	<u>36,000</u>	<u>12,000</u>	<u>-</u>	<u>48,000</u>
Total accumulated depreciation	<u>2,412,136</u>	<u>83,829</u>	<u>-</u>	<u>2,495,965</u>
Capital Assets, Net	<u>\$ 1,434,374</u>	<u>\$ (67,657)</u>	<u>\$ -</u>	<u>\$ 1,366,717</u>

Depreciation expense was charged to the following functions:

Governmental activities:

General government	\$ 23,171
Public safety	27,573
Public works	10,585
Health and sanitation	20,500
Unclassified	<u>2,000</u>
Total governmental activities depreciation expense	<u>\$ 83,829</u>

Notes to Financial Statements - Continued

Town of Casco, Maine

Note D - Interfund Receivables and Payables

Interfund balances at June 30, 2007 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> <u>Due from</u>	<u>Payables</u> <u>Due to</u>	<u>Net Internal</u> <u>Balances</u>
Governmental Activities			
<u>General Fund:</u>			
<i>Other Governmental Funds:</i>			
Special Revenue:			
State Revenue Sharing	\$ 31,592	\$ -	
Municipal Revenue	-	100,356	
Highway Block Grant	-	72,152	
Rescue Equipment	-	120,573	
Tank 6 Retrofit	-	2,000	
Future Land Acquisition	-	23,000	
Firefighter Fund	-	3,095	
Ladder Truck Repairs	-	25,376	
Pipeline TIF	-	181,192	
Municipal Building Repair	-	83,481	
Land Futures	-	90,000	
Public Safety Buildings	-	33,236	
Capital Improvement Undesignated	-	32,234	
Highway Improvement	-	7,500	
Fire Equipment	-	105,723	
Fire Truck Pumper	-	7,000	
Plummer Park	-	6,092	
Recreation - Tennis Courts	-	4,690	
Recreation	-	10,000	
Road Improvements	-	10,000	
	<u>31,592</u>	<u>917,700</u>	
Trust Fund - Cemetery	<u>586</u>	<u>-</u>	
Total General Fund	32,178	917,700	

Notes to Financial Statements - Continued

Town of Casco, Maine

Note D - Interfund Receivables and Payables - Continued

	Receivables <u>Due from</u>	Payables <u>Due to</u>	Net Internal <u>Balances</u>
<u>Other Governmental Funds:</u>			
<i>Special Revenue:</i>			
General Fund:			
State Revenue Sharing	\$ -	\$ 31,592	
Municipal Revenue	100,356	-	
Highway Block Grant	72,152	-	
Rescue Equipment	120,573	-	
Tank 6 Retrofit	2,000	-	
Future Land Acquisition	23,000	-	
Firefighter Fund	3,095	-	
Ladder Truck Repairs	25,376	-	
Pipeline TIF	181,192	-	
Municipal Building Repair	83,481	-	
Land Futures	90,000	-	
Public Safety Buildings	33,236	-	
Capital Improvement Undesignated	32,234	-	
Highway Improvement	7,500	-	
Fire Equipment	105,723	-	
Fire Truck Pumper	7,000	-	
Plummer Park	6,092	-	
Recreation - Tennis Courts	4,690	-	
Recreation	10,000	-	
Road Improvements	10,000	-	
	<u>917,700</u>	<u>31,592</u>	
<i>Trust Fund:</i>			
General Fund:			
Cemetery	-	586	
	<u>917,700</u>	<u>32,178</u>	
Total Other Governmental Funds	<u>917,700</u>	<u>32,178</u>	
Total Governmental Activities	<u>\$ 949,878</u>	<u>\$ 949,878</u>	<u>\$ -</u>

All interfund balances resulted from (1) the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Notes to Financial Statements - Continued

Town of Casco, Maine

Note E - Interfund Transfers

Interfund transfers for the year ended June 30, 2007 consisted of the following amounts:

Governmental Activities	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<u>General Fund:</u>			
<i>Other Governmental Funds:</i>			
Special Revenue	\$ 108,555	\$ (278,012)	\$ (169,457)
 <u>Other Governmental Funds:</u>			
<i>Special Revenue:</i>			
General Fund	<u>278,012</u>	<u>(108,555)</u>	<u>169,457</u>
Total Interfund Transfers	<u>\$ 386,567</u>	<u>\$ (386,567)</u>	<u>\$ -</u>

Transfers are used to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note F - Long-Term Debt

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
General obligation debt	\$ 555,000	\$ -	\$ 70,000	\$ 485,000	\$ 80,000
Compensated absences	<u>49,350</u>	<u>24,937</u>	<u>18,142</u>	<u>56,145</u>	<u>20,641</u>
Total Governmental	<u>\$ 604,350</u>	<u>\$ 24,937</u>	<u>\$ 88,142</u>	<u>\$ 541,145</u>	<u>\$ 100,641</u>

Notes to Financial Statements - Continued

Town of Casco, Maine

Note F - Long-Term Debt - Continued

At June 30, 2007 long-term debt consisted of the following individual issue:

2001 General Obligation Bond for equipment and capital improvements with Cede & Co., due in annual principal and interest installments through July 2011. Interest began at 3.25% and escalates to 5.5%. \$ 485,000

The annual requirements to amortize long-term debt are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 80,000	\$ 22,638	\$ 102,638
2009	90,000	18,700	108,700
2010	100,000	14,063	114,063
2011	105,000	8,806	113,806
2012	<u>110,000</u>	<u>3,025</u>	<u>113,025</u>
Total	<u>\$ 485,000</u>	<u>\$ 67,232</u>	<u>\$ 552,232</u>

Note G - Pension Plan

International City Management Association Retirement Corp.

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Management Association Retirement Corporation (ICMARC). The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

Notes to Financial Statements - Continued

Town of Casco, Maine

Note H - Designated Fund Balance

At June 30, 2007, the designated fund balance applicable to future periods was as follows:

General government	\$	141,974
Public works		48,349
Public safety:		
Fire department		27,917
Rescue department		8,475
Other public safety		610
Health and sanitation		6,798
Social services		3,079
Unclassified:		
MMA		3,687
Parks and recreation		21,426
WEB		4,805
GIS		16,811
Other unclassified		23,648
	\$	<u>307,579</u>

Note I - 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, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities that should be recorded at June 30, 2007.

Note J - Joint Venture

The Town is a participant with the Town of Naples in two joint ventures to operate the Lake Region Bulky Waste Facility (LRBWF) and the Casco-Naples Solid Waste Transfer Station (CNTS). On dissolution of the entities, the net assets will be shared equally by Casco and Naples. Other municipalities can obtain joint use rights on a contractual basis. Each entity is governed by the same Advisory Board consisting of: a member of the Board of Selectmen of each municipality; two popularly elected citizens of each municipality; and the respective Town Managers as ex-officio members. The Towns pay appropriate tipping fees for accepted waste delivered to the facilities and are financially responsible for each facility's operations. Complete financial statements for the LRBWF and CNTS are available at the office of each municipality.



PURDY POWERS & COMPANY

Certified Public Accountants

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David J. Shorette, CPA, CVA

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Raymond G. Hamlin, CPA

Stephen H. Purdy, CPA, CVA
Founder

Independent Auditors' Report on Supplemental Information

**To the Selectboard
Town of Casco
Casco, Maine**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information contained in the following schedules for the year ended June 30, 2007, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Purdy Powers & Company
Professional Association

