

Please note:

The following pages have been scanned from the original hard copy document and put into this document using Optical Character Recognition (OCR) software. As a result, there may be errors and differences between this document and the original hard copy presented to the Town by the auditors.

Use the following for general information only. To confirm data and information, refer to the hard copy of the document available at the Town Office.

Use the original hard copy to quote from. Do not quote from the following document. If you have questions or concerns, first verify with the original hard copy.

SCANNED FROM ORIGINAL

TOWN OF SWEDEN, MAINE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
TABLE OF CONTENTS

	PAGE
FINANCIAL STATEMENTS:	
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-9
BASIC FINANCIAL STATEMENTS:	10
GOVERNMENT WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS	
STATEMENT OF ACTIVITIES	11
FUND FINANCIAL STATEMENTS	12
BALANCE SHEET - GOVERNMENTAL FUND	
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS	13
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	14
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	15
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS	16
STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS	17
NOTES TO FINANCIAL STATEMENTS	18-26
REQUIRED SUPPLEMENTARY INFORMATION	27-29
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	
BUDGET AND ACTUAL	
SCHEDULE OF PRINCIPAL TAXPAYERS – <i>(not included here)</i>	30

INDEPENDENT AUDITOR'S REPORT

Board of Selectmen Town of Sweden, Maine

We have audited the accompanying basic financial statements of the Town of Sweden, Maine as of and for the year ended December 31, 2007, as listed in the table of contents. The basic financial statements are the responsibility of the Town of Sweden, Maine'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 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Town officials, as well as evaluating the overall general purpose 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 financial position of the Town of Sweden, Maine at December 31, 2007, and the results of its operations for the year then ended in conformity accounting principles generally accepted in the United States of America.

As described in the notes to the basic financial statements, the Town adopted the provisions of Governmental Accounting Standards Board(GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, as of and for the year ended December 31, 2005. This resulted in changes in the Town's method of accounting for certain transactions and a change in the format and content of the basic financial statements.

The Management's Discussion and Analysis and Required Supplementary Information, as listed in the table of contents, is not a required part of the basic financial statements but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and, accordingly, we express no opinion on them.

The information included in the Schedule of Principal Taxpayers has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2008 on our consideration of the Town of Sweden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Accounting Standards* and should be read in conjunction with this report in considering the results of our audit.

Signed

June 18, 2008 Bridgton, Maine

Managements Discussion and Analysis

Fiscal Year Ended 12/31/07

As management of the Town of Sweden, County of Oxford, State of Maine, we offer readers of the Town of Sweden a narrative overview and analysis of the financial activities of the Town of Sweden for the fiscal year ending 12/31/07. We encourage readers to consider the information presented in conjunction with the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

The assets of the Town of Sweden exceeded its liabilities at the close of the most frequent fiscal year by \$1,242,325

The Town of Sweden's total net assets decreased by \$28,588 . Most of this decrease was due to depreciation of capital assets.

As of the close of the current fiscal year, the Town of Sweden's governmental funds reported combined ending fund balances of \$359,990, a decrease of \$3,099 in comparison with the prior year.

At the end of the current fiscal year, unrestricted fund balance for the general fund was \$331,627, or 32 % of total general fund expenditures.

Overview of The Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Sweden's basic financial statements. The Town of Sweden's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Sweden's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all of the Town of Sweden's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Sweden that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities **of the Town** include general government, protection, highways and roads, sanitation, education, social services and recreation. The Town currently has no business-type activities.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Managements Discussion and Analysis
Fiscal Year Ended 12/31/07
(Continued)

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 Sweden, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, reader may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance contain a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Sweden maintains and reports on only one governmental fund, the general fund.

The Town of Sweden adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Sweden's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 16 and 17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 26 of this report.

Other Information. Other information required by Governmental Accounting Standards, Budget Comparison information and principal taxpayers can be found on pages 27 to 30 of this report.

Managements Discussion and Analysis
 Fiscal Year Ended 12/31/07
 (Continued)

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Sweden, assets exceeded liabilities by \$1,242,325 at the close of the most recent fiscal year.

The Town is providing condensed financial information for the fiscal year ended December 31, 2007 with comparative information for the fiscal year ended December 31, 2006. Our analysis below focuses on the net assets of the Town's governmental activities.