**Portland, Maine
June 25, 2008**

**Combining Balance Sheet
Nonmajor Governmental Funds - Other Governmental Funds**

Town of Casco, Maine

As of June 30, 2007

	<u>Special Revenue</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash	\$ 91,357	\$ 77,275	\$ 168,632
Due from other funds	<u>917,700</u>	<u>-</u>	<u>917,700</u>
Total Assets	<u>\$ 1,009,057</u>	<u>\$ 77,275</u>	<u>\$ 1,086,332</u>
 Liabilities and Fund Balances			
Liabilities			
Due to other funds	<u>\$ 31,592</u>	<u>\$ 586</u>	<u>\$ 32,178</u>
Total Liabilities	31,592	586	32,178
 Fund Balances			
Reserved for:			
Endowments	-	13,310	13,310
Unreserved:			
Designated	<u>977,465</u>	<u>63,379</u>	<u>1,040,844</u>
Total Fund Balances	<u>977,465</u>	<u>76,689</u>	<u>1,054,154</u>
Total Liabilities and Fund Balances	<u>\$ 1,009,057</u>	<u>\$ 77,275</u>	<u>\$ 1,086,332</u>

See accompanying independent auditors' report on supplemental financial information.

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - Other Governmental Funds**

Town of Casco, Maine

For the Year Ended June 30, 2007

	<u>Special Revenue</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Investment income	\$ 4,551	\$ 3,850	\$ 8,401
Miscellaneous	-	-	-
Net Revenues	<u>4,551</u>	<u>3,850</u>	<u>8,401</u>
Expenditures			
Care of cemeteries Program	-	-	-
	<u>16,166</u>	-	<u>16,166</u>
Total Expenditures	<u>16,166</u>	<u>-</u>	<u>16,166</u>
Revenues Over (Under) Expenditures	(11,615)	3,850	(7,765)
Other Financing Sources (Uses)			
Operating transfers in	278,012	-	278,012
Operating transfers out	<u>(108,555)</u>	<u>-</u>	<u>(108,555)</u>
Total Other Sources (Uses)	<u>169,457</u>	<u>-</u>	<u>169,457</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	157,842	3,850	161,692
Fund balances at beginning of year	<u>819,623</u>	<u>72,839</u>	<u>892,462</u>
Fund Balances at End of Year	<u>\$ 977,465</u>	<u>\$ 76,689</u>	<u>\$ 1,054,154</u>

See accompanying independent auditors' report on supplemental financial information.

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Fund**

Town of Casco, Maine

For the Year Ended June 30, 2007

	Fund Balance July 1, 2006	Revenues	Expenditures	Transfers In	Transfers Out	Fund Balance (Deficit) June 30, 2007
State Revenue Sharing	\$ (24,255)	\$ -	\$ -	\$ -	\$ 7,337	\$ (31,592)
Municipal Revenue	100,356	-	-	-	-	100,356
Highway Block Grant	67,280	-	-	4,872	-	72,152
Rescue Replacement	160,051	2,533	16,166	25,000	-	171,418
Community Center Kitchen	3,254	170	-	-	-	3,424
Tank 6 Retrofit	2,000	-	-	-	-	2,000
Future Land Acquisition	23,000	-	-	-	-	23,000
Firefighter Fund	3,095	-	-	-	-	3,095
Ladder Truck Repairs	25,376	-	-	-	-	25,376
Pipeline TIF	144,271	-	-	138,140	101,218	181,193
Municipal Building Repair	63,482	-	-	20,000	-	83,482
Land Futures	95,238	1,848	-	30,000	-	127,086
Public Safety Building	23,236	-	-	10,000	-	33,236
Capital Improvement Undesignated	32,234	-	-	-	-	32,234
Highway Improvement	7,500	-	-	-	-	7,500
Fire Equipment	75,723	-	-	30,000	-	105,723
Fire Truck Pumper	7,000	-	-	-	-	7,000
Plummer Park	6,092	-	-	-	-	6,092
Tennis Courts	4,690	-	-	-	-	4,690
Road Improvements	-	-	-	10,000	-	10,000
Recreation	-	-	-	10,000	-	10,000
	<u>\$ 819,623</u>	<u>\$ 4,551</u>	<u>\$ 16,166</u>	<u>\$ 278,012</u>	<u>\$ 108,555</u>	<u>\$ 977,465</u>

See accompanying independent auditors' report on supplemental financial information.