TOWN OF SWEDEN'S NET ASSETS		
	2007	2006
Current and Other Assets	\$ 440,460	\$ 428,266
Capital Assets	910 968	948 435
Total Assets	1 351 428	1,376,701
Long Term Debt	91,218	101,377
Other Liabilities	17 885	4 411
Total Liabilities	109 103	105,788
Net Assets		
Invested in Capital Assets	910,698	948,435
Unrestricted	331 627	322 478
Total Net Assets	\$1,242,325	\$1,270,913

The Town's investment in capital assets is about 73% total net assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The debt of the town is related to the towns investment in Mid-Maine Waste Action Commission, and not related to the capital assets.

The remaining balance of unrestricted net assets plus the fund balance reduced by current liabilities (\$422,575) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town is able to report positive balances in both categories of net assets for the government as a whole. The same held true last year.

The Town's net assets decreased by \$28,588 during the current fiscal year.

Managements Discussion and Analysis
 Fiscal Year Ended 12/31/07
 (Continued)

Governmental activities. Governmental activities decreased the Town of Sweden's net assets by \$28,588 . The following chart illustrates total expenses by function and revenues by source for all governmental activities:

TOWN OF SWEDEN'S CHANGES IN NET ASSETS		
	2007	2006
Revenues		
Charges for Services	\$ 9,924	\$ 8,627
Operating Grants and Contributions	41,030	74,910
Capital Grants and Contributions	111,843	53,582
Property and Other Taxes	855,155	822,735
Transfers	-0-	(506)
Interest Income	10 249	9 583
Total Revenues	1 028 201	968 931
PROGRAM ACTIVITIES		
Governmental Activities		131,901
General Government	97,693	
Protection	47,903	47,906
Sanitation	47,984	42,953
Highways and Roads	299,707	119,221
Recreation	1,017	1,427
School Administrative Dist. 72	505,946	485,734
Oxford County Tax	46,238	39,555
Library	900	800
Cemeteries	2,004	253
Abatements and Adjustments	-0-	5,702
Interest on Long Term Debt	6,583	7,763
General Assistance	814	384
Total Government Activities	1,056,789	883 599
(Decrease) Increase in Net Assets	(28,588)	85,332
Net Assets January 1	1,270,913	1,185,581
Net Assets December 31	\$1,242,325	\$1,270,913

Property and other taxes increased by \$32,420 (3.9 percent) during the year.

Total expenses increased \$172,756 mainly due to increases in road repairs. That was offset in part by \$70,217 in FEMA funds received during the year.

The decrease in net assets of \$28,588 was related to depreciation expense of \$37,738.

Managements Discussion and Analysis
Fiscal Year Ended 12/31/06
(Continued)

Financial Analysis of the Government's Funds

As noted earlier, the Town of Sweden uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Sweden's governmental funds is to provide information on the near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Sweden. At the end of the fiscal year, unreserved fund balance of the general fund was \$356,990 (\$103,853 of which has been designated for subsequent years' expenditures). As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The total fund balance represent approximately 35 percent of general fund expenditures.

The fund balance of the Town of Sweden's general fund decreased by \$3,099 during the current fiscal year. Select information from the fund activity follows:

- 1.) Property tax revenues increase by \$38,044 on the governmental fund basis. In 2007 taxes were assessed at the rate of \$9.35 on a valuation base of \$87,122,930 is assessed value, as compared to 2006 assessment on a valuation base of \$83,775,410 at a rate of \$8.20 per thousand.
- 2.) Expenditures increased by \$66,314, which consisted substantially of a \$117,571 increase in the in Highway expenditures and \$26,875 increase in the Schools and County appropriations, which were offset in part by a reduction of \$61,674 in Town Charges and a \$17,064 reduction in Protection expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was passed at a town meeting on March 24, 2007. The budget included \$905,700 in appropriations to be raised plus \$38,000 to be drawn from surplus to cover annual expenditures.

For the 2007 fiscal year, the total revenue exceeded budgetary projections and the total expenditures were under budgetary projections.

Capital Assets

The Town of Sweden's investment in capital assets for its governmental activities as of December 31, 2007 amounts to \$910,697, (net of accumulated depreciation and any related debt). This investment in capital assets includes land, buildings, equipment and construction in progress. Infrastructure, consisting of roads, bridges, and other like items was not previously included in Capital before 2005 and is being added prospectively. The Town of Sweden did not invest in additional capital assets in 2007.