**Combining Balance Sheet
Permanent Funds - Trust Funds**

Town of Casco, Maine

As of June 30, 2007

	Cemeteries	School/ Road	Total
Assets			
Cash	\$ 20,140	\$ 57,135	\$ 77,275
Due from other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 20,140</u>	<u>\$ 57,135</u>	<u>\$ 77,275</u>
 Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ 586	\$ -	\$ 586
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	586	-	586
 Fund Balances			
Reserved for endowments	3,810	9,500	13,310
Unreserved - designated	15,744	47,635	63,379
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>19,554</u>	<u>57,135</u>	<u>76,689</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 20,140</u>	<u>\$ 57,135</u>	<u>\$ 77,275</u>

See accompanying independent auditors' report on supplemental financial information.

**Combining Schedule of Revenues, Expenses and Changes in Fund Balances
Permanent Funds - Trust Funds**

Town of Casco, Maine

For the Year Ended June 30, 2007

	Fund Balance	Revenues			Fund Balance
	<u>July 1, 2006</u>	<u>Principal</u>	<u>Interest</u>	<u>Expenses</u>	<u>June 30, 2007</u>
Cemetery Funds -					
Minnie Curran	\$ 715	\$ -	\$ 38	\$ -	\$ 753
Ernest Watkins	1,040	-	60	-	1,100
Annie Mitchell	237	-	14	-	251
Sammuel Sylvester	586	-	31	-	617
Mary Wright	687	-	36	-	723
Alpheus & Ellen Gould	2,085	-	109	-	2,194
Frank & Callie Harmon	695	-	36	-	731
Cpt. Richard Mayberry	552	-	29	-	581
Mrs. George Murch	4,180	-	243	-	4,423
Henry & Lena Watkins	7,774	-	407	-	8,181
School/Road Funds -					
Cyrus Mayberry	<u>54,288</u>	<u>-</u>	<u>2,847</u>	<u>-</u>	<u>57,135</u>
	<u>\$ 72,839</u>	<u>\$ -</u>	<u>\$ 3,850</u>	<u>\$ -</u>	<u>\$ 76,689</u>

See accompanying independent auditors' report on supplemental financial information.

**Combining Schedule of Cash Flows
Permanent Funds - Trust Funds**

Town of Casco, Maine

For the Year Ended June 30, 2007

	<u>Cemeteries</u>	<u>School/ Road</u>	<u>Total</u>
Operating Activities			
Revenues over (under) expenses	\$ 1,003	\$ 2,847	\$ 3,850
Adjustments to reconcile revenues over (under) expenses to net cash provided (used) by operating activities:			
(Increase) decrease in operating assets:			
Due from other funds	-	-	-
Increase (decrease) in operating liabilities:			
Due to other funds	-	-	-
Net Cash Provided by Operating Activities	<u>1,003</u>	<u>2,847</u>	<u>3,850</u>
Increase in Cash	1,003	2,847	3,850
Cash at beginning of year	<u>19,137</u>	<u>54,288</u>	<u>73,425</u>
Cash at End of Year	<u><u>\$ 20,140</u></u>	<u><u>\$ 57,135</u></u>	<u><u>\$ 77,275</u></u>

See accompanying independent auditors' report on supplemental financial information.

Schedule of Departmental Expenditures (1 of 3)

Town of Casco, Maine

For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures			
General Government:			
Operations	\$ 111,600	\$ 123,397	\$ (11,797)
Office salaries	295,872	276,500	19,372
Contingency	30,000	1,612	28,388
Insurance	126,026	114,272	11,754
Legal	20,000	6,279	13,721
Assessing	60,415	59,376	1,039
Assessing - Revaluation	40,000	25,663	14,337
Planning/Appeals	39,107	9,867	29,240
Retirement	85,305	58,590	26,715
Unemployment compensation	26,974	6,233	20,741
Building maintenance	16,272	1,455	14,817
Total General Government	<u>851,571</u>	<u>683,244</u>	<u>168,327</u>
Public Safety:			
Summer security	6,343	5,712	631
Rescue unit	153,652	107,431	46,221
Fire department	182,886	136,188	46,698
Animal control	14,131	13,572	559
Street lights	13,565	13,866	(301)
Dispatch	50,237	50,237	-
Fire and rescue fuel	4,588	8,489	(3,901)
Civil emergency	6,075	1,996	4,079
Fire/Rescue auxillary	722	-	722
Total Public Safety	<u>432,199</u>	<u>337,491</u>	<u>94,708</u>

See accompanying independent auditors' report on supplemental financial information.