Managements Discussion and Analysis
Fiscal Year Ended 12/31/07
(Continued)

TOWN OF SWEDEN'S CAPITAL ASSETS

	2007	2008
Land	\$ 172,771	\$ 172,771
Buildings	663,601	663,601
Vehicles and Equipment	175,844	175,844
Infrastructure	132 990	132 990
Total	\$1,145,206	\$1,145,206

Additions to capital assets during the year consisted mainly of substantially completing the construction on the new Town Hall, the purchase of land for future development for the Fire Department, and maintenance and improvement, including work on dirt roads..

Additional information of the Town of Sweden's capital assets can be found in the notes to financial statements.

Economic Factors and Net Year's Budgets and Rates

The Town has been keeping a watchful eye on the state budget situation, especially on the effect of the "LD 1" spending rules and the state's distribution formula for general-purpose aid to education.

During the upcoming fiscal year (2008) the Town's management will continue to monitor and evaluate local economic conditions.

Managements Discussion and Analysis
Fiscal Year Ended 12/31/07
(Continued)

Requests for Information

The financial report is designed to provide a general overview of the Town of Sweden's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Selectmen or Treasurer, 141 Bridgton Road, Sweden, ME 04037.

The Board of Selectmen of the Town of Sweden, County of Oxford, State of Maine, do hereby submit this Management's Discussion and Analysis Report for the year 2007, as required by Federal Law as part of the annual audit.

Board of Selectmen Town of Sweden County of Oxford State of Maine

As Witnessed:

Dated and Signed

TOWN OF SWEDEN, MAINE
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	ASSETS	GOVERNMENTAL ACTIVITIES
Cash		\$ 343,384
Taxes Receivable		66,618
Tax Liens and Other Old Taxes		30,392
Due From Trust Fund		336
Capital Assets:		
Land		172,771
Buildings		663,601
Vehicles and Equipment		175,844
Infrastructure		132,990
Accumulated Depreciation		(234,508)
TOTAL ASSETS		1,351,428
	LIABILITIES	
Accounts Payable		10,571
Due to Heritage Fund		6,354
Accrued Interest on Bonds		960
Noncurrent Liabilities		
Due Within One Year		10,768
Due in More Than One Year		80,450
TOTAL LIABILITIES		109,103
	NET ASSETS	
Invested in Capital Assets net of long-term debt		910,698
Unrestricted		331,627
TOTAL NET ASSETS		1,242,325
TOTAL		\$ 1,351,428
LIABILITIES AND NET ASSETS		\$ 1,351,428

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWN OF SWEDEN, MAINE
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2007

Assets	Program Revenues				Net (Expense) Revenue and Changes in Net
PROGRAM ACTIVITIES	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 97,693	\$ 6,819	\$39,450	\$	\$(51,424)
Protection	47,906	1,509		50	(46,344)
Sanitation	49,984	1,530			(45,374)
Highways and Roads	229,707			111,793	(187,914)
Recreation	1,017	66			(951)
School Administrative Dist.	505,946				(505,946)
Oxford County Tax	46,238				(46,238)
Library	900				(900)
Cemeteries	2,004		500		(1,504)
Abatements and Adjustments	-0				-0-
Interest on Debt	6,583				(6,583)
General Assistance	814				(814)
Total Government Activities	\$1,057,789	\$ 9,924	\$ 41 030	\$ 111 843	(893,992)
		General Revenues:			
		Taxes:			
					809,109
					46,046
					666
					9,583
					(-0-)
					865 404
					(28,588)
					1,270,913
					\$1,242,325

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWN OF SWEDEN, MAINE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	GENERAL
ASSETS	
Cash	\$343,384
Taxes Receivable	66,618
Tax Liens and Other Old Taxes	30,392
Due From Trust Fund	336
TOTAL ASSETS	\$440,730
LIABILITIES AND FUND BALANCES	
LIABILITIES	\$ 10,571
Accounts Payable	
Due to Heritage Fund	6,354
Accrued Interest Payable	960
Deferred Tax Revenue	65,855
TOTAL LIABILITIES	83,740
FUND BALANCES	103,853
Designated for Subsequent Year's Expenditures	
Unreserved, Undesignated	253,137
TOTAL FUND BALANCES	356,990
TOTAL LIABILITIES AND FUND BALANCE	\$440,730

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWN OF SWEDEN, MAINE
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO STATEMENT OF NET ASSETS
 DECEMBER 31, 2007