Schedule of Departmental Expenditures (2 of 3)

Town of Casco, Maine

For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Health and Sanitation:			
Septic disposal	-	250	(250)
Bulky waste	137,500	295,099	(157,599)
Casco Naples transfer station	245,393	283,977	(38,584)
Total Health and Sanitation	<u>382,893</u>	<u>579,326</u>	<u>(196,433)</u>
 Social Services:			
General assistance	32,749	52,121	(19,372)
Community Health Services	4,500	4,500	-
Family Crisis	1,100	1,100	-
Tri-County Counseling	6,248	3,500	2,748
PROP	5,800	5,800	-
Christmas fund	34	95	(61)
Meal site	4,000	4,000	-
Total Social Services	<u>54,431</u>	<u>71,116</u>	<u>(16,685)</u>
 Public Works:			
Road maintenance	214,450	353,105	(138,655)
Winter roads	266,812	226,334	40,478
Road construction	46,786	42,817	3,969
Paving	257,121	262,312	(5,191)
Private road maintenance	2,600	1,275	1,325
Cemetery maintenance	24,673	12,284	12,389
Total Public Works	<u>812,442</u>	<u>898,127</u>	<u>(85,685)</u>
 Education:			
MSAD 61	4,039,850	4,039,850	-

See accompanying independent auditors' report on supplemental financial information.

Schedule of Departmental Expenditures (3 of 3)

Town of Casco, Maine

For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Debt Service:			
Principal	70,000	70,000	-
Interest	24,413	24,912	(499)
Total Debt Service	<u>94,413</u>	<u>94,912</u>	<u>(499)</u>
Unclassified:			
County tax	258,506	258,506	-
Recreation	98,476	78,474	20,002
Library	36,050	36,050	-
Grange hall	6,394	3,484	2,910
Memorial Day	300	300	-
Council of governments	3,469	3,469	-
Maine Municipal Association	3,687	-	3,687
Abatements	-	31,242	(31,242)
Lake Region Development Committee	-	-	-
Lake associations	7,664	4,000	3,664
Website design	4,805	-	4,805
Global information system	19,555	1,120	18,435
Comprehensive plan	18,114	10,326	7,788
Other	8,000	8,744	(744)
Total Unclassified	<u>465,020</u>	<u>435,715</u>	<u>29,305</u>
Capital Outlays:			
New Town office	-	27,427	(27,427)
Total Capital Outlays	<u>-</u>	<u>27,427</u>	<u>(27,427)</u>
Total Departmental Expenditures	<u>\$ 7,132,819</u>	<u>\$ 7,167,208</u>	<u>\$ (34,389)</u>

See accompanying independent auditors' report on supplemental financial information.

Schedule of Valuation, Assessment and Collection of Taxes

Town of Casco, Maine

For the Year Ended June 30, 2007

Valuation

Real estate	\$	294,724,340
Personal property		<u>14,319,200</u>

Total Valuation	\$	<u>309,043,540</u>
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Assessment

Valuation x Rate - \$309,043,540 x .01780	\$	5,500,975
Supplemental taxes		<u>9,412</u>

Total Assessment Charged to Collector	\$	5,510,387
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Collection and Credits

Cash collections	5,068,292
Tax abatements	<u>31,242</u>

Total Collection and Credits	<u>5,099,534</u>
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2007 Taxes Receivable - June 30, 2007	\$	<u>410,853</u>
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See accompanying independent auditors' report on supplemental financial information.