Total Fund Balances - Governmental Funds	\$	356,990
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		910,698
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.		65,855
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(91,218)
		\$ 1,242,325
Net Assets of Governmental Activities		\$ 1,242,325

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWN OF SWEDEN, MAINE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2007

	GENERAL
REVENUES	
Taxes	\$ 853,065
Licenses and Permits	1,530
Intergovernmental Revenue	152,322
Interest Income	9,583
Other Revenue	9,610
Gifts and Donations	-0
Total Revenues	1,026,111
EXPENDITURES	
General Government	84,626
Protection	31,614
Sanitation	47,884
Highways and Roads	291,425
Recreation	1,017
School Administrative District	505,946
Oxford County Tax	46,238
General Assistance	814
Library	900
Cemeteries	2,004
Abatements/Forgiveness	-0
Debt Service:	
Principal	10,159
Interest	6,583
Total Expenditures	1,029,210
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(3,099)
OTHER FINANCING SOURCES (USES)	
Transfers to Other Funds	-0
NET CHANGE IN FUND BALANCES	(3,099)
FUND BALANCES BEGINNING OF YEAR	360 089
FUND BALANCES - END OF YEAR	\$ 356,990

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWN OF SWEDEN, MAINE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL ACTIVITIES TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2007

Net Change in Fund Balances - governmental funds \$(3,099)

Governmental funds report capital outlay as expenditures. However, in the government wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. -0

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (37,738)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Real estate taxes not collected within 60 days of year end are excluded from revenues in the statement of activities. 2,090

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 10,159

Change in Net Assets of Governmental Activities \$(28,588)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWN OF SWEDEN, MAINE
 STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2007

	Private Purpose Trusts
ASSETS	
Cash and Cash Equivalents	\$ 5,425
Due from Town to Heritage Fund	6 354
TOTAL ASSETS	\$11 779
LIABILITIES	
Due to General Fund	536
TOTAL LIABILITIES	536
NET ASSETS	
Held in Trust for Private Purposes	11 243
TOTAL NET ASSETS	\$11 243

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWN OF SWEDEN, MAINE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007

	Private Purpose Trusts
ADDITIONS:	
Contribution	\$ -0
Interest Income	540
TOTAL ADDITIONS	540
DEDUCTIONS:	
Expenditures	1,249
Increase in Due to General Fund	30
TOTAL DEDUCTIONS	1 279
CHANGE IN NET ASSETS	(739)
NET ASSETS - BEGINNING OF YEAR	11 982
NET ASSETS - END OF YEAR	\$11 243

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWN OF SWEDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Town of Sweden, Maine (the Town) is organized as a Town in which citizens elect at large a three member board of selectmen. This report includes all funds and account groups of the Town. An analysis of the criteria presented in GASB Statement No. 14 "The Financial Reporting Entity" was made to determine if other governmental units should be included in this report. From this analysis, as discussed further in these notes, the Town includes the Sweden Volunteer Fire Department (SVFD) as part of its Governmental Fund in their financial statements.

Budgets and Budgetary Control - An annual expenditure budget is adopted by the townspeople for the General Fund.

General Fund Budget - Certain revenues are dedicated for particular purposes by vote of the townspeople at the annual town meeting. At the annual town meeting, held in March, the townspeople vote on various articles, in which amounts of appropriations have been recommended by the Board of Selectmen and/or the Budget Committee.

Basis of Presentation

During the year ended December 31, 2004 the Town has adopted Government Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The changes to the presentation are discussed in the following notes.

Government-Wide Financial Statements - The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business type activities. The Town only has governmental type activities that are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions.

Fund Financial Statements - Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- A. Total assets, liabilities, revenues, or expenditures of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- B. Total assets, liabilities, revenues, or expenditures of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

TOWN OF SWEDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The Town reports the following governmental funds:

General Fund - The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all of the activities except those legally or administratively required to be accounted for in other funds.

Fiduciary Funds (Not Included in Government-Wide Statements) - Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus - On the government-wide Statement of Net Assets and the Statement of Activities governmental activities are presented using the economic resources method which focuses on the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities associated with the activities are reported.

In the fund financial statements, the "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.

Basis of Accounting - In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

TOWN OF SWEDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related liability is incurred, except for general obligation bond principal and interest which are reported when due.

Assets, Liabilities, and Equity

Cash - For the Statement of Net Assets, cash includes all demand, savings accounts and certificates of deposit of the Town.

Receivables - In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Major receivable balances for the governmental activities and in the fund financial statements consist of real estate taxes and reimbursements receivable.

Fixed Assets - In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are recorded at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair market value at the date of donation.

Prior to January 1, 2004, governmental funds' infrastructure assets (roads, bridges and the like) were not capitalized. These assets are being added prospectively to the financial statements as they are acquired or constructed as permitted by GASB Statement No. 34.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives is as follows:

Buildings	40	Years
Building Improvements	40	Years
Machinery and Equipment	5-10	Years
Infrastructure	20-40	Years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as expenditures of the function of the governmental fund upon acquisition.

TOWN OF SWEDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications

On the government-wide financial statements equity is classified as net assets and displayed in three components:

A. Invested in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.

B. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

C. Unrestricted net assets - All other net assets that do not meet the definition of restricted or invested in capital assets.

On the fund financial statements equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Revenues, Expenditures, and Expenses

Property tax - In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of any additional property taxes receivable after the sixty day period, no additional accrual is made in the government-wide financial statements.

Expenditures/Expenses - In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified by function or debt service.

Use of 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 may differ from those estimates.

NOTE 2: LEGAL COMPLIANCE - BUDGETS

Budgets are prepared for the General Fund. At the annual town meeting, held in March of each year, the townspeople vote on various articles for appropriations that have been recommended by the Board of Selectmen and/or the Budget Committee.

TOWN OF SWEDEN MAINE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2007

NOTE 3: CASH

Deposits - At December 31, 2007 cash and cash equivalents consisted of:

	<u>Carrying</u>	<u>Bank</u>
	<u>Amount</u>	<u>Balance</u>
<u>Cash and Cash Equivalents:</u>		
Deposit accounts	\$343,384	\$348,515

The difference between the bank balance and the carrying amount shown on these financial statements is typically caused by timing differences, the most common of which are deposits in transit and outstanding checks.

Of the bank balance at December 31, 2007, \$32,838 was covered by federal depository insurance, \$315,679 was covered by collateral held in the pledging financial institution's trust department in the Town's name.

NOTE 4: PROPERTY TAX

The Town's property tax for the current year were committed on July 16, 2007 for all real estate and personal property located in the Town as of April 1, 2007. Taxes were due on September 15, 2007 with interest at 12.00% per annum on any part unpaid as of that date.

Under State law, tax liens are placed on real property if the taxes become delinquent. The lien process may commence after the expiration of eight months and within one year after the date of the tax commitment. The Town has the right to foreclose on the real property if the tax lien and associated costs of filing the lien remain unpaid eighteen months after the lien is filed.

Property taxes levied in the current year were recorded as receivables at the time the levy was made. The receivables collected during the year and within 60 days of year end have been recorded as revenues in the fund financial statements. Receivables collected after 60 days are considered to be deferred revenue in the fund financial statements. Prior year tax levies were recorded using the same principle.

At December 31, 2007 deferred tax revenue was \$ 65,855 reflecting a \$2,090 increase from the prior years balance.

TOWN OF SWEDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance 1/01/07	Additions/ Adjustments	Disposals/ Adjustments	Balance 12/31/06
Governmental Activities:				
Land	\$ 172,771	\$ -0-	\$ -0-	\$ 172,771
Buildings	663,601	-0-	-0-	663,601
Vehicles and Equipment	175,844	-0-	-0-	175,844
Infrastructure	132,990	-0-	-0-	132,990
Total	1,145,206	-0-	-0-	1,145,206
Less Accumulated Depreciation:				
Land	-0-	-0-	-0-	-0
Buildings	(103,302)	(16,590)	-0-	(119,892)
Vehicles and Equipment	(90,143)	(17,823)	-0-	(107,966)
Infrastructure	(3,325)	(3,325)	-0-	(6,650)
Total	(196,771)	(37,738)	-0-	(234,508)
Governmental Activities Capital Assets, net	\$ 948,435	\$(37,738)	\$ -0-	\$ 910,697

Depreciation expense was charged to governmental activities as follows:

General Government	\$13,067
Highways and Roads	8,282
Protection	16,288
Sanitation	100
Total	<u>\$37,738</u>

NOTE 6: Tax Anticipation Note

The Town has available with Norway Savings Bank a tax anticipation note in the amount of \$100,000 it can draw on during the year. The note calls for interest at the rate of 5.00% and is secured by future tax receipts. During the year ended December 31, 2007, at one time \$40,000 had been drawn on the note. Interest paid for the year ended December 31, 2007 was \$314.

TOWN OF SWEDEN, MAINE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2007

NOTE 7: LONG TERM DEBT

The following is a summary of the Town's long term debt transactions for the year ended December 31, 2007:

<u>Description</u>	<u>Balance December 31, 2007</u>
General Obligation Bonds:	
"Series A" bond, due in annual principal installments ranging from \$1,125 to \$15,536 through November, 2014 variable interest starting at 4.013%, gradually increasing to 6.313%. Original issue amount of \$145,345 on September 27, 1995.	\$ 91,218
TOTALS	\$ <u>91,218</u>

Changes in General Long Term Liabilities: During the year ended December 31, 2007 the following changes occurred in the Town's General Long-Term Debt Account Group:

	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
Bonds Payable	\$101,377	\$ -0-	\$10,159	\$91,218
Totals	\$101,377	\$ -0-	\$10,159	\$91,218

For the year ended December 31, 2007 interest expense of the general funds was \$6,818.

Requirements as of December 31, 2007 to amortize all debt in future periods are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	10,768	5,759	16,527
2009	11,447	5,079	16,526
2010	12,168	4,356	16,524
2011	12,934	3,588	16,522
2012	13,749	2,771	16,520
2013-2014	30,152	2,884	33,036
Totals	\$ 91,218	\$24,438	\$115,656

TOWN OF SWEDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 7: LONG TERM DEBT (Continued)

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of 15% of State valuation of such municipality. At December 31, 2007 the Town was in compliance with these provisions.

NOTE 8: OVERLAPPING DEBT

The Town's proportionate share of debt of all local governmental units providing services to the Town is not included in the Town's financial statements. However, the assessments must be borne by the taxable property within the Town (termed overlapping debt).

Such debt as reported by those units as of December 31, 2007 is summarized below.

	<u>Total Debt</u>	<u>Percent Applicable to Sweden</u>	<u>Amount Applicable to Sweden</u>
MSAD #62	\$1,163,675	4.142%	\$48,195

NOTE 9: MID-MAINE WASTE ACTION CORPORATION

Mid-Maine Waste Action Corporation (MMWAC) is a joint venture of the Town of Sweden and eleven other Maine municipalities. MMWAC was formed in March 1986 for the purpose of razing the old Auburn Energy Recovery Facility and constructing a regional waste to energy facility. MMWAC is governed by the provisions of its Articles of Incorporation and Bylaws, and an agreement among MMWAC and the participating municipalities.

Each of the participating municipalities has also entered into a Waste Handling Agreement with MMWAC pursuant under which the municipality is obligated to send all its waste to MMWAC for the term of the agreement. MMWAC is administered by a board comprised of one member from each participating municipality.

Each member is entitled to one vote for all corporate business except for bonding which matures more than three years from the date of issuance, and for adoption of the annual budget in which case votes are weighted by the community population and requires an 85% majority for passage.

TOWN OF SWEDEN, MAINE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2007
 NOTE 9: MID-MAINE WASTE ACTION CORPORATION(Continued)

The following is selected financial information for MMWAC as reported by MMWAC for the year ended June 30, 2006 and June 30, 2005

	2006	2005
Total Assets	\$26,179,905	\$27,940,795
Total Liabilities	425,970	407,136
Fund Balance	25,753,935	27,533,659
Operating Revenue	6,885,273	7,161,501
Operating Expenses	6,747,547	6,397,630
Depreciation and Amortization	1,538,024	1,523,488
Non Operating Revenue (Expense)	198,173	104,625
Net (Loss)	(1,799,724)	(654,992)

Detailed financial information is available from MMWAC.

The Waste Handling Agreement obligates the member municipalities to pay its "proportionate share" of all liabilities and expenses of MMWAC to the extent that MMWAC does not have sufficient funds thereof. As part of a 1994 refinancing of MMWAC the town issued general obligation bonds which amounted to approximately 1.45% of the refinancing, which represented the town's percentage share of the MMWAC obligations.

NOTE 10: RISK MANAGEMENT

The Town is exposed to various risks of loss related to theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Town is insured. Workers compensation claims are insured with Maine Employers Mutual Insurance Company. Settlement amounts on any claims have not exceeded insurance coverage for the current year.

TOWN OF SWEDEN, MAINE
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2007

	BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES			
Taxes:			
General Property	\$809,008	\$807,019	\$(1,989)
Excise - Motor Vehicles	39,000	45,493	6,493
Excise - Watercraft & Aircraft	-0-	553	553
	848,008	853,065	5,057
Licenses and Permits	1,530	1,530	-0
Intergovernmental Revenue:			
State of Maine - Revenue Sharing	24,001	25,678	1,677
Tree Growth	28,000	6,462	(21,538)
D.O.T. - Road Grant	41,576	41,576	
Homestead	5,591	4,765	(826)
Veteran's Reimbursement	-0-	2,545	2,545
FEMA	70,217	70,217	-0
MMWAC	1,080	1,080	-0
	170,465	152,323	(18,142)
Interest Income	9,583	9,583	-0
Charges for Services:			
Planning Board	3,847	3,847	-0
Cemetery	500	500	-0
Hall Rental	300	300	-0
Clerk and Other Fees	1,525	1,525	-0
Miscellaneous	3,438	3,438	-0
	9,610	9,610	-0
TOTAL REVENUES	\$1,039,196	\$1,026,111	\$(13,085)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL
 STATEMENTS

TOWN OF SWEDEN, MAINE
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2007
 (CONTINUED)

	BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
EXPENDITURES			
General Government:			
Town Charges	\$ 83,909	\$ 75,432	\$ 8,477
Planning Board	11,428	3,584	7,844
Code Enforcement	4,000	3,998	2
Capital Improvements	1,074	-0-	1,074
Town Survey/Marking	1,000	-0-	1,000
Comprehensive Plan	2,061	-0-	2,061
Buildings and Grounds	1,600	1,612	(12)
New Town Office	7,971	-0-	7,971
Town Revaluation	-0-	-0-	-0
Contingency Fund	2,624	-0-	2,624
Total General Government	115,667	84 626	31,041
Protection:			
Street Lighting	-0-	-0-	-0
Emergency Response	559	500	59
Dry Hydrant	1,758	-0-	1,758
SVFD Operating	26,134	27,924	(1,790)
SVFD Capital	1,439	15	1,424
Animal Control	1,239	1,125	114
Animal Shelter	350	350	-0
Clean Water	-0-	-0	
LEA	400	400	-0
Senior Plus	100	100	-0
Ambulance Services	2,400	1,200	1,200
Total Protection	34,379	31,614	2 765
Sanitation:			
Trash Removal	42,500	45,775	(3,275)
Plumbing Inspector	2,192	2,109	83
Total Sanitation	44,692	47,884	(3,192)
Highway and Roads			
Winter Roads	111,270	113,589	(2,319)
Summer Roads	65,000	63,661	1,339
FEMA	70,317	62,582	7,735
Emergency Road Fund	8,877	-0-	8,876
State Road Projects	38,000	-0-	38,000
DOT Road Grants	77,870	51,593	26,276
Total Highway and Roads	371,334	291 425	79,909

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF SWEDEN, MAINE
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2007
 (CONTINUED)

	BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Recreation:			
Snowmobile	938	-0-	938
Lovell Recreation	650	650	-0-
Conservation	375	367	8
Total Recreation	1,963	1,017	946
Special Assessments:			
School District	505,946	505,946	-0-
Oxford County Taxes	43,683	46,238	(2,555)
Total Special Assessments	549,629	552,184	(2,555)
Libraries	900	900	-0-
Cemeteries	2,500	2,004	496
Unclassified:			
Abatements/Forgiveness	-0-	-0-	-0-
Debt Service	16,928	16,428	500
Interest expense - TAN	-0-	314	(314)
General Assistance	-0-	814	(814)
Overlay	28,517	-0-	28,517
Total Unclassified	45,445	17,556	27,899
Total Expenditures	1,166,509	1,029,210	137,299
EXCESS OF REVENUES (UNDER)			
EXPENDITURES	\$(127,313)	\$(3,099)	\$124,214
OTHER FINANCING SOURCES (USES)			
Utilization of Designated			
Fund Balance	96,848	-0-	(96,848)
Transfers - Trust Fund	-0-	(-0-)	(-0)
TOTAL OTHER FINANCING SOURCES (USES)	96,848	(-0-)	98,848
EXCESS OF REVENUES (UNDER)			
EXPENDITURES AND FINANCING (USES)	\$(30,465)	(3,099)	\$(27,366)
FUND BALANCE JANUARY 1		<u>360,089</u>	
FUND BALANCE DECEMBER 31		\$356,990	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS