

Financial Statements

Town of York, Maine

June 30, 2010

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Town of York, Maine

June 30, 2010

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of York, Maine, as of and for the year ended June 30, 2010, 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 did not audit the financial statements of the York School Department's general fund, other governmental funds (special revenue funds and capital project funds) and fiduciary funds (agency funds). Those financial statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the general fund, other governmental funds and fiduciary funds, is based solely on the report of the other auditors.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of York, Maine as of June 30, 2010, 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.

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2011 on our consideration of the Town of York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on page 3 and the required supplementary information on page 37, are not required parts of the basic financial statements but are 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
February 7, 2011



Town of York

186 York Street
York, Maine 03909-1314

Town Manager/
Selectmen
(207)363-1000

Town Clerk/
Tax Collector
(207)363-1003

Finance/
Treasurer
(207)363-1004

Code Enforcement
(207)363-1002

Planning
(207)363-1007

Assessor
(207)363-1005

Police Department
(207)363-1031

Dispatch
(207)363-2557

York Beach Fire
Department
(207)363-1014

York Village Fire
Department
(207)363-1015

Public Works
(207) 363-1011

Harbor Master
(207)363-1000

Senior Center/
General Assistance
(207)363-1036

Parks and
Recreation
(207)363-1040

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(207)363-1009
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www.yorkmaine.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of York's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2010. Please read it in conjunction with the Town's financial statements, which begin on page 4.

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 4 and 5) 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 6. 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

Our analysis of the Town as a whole begins on page 3. 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 infrastructure, to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental activities - Most of the Town's basic services are reported here, including the police, fire, general administration, roads, parks, and beaches. Property taxes, auto excise taxes, franchise fees, fines, parking revenues, state revenue sharing and state and federal grants finance most of these activities.

Business-type activities - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Recreation, Sohler Park, Senior Transportation, Mt. Agamenticus, Goodrich Park, Printing Enterprise and Police Outside Duty activities are reported here.

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS FINANCIAL STATEMENTS

Our analysis of the Town's major funds begins on page 8. The fund financial statements begin on page 8 and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Selectmen establishes many other funds to help it control and manage money for particular purposes.

- **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 the reconciliations on pages 7 and 9.

- **Proprietary funds**-When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Town's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

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, 2010, net assets changed as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 10,603,162	15,643,615	\$ 141,602	\$ 120,233	\$ 10,744,764	15,763,848
Capital Assets	<u>59,027,548</u>	<u>55,230,471</u>			<u>59,027,548</u>	<u>55,230,471</u>
Total Assets	69,630,710	70,874,086	141,602	120,233	69,772,312	70,994,319
Long Term Liabilities	17,224,373	18,364,035			17,224,373	18,364,035
Other Liabilities	<u>2,491,174</u>	<u>2,637,008</u>	<u>19,231</u>	<u>34,847</u>	<u>2,510,405</u>	<u>2,671,855</u>
Total Liabilities	19,715,547	21,001,043	19,231	34,847	19,734,778	21,035,890
Net Assets:						
Invested in capital assets,						
Net of related debt	43,010,946	37,900,238			43,010,946	37,900,238
Restricted	21,253	21,255			21,253	21,255
Reserved for specific purposes						
Unrestricted	<u>6,882,964</u>	<u>11,951,550</u>	<u>122,371</u>	<u>85,386</u>	<u>7,005,335</u>	<u>12,036,936</u>
Total Net Assets	<u>\$ 49,915,163</u>	<u>\$ 49,873,043</u>	<u>\$ 122,371</u>	<u>\$ 85,386</u>	<u>\$ 50,037,534</u>	<u>49,958,429</u>

These numbers reflect an increase in net assets of 0.25 percent for governmental activities and over 43 percent for business-type activities (see page 3-10 for a detailed explanation). The Town issued bonds in the amount of \$8,624,500 in July, 2010, just after year-end (see page 3-9 for details). Due to timing, there was spending in anticipation of bond issuance before year end, reflected in the reduction in cash and significant increase in capital assets.

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	Charges for photocopies, maps, plumbing permits, shoreland permits, cable TV franchise fees, gas tax refund, reimbursements, clerk fees, a portion of parking meter and permit receipts, parking ticket receipts.
Public Safety	Mooring receipts, police reports, dispatching services agreement with Ogunquit, PSAP (Public Safety Answering Point) fees from other surrounding towns, COPS grants, other grants, dog license fees and an agreement with York Hospital to provide officers on a regular basis.
Public Works	Urban/Rural Initiative program, FEMA reimbursements, other state grants to improve certain street intersections.

Community Services General Assistance state reimbursement and room rental fees.

Boards and Commissions Shellfish licenses.

Education Food service, grants, state subsidy.

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

Net Expense

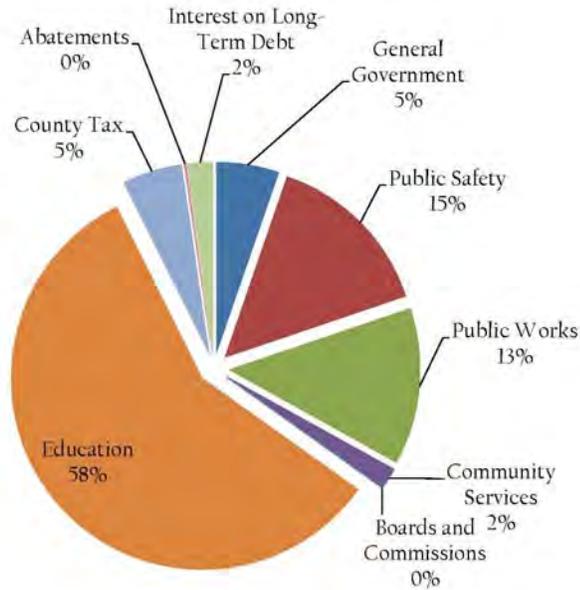
The Net Expense is the financial burden that was placed on the taxpayers by each of these functions. Over \$7.7 million dollars worth of activity was paid by grants, user fees, parking tickets and meter revenues and fees other than taxes. There is not a significant difference in allocation from FY2009 to FY2010. There is, however, a significant drop in Public Safety Revenues due to the FEMA grant in the amount of \$475,000 that funded a fire truck in FY2009. The fire truck expenditure was capitalized and, as such, is not included in the FY2009 expenditures. In FY2010, the most noticeable discrepancy between expenditures and revenues is in the 'Public Works-federally funded projects'. These projects were related to FEMA events which resulted in damage to roads and culverts. Although there would normally be a net negative expense (excess revenues) in this line, due to reimbursements for force labor and equipment, this sizeable difference (\$665,377) is due to the capitalization of most of the expenditures on road repairs as fixed assets, which are not represented here but can be found in the Capital Assets discussion section.

Function/ Program	Expenses		Revenues		Net Expense	
	2010	2009	2010	2009	2010	2009
General Government	\$ 2,397,494	\$ 2,545,872	\$ 324,828	\$ 381,484	\$ 2,072,666	\$ 2,164,388
Public Safety	6,212,159	5,685,518	522,048	969,235	5,690,111	4,716,283
Public Works	5,431,293	3,475,035	246,711	217,586	5,184,582	3,257,449
Public Works – federally funded projects	60,447	719,562	725,824	719,562	(665,377)	0
Community Services	701,133	804,466	4,910	10,785	696,223	793,681
Boards and Commissions	11,940	97,357	1,800	30,919	10,140	66,438
Education	25,684,215	24,697,014	3,038,856	2,887,818	22,645,359	21,809,196
Maine State Retirement on behalf payments	2,183,989	2,257,255	2,183,989	2,257,255		
County Tax	1,972,633	1,937,468			1,972,633	1,937,468
Abatements	82,285	79,866			82,285	79,866
Unclassified	700,286	1,906,316	763,529	627,073	(63,243)	1,279,243
Interest on long-term debt	833,680	754,106	-	-	833,680	754,106
Total Governmental Activities	\$ 46,271,554	44,959,835	\$ 7,812,495	8,101,717	\$ 38,459,059	\$ 36,858,118

Public Safety revenues derive from dispatching services provided to neighboring towns as well as patrol and security services for the local hospital, COPS and other public safety grants. Rural roads subsidies make up the bulk of the Public Works revenues, in addition to reimbursements for some paving projects, mostly from the local water and sewer districts, as well as reimbursements for recycling materials.

The Town was impacted by two FEMA events in February and March of 2010 which involved a tremendous amount of debris cleanup, including the removal of hundreds of trees and branches that had fallen in high winds and microbursts. The cleanup continued into FY11.

FY 2010 Net Expense



Education's share of net expenses decreased a small amount and is still the largest percentage at 58%. Public Works and Public Safety represent the largest shares of non-education net expense.

In an effort to reduce the net expense to taxpayers, there has been a concerted effort to institute user fees as appropriate. To that end, 'impact fees' were imposed years ago on residential dwelling units to help defray the debt service costs of new school buildings. \$117,300 in impact fees were collected by the Town and transferred to the school to offset costs. By ordinance, building permit fees are used to reduce taxpayer impact of the Community Development Department (Code, Planning and Geographic Information Services) to a great extent. Several full time positions in that department are funded by fees, saving the taxpayers almost \$250,000 this year, while delivering desired services in the area of inspections and GIS mapping and data collection.

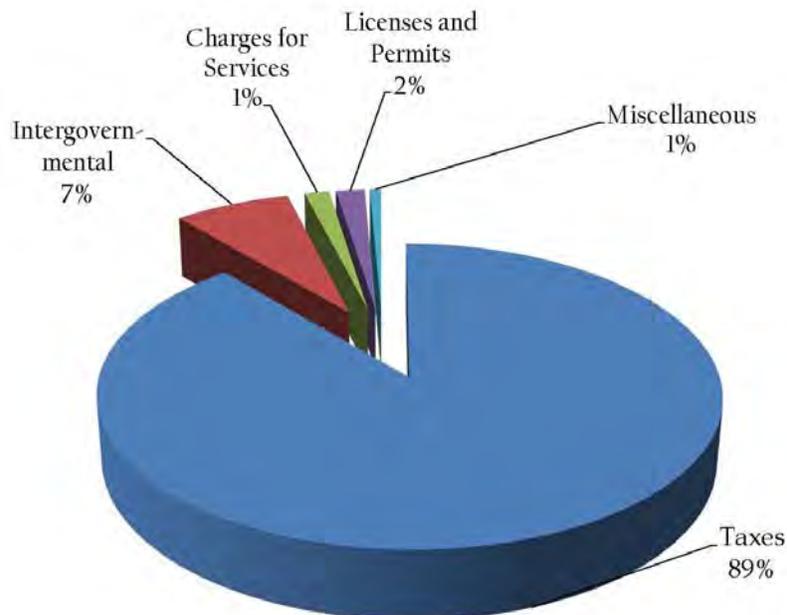
THE TOWN'S FUNDS

The following schedule presents a summary of General Fund revenues for the fiscal year ended June 30, 2010 with a comparison to 2009:

<i>Revenues:</i>	<i>FY 2010 Amount</i>	<i>Percent of Total</i>	<i>FY 2009 Amount</i>	<i>Percent of Total</i>
<i>Taxes</i>	\$ 36,941,281	84.34%	\$ 36,233,076	82.68%
<i>Intergovernmental</i>	2,974,759	6.80%	3,668,604	8.37%
<i>Intergovernmental on behalf payments</i>	2,183,989	4.99%	2,257,255	5.15%
<i>Charges for services</i>	671,004	1.52%	543,638	1.24%
<i>Licenses and permits</i>	739,400	1.69%	684,747	1.56%
<i>Miscellaneous</i>	289,374	.66%	436,296	1.00%
<i>Total Revenues</i>	<u>\$ 43,799,807</u>	<u>100.00%</u>	<u>\$ 43,823,616</u>	<u>100.00%</u>

Revenues from all sources decreased 0.15% from the previous year. For the third year in a row, excise tax collections decreased, 2.4% in Fy07, 2.2% in Fy08, 4.8% in FY09, and 1.8% in FY10, which is typical for the state as a whole. All revenues related to beach parking (beach parking stickers, meter collections and parking tickets) are up 11.7%. Property taxes are up 2.2% or \$737,664 from the previous year and make up the large majority of revenues. Investment interest income is down 56.20% compared to the prior year due to significant declines in interest rates. State municipal revenue sharing decreased 16.3%, reflective of the State's poor fiscal health.

FY 2010 Revenues



The following schedule presents a summary of expenditures for the fiscal year ended June 30, 2010:

<u>Expenditures:</u>	<u>FY 2010</u>	<u>Percent</u>	<u>FY 2009</u>	<u>Percent</u>
	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Total</u>
<i>General Government</i>	\$ 2,449,288	5.47%	\$ 2,450,687	5.52%
<i>Public Safety</i>	5,830,682	13.02%	6,065,924	13.67%
<i>Public Works</i>	4,987,867	11.14%	3,843,428	8.66%
<i>Public Works federally funded</i>	679,525	1.52%	719,562	1.62%
<i>Community services</i>	698,754	1.56%	803,690	1.81%
<i>Boards and Commissions</i>	11,940	.03%	97,357	.22%
<i>Education</i>	22,917,342	51.17%	22,836,499	51.47%
<i>Maine State Retirement on behalf</i>	2,183,989	4.88%	2,257,255	5.09%
<i>County Tax</i>	1,972,633	4.40%	1,937,468	4.37%
<i>Abatements</i>	82,285	.18%	79,866	.18%
<i>Capital Outlays</i>	300,605	.67%	942,479	2.12%
<i>Interest on Long-Term Debt</i>	932,117	2.08%	747,865	1.69%
<i>Principal Payment on Long-Term Debt</i>	1,734,899	3.88%	1,587,620	3.25%
<u>Total Expenditures</u>	<u>\$ 44,781,927</u>	<u>100.00%</u>	<u>\$ 44,369,700</u>	<u>100.00%</u>

In the March of 2010, the Town refunded all eligible debt at a very favorable interest rate, saving the Town in excess of \$1,600,000 over the remaining life of the bonds (ten years). For purposes of this comparison, the principal payments occurring from the refunding (\$10,455,000) are not included in this table.

Overall expenditures increased 0.93%, a modest increase kept to a minimum with a spending freeze imposed part way through the year when it became evident that revenues were not going to meet expectations. The comparative decrease in expenditures in Public Safety is due in large part to the fact that the purchase of a grant-funded fire truck was included in FY2009's expenditures. The increase in expenditures in Public Works reflects a difficult winter that resulted in more overtime than usual, some of which was reimbursed with FEMA funds, as well as some FY09 expenditures being classified as 'Capital Outlays' rather than as Public Works expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

Early in the year it became evident that major revenue sources were not going to reach projections, so management made mid-year expenditure decisions with an eye toward covering revenue shortfalls with decreased spending. Consequently, property taxes carried more of the burden than in other years. That trend is continuing into FY11, as the economic situation has lead to very low investment interest rates and reduced state revenue sharing. It appears that auto excise tax is meeting expectations, indicating an end to the downward trend we have experienced the last few years.

In spite of the economic conditions, the taxpayers were very supportive of the Board of Selectmen's five-year capital plan, and approved all of the municipal and school projects put before them on the ballot for year one. The plan totaled \$5,623,000 and included \$2,000,000 for land for a public safety building, \$1,200,000 in major drainage projects, \$950,000 for the rehabilitation of Town Dock #1, and \$426,000 for a fire truck, among other smaller projects. Those projects were combined with projects approved in the prior year and resulted in a total issuance in the amount of \$8,624,500 in July, 2010.

Pursuant to GASB 45, actuaries have calculated the Town's liability with respect to Other Postemployment Benefits. The Town offers limited postemployment benefits, including life insurance (for Maine State Retirees) and the privilege of remaining on the Town's health insurance plan for 102% of premiums. The Town does not fund this liability but rather is on a pay-as-you-go basis. This is the second year this liability appears on these statements.

Although a \$890,000 utilization of undesignated fund balance was approved by voters to reduce tax appropriations, only \$531,218 of funds authorized were used, leaving a fund balance of \$7,048,523, of which undesignated fund balance equals \$4,182,853.

With taxes receivable of only \$904,184 on total tax bills of \$34.6 million, the Town of York enjoys a remarkable tax collection rate of 97.4%. The balance due on tax liens at year-end is only \$283,534, less than .8% of total taxes due. Along with a healthy fund balance and prudent investments, the Town's cash flow is managed well, and does not require any short-term borrowing. The Town's Standard and Poor's AA rating was recently confirmed AA+.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the Town had \$59.03 million invested in capital assets including substantial funding for paving and construction of town roads. The usual additions included police vehicles and computer equipment. Other additions are listed below.

	Capital Assets	Accumulated Depreciation at June 30, 2010	Capital Assets Net of Depreciation
Land	\$ 10,581,342	\$ -	\$ 10,581,342
Buildings & Improvements	38,638,481	15,105,429	23,533,052
Land Improvements	36,064,301	14,754,684	21,309,617
Equipment	3,363,386	2,078,887	1,284,499
Vehicles	6,003,769	3,684,731	2,319,038
TOTALS	\$ 94,651,279	\$ 35,623,731	\$ 59,027,548

This year's major additions included:

Music Wing at high school	\$ 2,188,041
Fire Truck (pumper)	422,724
Plow trucks (1 ½)	205,548
Two land parcels for Public Safety Building	2,000,000
Stormwater Outfall at Short Sands Beach	82,196
Repaving and reconstructing town roads and lots	1,094,363
Ellis Park playground equipment	96,500
Town Hall Renovations	63,044
Other Additions	219,403
	\$ 6,371,819

Debt

At year-end, the Town had \$17,224,373 in outstanding debt representing a net decrease of \$1,139,662:

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General Obligation Debt	\$ 15,753,511	\$ 17,158,410	\$ -	\$ -	\$ 15,753,511	\$ 17,158,410
Capital Lease obligations	263,091	171,823			263,091	171,823
Compensated absences	1,037,048	946,195			1,037,048	946,195
Other postemployment benefits obligation	<u>170,723</u>	<u>87,607</u>			<u>170,723</u>	<u>87,607</u>
Totals	\$ 17,224,373	\$ 18,364,035	\$ -	\$ -	\$ 17,224,373	\$ 18,364,035

The refunding of \$10,785,000 worth of eligible bonds did not alter the current total of debt obligation but greatly impacts the total debt service as bonds are retired over the next ten years.

Due to timing issues, it was decided to combine the bonding of those projects approved in May, 2009 with those approved in May 2010, resulting in a July issuance in the amount of \$8,624,500. The projects included:

Land for Public Safety Building	\$ 2,000,000
Short Sands Beach Drainage Project	800,000
Long Sands Beach Drainage Project	400,000
Fire Truck	426,000
Town Dock #1 Rehabilitation	950,000
Lake Carolyn Land Purchase and Dam Rehabilitation	185,000
Town Hall Improvements	95,000
Various Road Improvements	1,895,000
Energy Efficiency Projects	100,000
York Beach Infrastructure Project	100,000
Open Space Land Purchase Contribution	250,000
Pathway to Route 103 Causeway	150,000
Self-Contained Breathing Apparatus	300,000
Sewer connection at Coastal Ridge Elementary School	250,000
Boiler at York High School	150,000
School WAN	100,000
School Bleachers	120,000
Plow Truck	133,500
Grader	220,000
Total debt issuance	\$ 8,624,500

With the formation of a Capital Planning Committee, (which includes staff, board members and members of the Tax Task Force) and a Tax Task Force Committee (which is comprised of citizens), a five-year capital plan is revised annually as necessary and submitted to the Board of Selectmen for its approval and sent on to the voters at the Budget Referendum in May of each year. The Tax Task Force had formulated dollar and percentage limit suggestions based on what it felt the taxpayers could bear and the Capital Planning Committee tries to work within those guidelines. It has been established that the Town has focused on school buildings for the last twenty years and the municipal buildings are in need of attention. A Public Safety Building is at the top of the list and to that end, included in the five-year plan are the funds to construct that

building, as well as a road to not only gain access to the Public Safety Building, but to also directly connect Route One to York Beach. Other major items on the horizon include an auditorium at the high school and a Recreation/Community Center. There is annual funding to incrementally improve the drainage situation caused by the presence of a mountain, many rivers, the ocean and development pressure. Drainage has been a major issue and has been a factor in the recent FEMA declarations.

Tax Increment Financing

In a prior year, the voters approved an article that designates a portion of 'downtown' York Beach as a TIF district. The TIF provides funding for design, traffic studies and to fund public infrastructure improvements such as sidewalks and roadways within the boundaries of the TIF district. It is designed as a twenty-year program and could allocate significant resources to this area of Town known as York Beach. The first funds, in the amount of \$113,928 were made available with the May 2009 Budget Referendum. The major focus is on infrastructure in the Short Sands Beach area of York Beach where there are two other major projects in the works: a federal grant project to replace a large drainage system that runs under the beach square to the ocean and a locally funded project to further improve infrastructure while the road is open for the federal grant project. \$15,000 in funds was expended in FY10. Due to the structure of the TIF, no new funds were allocated from the FY11 tax appropriations.

Business-type Activities

The Town operates a number of Enterprise Funds, designed to be mostly self-sustaining through user fees and grants. All funds are designed to maintain some activity or capital asset and are not intended to amass large fund balances.

	Recreation	Mt. Agamenti- cus	Sohier Park	Goodrich Park	Outside Duty	Printing	Senior Transport- ation
Charges for Services	\$ 381,061	\$ 45,010	\$ 252,467	\$ 7,200	\$ 145,362	\$ 0	\$ 58,428
Donations/Sponsorships	54,913	-	7,650	-	-	-	9,495
Total Revenues	435,974	45,010	260,117	7,200	145,362	0	67,923
Salaries and Benefits	208,484	17,818	49,040	-	106,056	-	43,286
Cost of Goods Sold	-	-	117,793	-	-	-	21,117
Contracts/Repairs	145,447	7,080	1,667	2,624	-	-	28,066
Supplies	72,275	13,506	11,682	1,817	-	-	11,113
Utilities	2,351	12,920	1,909	2,972	-	-	718
Total Operating Exp	428,557	51,324	182,091	7,413	106,056		104,300
Operating Income/(Loss)	7,417	(6,314)	78,026	(213)	39,306		(36,377)
Operating Transfers In	-	1,050	-	-	-	-	30,000
Operating Transfers Out	-	(3,400)	(52,500)	-	(20,000)	-	-
Total Other Financing Sources	-	(2,360)	(52,500)	-	(20,000)	-	30,000
Net	7,417	(8,674)	25,526	(213)	19,306		(6,377)
Increase(decrease)							
Beg Net Assets	20,552	14,878	278	1,534	34,452	(1,382)	15,074
Ending Net Assets (Deficit)	\$ 27,969	\$ 6,204	\$ 25,804	\$ 1,321	\$ 53,758	\$ (1,382)	\$ 8,697

The Town's Enterprise Funds

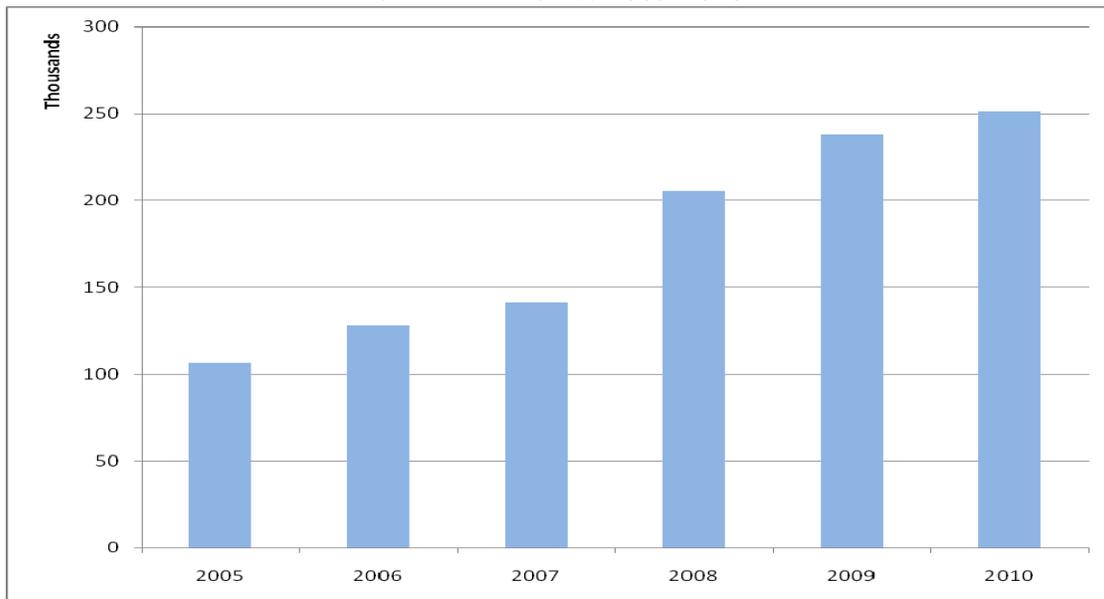
The **Recreation Enterprise** is funded primarily by user fees with a heavy participation by 'sponsors', local businesses who sponsor teams participating in the various programs. With the exception of the 1.5 full time positions that are funded by the General Fund, this program is self-sustaining with respect to all the other costs such as instructors, coaches, supplies, and transportation. It is the goal of the administration to make programs as affordable and accessible to as many citizens as are interested, made possible, in part by some generous donors who sponsor 'scholarships'. The Recreation Department offers programs for all ages – children through senior citizens, including soccer, tai chi, photography, dance and everything in between.

The **Mt. Agamenticus Enterprise** was established to maintain the summit of Mt. Agamenticus which includes a lodge and other viewing areas, trails and grounds. Revenues are generated through tower rentals, the rental of the apartment in the lodge and viewer fees.

The **Sohier Park Enterprise** was established to maintain Sohier Park and the Cape Neddick Light Station viewable from the beaches (also known as the Nubble Lighthouse). The gift shop in the park sells trinkets and collectibles and generates sufficient revenue to maintain the park and make substantial repairs to the light station, the island and Sohier Park. Net income from the Gift Shop receipts is transferred to a Sohier Park Maintenance Special Revenue fund which is responsible for the repairs and maintenance of the park and the Light Station. This important national landmark and nearby park are maintained with no taxpayer dollars except for capital improvements, which included a recent roof replacement for the lightkeeper's house.

Improved systems and focused management have resulted in substantial revenue increases, allowing for more funding of park improvements and maintenance.

Sohier Park Sales 2005-2010



The **Grant House at Goodrich Park** is a wonderful community building restored by a volunteer group. It currently houses the Parks and Recreation offices and is used by community groups for meetings. The revenue from the upstairs apartment offsets some of the costs of maintaining the Grant House and Barn.

An account for **Outside Duty** was established to handle the demand for police services outside the normal patrol responsibilities. Outside entities such as the water and sewer districts might hire an officer to handle traffic around the job site. Billing rates are set to cover the costs of the officer, some administration of the program and the use of a cruiser, if necessary. The revenues generated by administration and cruiser usage are transferred to the public safety accounts, to offset those expenses.

Printing Enterprise was set up to cover the cost of printing ordinances and revenues are credited to this account as copies of the ordinances are sold. There were no sales of ordinance copies in this fiscal year.

Senior Center Enterprise includes a Senior Transportation program which was established in 2004 in response to a need. There were significant fundraisers and donations early in the program to get it established. The taxpayers of York have generously funded a tax appropriation designed to cover a large part of the cost of the drivers' salaries and benefits. The user fees cover the cost of gas, oil, maintenance, repairs and insurance. The users of this program are being driven to doctors' appointments, therapies, shopping, and to the Senior Center and other activities. Unfortunately it is not self-sustaining and a plan is being formulated to modify it and eliminate Town funding. The other Senior Enterprise accounts include revenues and expenditures for user-funded trip and other activities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy as a whole continues to be a concern and a factor in budgeting and spending. York is not as susceptible to fluctuations as are some communities, but nevertheless, high oil prices and other economic factors have an impact on the Town's citizens. Balancing that concern with the need for major building and infrastructure improvements tasks the Town's management to be creative and frugal in its budgeting and proposals. For several years the Town's 'Circuit Breaker' program, which mimics the State's Property Tax and Rent Refund Program, aids those citizens that perhaps can not absorb property tax increases. As a result of those two programs, some property owners pay no property taxes at all.

The Assessor continues to use his extensive resources to keep values within the 90-100% range as dictated by state statute. Waterfront property values continue to rise, while inland parcel values are flat or have declined somewhat. Tourism still continues to be a major industry in the Town of York. The FY2011 assessment which represents values as of April 1, 2010, declined overall 1.68% compared to the prior year.

Fiscal Year	Total Valuation	Valuation Increase/ (Decrease)	Total Tax Bills	Tax Bill Increase	Mil Rate
2003	\$2,564,463,024		\$26,285,720		\$10.25
2004	\$2,805,191,350	9.39%	\$27,205,357	3.50%	\$ 9.70
2005	\$3,197,719,520	13.99%	\$27,980,046	2.85%	\$ 8.75
2006	\$3,503,231,200	9.55%	\$29,322,153	4.80%	\$ 8.46
2007	\$3,775,924,530	7.78%	\$30,736,026	4.82%	\$ 8.14
2008	\$3,970,382,710	5.14%	\$32,160,100	4.63%	\$ 8.10
2009	\$4,082,626,820	2.83%	\$33,722,497	4.86%	\$ 8.26
2010	\$4,019,248,550	-1.56%	\$ 34,485,161	2.26%	\$8.58
2011	\$3,951,774,450	-1.68%	\$ 35,977,452	4.33%	\$9.10

After many years of declining mil rates, York will see a third year of a mil rate increase of \$.52/\$1,000 assessed valuation. Those closest to the water see that property valuation translates to larger tax bills, yet there are segments of the population for which tax bills decrease each year. From FY2003 to FY2011 total valuation has increased 54.1% while total tax bills have only increased 36.87%, reflected in a **decrease** in the mil rate from \$10.25 in 2003 to \$9.10 in 2011, a 12.6% reduction. The mean non-waterfront single family home has an assessed value of about \$389,000 with a tax bill of \$3,539 in FY2011, which is still a reasonably low property tax bill in this area.

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, contact the Town Manager's Office at 186 York Street, York, Maine, or by phone at (207)363-1000.

Statement of Net Assets

Town of York, Maine

As of June 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,962,337	\$ 36,804	\$ 7,999,141
Taxes receivable	904,184	-	904,184
Tax liens receivable	283,534	-	283,534
Accounts receivable	981,769	10,548	992,317
Inventory	14,653	44,440	59,093
Internal balances	(49,810)	49,810	-
Tax acquired property	59,078	-	59,078
Prepaid expenses	447,417	-	447,417
Capital assets, net of accumulated depreciation	59,027,548	-	59,027,548
Total Assets	69,630,710	141,602	69,772,312
Liabilities			
Accounts payable	623,371	19,231	642,602
Other accrued liabilities	293,752	-	293,752
Accrued payroll	1,429,628	-	1,429,628
Accrued interest payable	118,400	-	118,400
Deferred revenues	3,450	-	3,450
Escrow payable	22,573	-	22,573
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	2,055,146	-	2,055,146
Capital lease obligations	81,585	-	81,585
Accrued vacation and sick leave	622,645	-	622,645
Portion due or payable after one year:			
Bonds payable	13,698,365	-	13,698,365
Capital lease obligations	181,506	-	181,506
Accrued vacation and sick leave	414,403	-	414,403
Other postemployment benefits obligation	170,723	-	170,723
Total Liabilities	19,715,547	19,231	19,734,778
Net Assets			
Invested in capital assets, net of related debt	43,010,946	-	43,010,946
Restricted for endowments	21,253	-	21,253
Unrestricted	6,882,964	122,371	7,005,335
Total Net Assets	\$ 49,915,163	\$ 122,371	\$ 50,037,534

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

Statement of Activities

Town of York, Maine

For the Year Ended June 30, 2010

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 2,397,494	\$ 323,703	\$ 1,125	\$ -	\$ (2,072,666)	\$ -	\$ (2,072,666)
Public safety	6,212,159	433,281	88,767	-	(5,690,111)	-	(5,690,111)
Public works and sanitation	5,431,293	60,305	186,406	-	(5,184,582)	-	(5,184,582)
Public works - federally funded projects	60,447	-	725,824	-	665,377	-	665,377
Community services	701,133	-	4,910	-	(696,223)	-	(696,223)
Boards and commissions	11,940	1,800	-	-	(10,140)	-	(10,140)
Education	25,684,215	1,785,342	1,253,514	-	(22,645,359)	-	(22,645,359)
Maine State Retirement on-behalf payments	2,183,989	-	2,183,989	-	-	-	-
County tax	1,972,633	-	-	-	(1,972,633)	-	(1,972,633)
Abatements	82,285	-	-	-	(82,285)	-	(82,285)
Unclassified	700,286	667,029	-	96,500	63,243	-	63,243
Interest on long-term debt	833,680	-	-	-	(833,680)	-	(833,680)
Total Governmental Activities	46,271,554	3,271,460	4,444,535	96,500	(38,459,059)	-	(38,459,059)
Business-type Activities:							
Recreation	428,557	381,061	54,913	-	-	\$ 7,417	7,417
Mt. Agamonticus	51,324	45,010	-	-	-	(6,314)	(6,314)
Sohier Park	182,091	252,467	7,650	-	-	78,026	78,026
Goodrich Park	7,413	7,200	-	-	-	(213)	(213)
Outside duty	106,056	145,362	-	-	-	39,306	39,306
Senior transportation	104,300	58,428	9,495	-	-	(36,377)	(36,377)
Total Business-type Activities	879,741	889,528	72,058	-	-	81,845	81,845
Total Primary Government	\$ 47,151,295	\$ 4,160,988	\$ 4,516,593	\$ 96,500	(38,459,059)	81,845	(38,377,214)
General revenues:							
Taxes					37,086,281	-	37,086,281
Intergovernmental					714,213	-	714,213
Miscellaneous					431,965	-	431,965
Interest income					263,660	-	263,660
Gain (loss) on disposal of capital assets					(39,800)	-	(39,800)
Transfers					44,860	(44,860)	-
Total General Revenues and Transfers					38,501,179	(44,860)	38,456,319
Change in Net Assets					42,120	36,985	79,105
Net assets at beginning of year					49,873,043	85,386	49,958,429
Net Assets at End of Year					\$ 49,915,163	\$ 122,371	\$ 50,037,534

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

Balance Sheet - Governmental Funds

Town of York, Maine

As of June 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 5,512,697	\$ 2,449,640	\$ 7,962,337
Taxes receivable	904,184	-	904,184
Tax liens receivable	283,534	-	283,534
Accounts receivable	893,651	88,118	981,769
Due from other funds	2,811,210	792,975	3,604,185
Inventory	-	14,653	14,653
Prepaid expenses	447,417	-	447,417
Tax acquired property	59,078	-	59,078
	<u>10,911,771</u>	<u>3,345,386</u>	<u>14,257,157</u>
Total Assets	\$ 10,911,771	\$ 3,345,386	\$ 14,257,157
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 362,393	\$ 260,978	\$ 623,371
Other accrued liabilities	293,752	-	293,752
Accrued payroll	1,406,016	23,612	1,429,628
Due to other funds	890,064	2,763,931	3,653,995
Deferred property taxes	885,000	-	885,000
Deferred revenues	3,450	-	3,450
Escrow payable	22,573	-	22,573
	<u>3,863,248</u>	<u>3,048,521</u>	<u>6,911,769</u>
Total Liabilities	3,863,248	3,048,521	6,911,769
Fund Balances			
Reserved for:			
Endowments	-	21,253	21,253
Unreserved:			
Designated for subsequent year's expenditures	2,865,670	275,612	3,141,282
Undesignated	4,182,853	-	4,182,853
	<u>7,048,523</u>	<u>296,865</u>	<u>7,345,388</u>
Total Fund Balances	7,048,523	296,865	7,345,388
Total Liabilities and Fund Balances	\$ 10,911,771	\$ 3,345,386	\$ 14,257,157

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

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

Town of York, Maine

As of June 30, 2010

Total Fund Balances - Governmental Funds \$ 7,345,388

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: 59,027,548

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: 885,000

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:

Bonds payable	\$ (15,753,511)	
Capital lease obligations	(263,091)	
Accrued interest payable	(118,400)	
Accrued vacation and sick leave	(1,037,048)	
Other postemployment benefits obligation	(170,723)	
		<u>(17,342,773)</u>

Total Net Assets - Governmental Activities \$ 49,915,163

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

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

Town of York, Maine

For the Year Ended June 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 36,941,281	\$ -	\$ 36,941,281
Intergovernmental	2,974,759	1,199,400	4,174,159
Intergovernmental on-behalf payments	2,183,989	-	2,183,989
Charges for services	671,004	969,222	1,640,226
Licenses, permits, and fees	739,400	-	739,400
Miscellaneous	289,374	195,187	484,561
Total Revenues	<u>43,799,807</u>	<u>2,363,809</u>	<u>46,163,616</u>
Expenditures			
Current			
General government	2,449,288	-	2,449,288
Public safety	5,830,682	-	5,830,682
Public works and sanitation	4,987,867	-	4,987,867
Public works - federally funded projects	679,526	-	679,526
Community services	698,754	-	698,754
Boards and commissions	11,940	-	11,940
Education	22,917,342	1,916,971	24,834,313
MPERS on-behalf payments	2,183,989	-	2,183,989
County tax	1,972,633	-	1,972,633
Abatements	82,285	-	82,285
Unclassified	-	5,143,932	5,143,932
Debt service - principal	12,189,899	-	12,189,899
- interest	932,117	-	932,117
Capital outlays	300,605	18,500	319,105
Total Expenditures	<u>55,236,927</u>	<u>7,079,403</u>	<u>62,316,330</u>
Revenues Over (Under) Expenditures	(11,437,120)	(4,715,594)	(16,152,714)
Other Financing Sources (Uses)			
Proceeds from capital lease obligation	184,800	-	184,800
Proceeds from borrowing	10,785,000	-	10,785,000
Operating transfers in	404,535	377,700	782,235
Operating transfers out	(352,840)	(384,535)	(737,375)
Total Other Financing Sources (Uses)	<u>11,021,495</u>	<u>(6,835)</u>	<u>11,014,660</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(415,625)	(4,722,429)	(5,138,054)
Fund balances at beginning of year	7,464,148	5,019,294	12,483,442
Fund Balances at End of Year	<u>\$ 7,048,523</u>	<u>\$ 296,865</u>	<u>\$ 7,345,388</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 York, Maine

As of June 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (5,138,054)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources. This is the amount by which capital asset additions exceeded depreciation expense in the current period:

Additions to capital assets	\$ 6,371,819	
Depreciation expense	<u>(2,534,942)</u>	3,836,877

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:

145,000

Governmental funds report the sale of capital assets as revenues. However, in the Statement of Activities, the sale of those assets is recognized as a gain or loss, depending on the sale proceeds and accumulated depreciation amounts.

Loss on sale of capital assets	(39,800)
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Bond proceeds and entering into capital lease obligations provide current resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt and capital lease obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which long-term debt and capital lease payments exceeded proceeds from entering into capital lease obligations and long-term borrowing in the current period:

Proceeds from borrowing	(10,785,000)	
Principal portion of debt service payments	12,189,899	
Proceeds from capital lease obligations	(184,800)	
Reductions in capital lease obligations	<u>93,532</u>	1,313,631

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	98,435	
Change in accrued vacation and sick leave	(90,853)	
Change in OPEB obligation	<u>(83,116)</u>	(75,534)

Change in Net Assets of Governmental Activities	\$ <u>42,120</u>
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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 York, Maine

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues				
Taxes	\$ 37,158,161	\$ 37,158,161	\$ 36,941,281	\$ (216,880)
Intergovernmental	2,459,593	3,185,417	2,974,759	(210,658)
Intergovernmental on-behalf payments	-	-	2,183,989	2,183,989
Charges for services	218,621	218,621	671,004	452,383
Licenses, permits, and fees	645,500	645,500	739,400	93,900
Miscellaneous	471,700	568,200	289,374	(278,826)
Total Revenues	40,953,575	41,775,899	43,799,807	2,023,908
Expenditures				
Current				
General government	2,665,450	2,665,450	2,449,288	216,162
Public safety	5,408,589	5,408,589	5,830,682	(422,093)
Public works and sanitation	6,037,225	6,037,225	4,987,867	1,049,358
Public works - federally funded projects	55,000	780,824	679,526	101,298
Community services	837,439	837,439	698,754	138,685
Boards and commissions	25,430	25,430	11,940	13,490
Education	23,533,354	23,533,354	22,917,342	616,012
MPERS on-behalf payments	-	-	2,183,989	(2,183,989)
County tax	1,972,633	1,972,633	1,972,633	-
Abatements	-	-	82,285	(82,285)
Debt service - principal	1,734,899	1,734,899	12,189,899	(10,455,000)
- interest	868,182	868,182	932,117	(63,935)
Capital outlays	5,149,232	5,245,732	300,605	4,945,127
Total Expenditures	48,287,433	49,109,757	55,236,927	(6,127,170)
Revenues Over (Under) Expenditures	(7,333,858)	(7,333,858)	(11,437,120)	(4,103,262)
Other Financing Sources (Uses)				
Proceeds from capital lease obligation	-	-	184,800	184,800
Proceeds from borrowing	5,076,000	5,076,000	10,785,000	5,709,000
Operating transfer in	120,750	120,750	404,535	283,785
Operating transfers out	(334,763)	(334,763)	(352,840)	(18,077)
Utilization of designated surplus	1,301,710	1,301,710	-	(1,301,710)
Utilization of undesignated surplus	1,290,000	1,290,000	-	(1,290,000)
Total Other Financing Sources (Uses)	7,453,697	7,453,697	11,021,495	3,567,798
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 119,839	\$ 119,839	(415,625)	\$ (535,464)
Fund balance at beginning of year			7,464,148	
Fund Balance at End of Year			\$ 7,048,523	

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

**Combined Statement of Net Assets
All Proprietary Fund Types - Business-type Activities - Enterprise Funds**

Town of York, Maine

As of June 30, 2010

Assets

Cash equivalents	\$	36,804
Accounts receivable		10,548
Due from other funds		97,089
Inventory		<u>44,440</u>
Total Assets		188,881

Liabilities

Accounts payable		19,231
Accrued payroll		-
Due to other funds		<u>47,279</u>
Total Liabilities		<u>66,510</u>

Net Assets

Unrestricted		<u>122,371</u>
Total Net Assets	\$	<u><u>122,371</u></u>

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

**Combined Statement of Revenues, Expenses and Changes in Fund Net Assets
All Proprietary Fund Types - Business-type Activities - Enterprise Funds**

Town of York, Maine

For the Year Ended June 30, 2010

Operating Revenues		
Charges for services		\$ 889,528
Other		<u>72,058</u>
	Total Operating Revenues	961,586
Operating Expenses		
Designated purposes		<u>879,741</u>
	Total Operating Expenses	<u>879,741</u>
	Operating Income	81,845
Other Financing Sources (Uses)		
Operating transfers in		31,040
Operating transfers out		<u>(75,900)</u>
	Total Other Financing Sources (Uses)	<u>(44,860)</u>
	Increase in Net Assets	36,985
Net assets at beginning of year		<u>85,386</u>
	Net Assets at End of Year	<u>\$ 122,371</u>

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

Statement of Cash Flows
All Proprietary Fund Types - Business-type Activities - Enterprise Funds

Town of York, Maine

For the Year Ended June 30, 2010

Cash Flows from Operating Activities

Receipts from customers and users	\$ 887,707
Other operating receipts	72,658
Payments to and on behalf of employees	(438,635)
Payments to suppliers and vendors	<u>(476,039)</u>
Net Cash Provided by Operating Activities	45,691

Cash Flows from Noncapital Financing Activities

Transfers in from other funds	31,040
Transfers out to other funds	<u>(75,900)</u>
Net Cash Used by Noncapital Financing Activities	(44,860)

Increase in Cash Equivalents 831

Cash equivalents at beginning of year	<u>35,973</u>
Cash Equivalents at End of Year	<u><u>\$ 36,804</u></u>

Reconciliation of Operating Income to

Net Cash Provided by Operating Activities:	
Operating income	\$ 81,845
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	(1,221)
Due from other funds	1,140
Inventory	(8,896)
Increase (decrease) in operating liabilities:	
Accounts payable	(1,665)
Accrued payroll	(13,951)
Due to other funds	<u>(11,561)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 45,691</u></u>

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

**Statement of Fiduciary Net Assets
Fiduciary Fund - Agency Fund**

Town of York, Maine

As of June 30, 2010

	<u>Student Activity Accounts</u>
Assets	
Cash	\$ 78,411
Total Assets	<u>78,411</u>
Liabilities	
Held for student activities and other purposes	<u>78,411</u>
Total Liabilities	<u>78,411</u>
Net Assets	<u><u>\$ -</u></u>

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

Notes to Financial Statements

Town of York, Maine

Note A - Summary of Significant Accounting Policies

The Town of York, Maine was incorporated in 1652 and currently operates under a Selectboard-Town Manager-Town Meeting form of government. The accounting policies of the Town of York 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. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

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 its 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 York 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. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services for support.

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.

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

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.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

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.

Proprietary (Business-type) Activities

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the costs of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Town's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Fiduciary Funds (not included in Government-wide statements)

The Town's fiduciary funds are presented in the fiduciary fund statements by type. Since by definition these assets are being held for the benefit of a third party and can not be used to address activities or obligations of the Town, these funds are not incorporated into the Government-wide statements.

Agency Funds are used to account for assets held by the Town as an agent for individuals, private organizations, and/or other government units.

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

Both governmental and business-type activities in the government-wide financial statements and the proprietary and 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

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

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.

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.

Inventories consisting of food and supplies for the special revenue fund, and general merchandise for the proprietary fund, are accounted for at the lower of cost or market on a first-in, first out (FIFO) basis. Government surplus items donated to the School Lunch Program are included in special revenue inventory and are valued at fair market value on a first-in, first-out (FIFO) basis.

Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 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, 15 to 20 years; buildings and improvements, 20 to 50 years; infrastructure, 5 to 60 years; and vehicles and equipment, 3 to 15 years.

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

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

Vacation and Sick Leave

Under the terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. The Town accrues unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. The noncurrent 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.

Budget

The Town of York'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 York, 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 August 4, 2009 on the assessed value listed as of April 1, 2009, for all real and personal property located in the Town. Taxes were due September 18, 2009 and February 5, 2010. Interest on unpaid taxes commenced on September 19, 2009 and February 6, 2010, at 9% 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 \$119,839 for the year ended June 30, 2010.

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 York, Maine

Note B - Cash

The Town conducts all its banking with depository banks.

Custodial Credit Risk - Deposits

At June 30, 2010, the carrying amount of the Town's deposits was \$8,077,552 and the bank balance was \$9,125,047. 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. At June 30, 2010, \$6,973,343 of the Town's bank balance of \$9,125,047 was exposed to credit risk as follows:

Collateralized with securities held by the pledging financial institution	<u>\$ 6,973,343</u>
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Note C - Capital Assets

A summary of capital assets transactions for the year ended June 30, 2010, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 8,581,342	\$ 2,000,000	\$ -	\$ 10,581,342
Depreciable Assets:				
Buildings and improvements	36,387,124	2,251,357	-	38,638,481
Land improvements	34,887,742	1,176,559	-	36,064,301
Equipment	3,191,534	171,852	-	3,363,386
Vehicles	<u>6,158,616</u>	<u>772,051</u>	<u>926,898</u>	<u>6,003,769</u>
Totals at historical cost	89,206,358	6,371,819	926,898	94,651,279
Less accumulated depreciation:				
Buildings and improvements	14,184,459	920,970	-	15,105,429
Land improvements	13,889,258	865,426	-	14,754,684
Equipment	1,838,814	240,073	-	2,078,887
Vehicles	<u>4,063,356</u>	<u>508,473</u>	<u>887,098</u>	<u>3,684,731</u>
Total accumulated depreciation	<u>33,975,887</u>	<u>2,534,942</u>	<u>887,098</u>	<u>35,623,731</u>
Net Capital Assets	<u>\$ 55,230,471</u>	<u>\$ 3,836,877</u>	<u>\$ 39,800</u>	<u>\$ 59,027,548</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note C - Capital Assets - Continued

Depreciation expense was charged to the following functions:

Governmental activities:

General government	\$	44,359
Public safety		391,862
Public works and sanitation		1,175,201
Education		<u>923,520</u>
Total governmental activities depreciation expense	\$	<u>2,534,942</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note D - Interfund Receivables and Payables

Interfund balances at June 30, 2010 consisted of the following individual fund receivables and payables:

Governmental Activities	Receivables	Payables	Net
<u>General Fund:</u>	<u>Due from</u>	<u>(Due to)</u>	<u>Internal</u>
Special Revenue:			<u>Balances</u>
Academic Reimbursement	\$ -	\$ (2,000)	
Airport Drive	-	(22,113)	
Animal Welfare	-	(19,590)	
Beach Reserve	-	(14,103)	
Code Enforcement	-	(102,789)	
COPS Funds	-	(9,977)	
Earned Time	217	-	
Harbor and Wharf	-	(9,407)	
Harbor Beach Bathhouse	-	(5,751)	
Harbor Dredge	-	(13,595)	
Heat Fund	-	(6,003)	
Hoist Repair	-	(475)	
Impact Fees	16,048	-	
Long Sands Bathhouse	-	(468)	
MMA Wellness	-	(565)	
Mt. Agamenticus Coordinator	-	(4,574)	
Performance Accounts	-	(155,534)	
Sohier Park Maintenance	-	(3,834)	
350 th Committee	-	(27)	
TIF York Beach	-	(98,928)	
Trails Remediation	9,765	-	
Unemployment Compensation	589	-	
Wheeler Marsh Restoration	-	(12,976)	
York Land Trust	-	(6,854)	
Village Lights	-	(425)	
School Categorical Programs	42,246	(272,252)	
School Lunch Program	144,870	-	
	\$ 213,735	\$ (762,240)	\$ (548,505)

Notes to Financial Statements - Continued

Town of York, Maine

Note D - Interfund Receivables and Payables - Continued

	Receivables <u>Due from</u>	Payables <u>(Due to)</u>	Net Internal <u>Balances</u>
Capital Projects:			
Middle School renovations	\$ -	\$ (143)	
High School Music Wing	-	(30,592)	
Town Capital Improvement Fund	<u>2,547,061</u>	<u>-</u>	
	2,547,061	(30,735)	\$ 2,516,326
Permanent Fund:			
Clark/Emerson Trust Fund	<u>3,135</u>	<u>-</u>	
	3,135	-	3,135
<i>Business-type Activities:</i>			
Enterprise Funds:			
Recreation	-	(32,070)	
Mt. Agamenticus	-	(10,261)	
Sohier Park	45,897	-	
Goodrich Park	-	(1,321)	
Outside Duty	-	(43,210)	
Printing	1,382	-	
Senior Center	<u>-</u>	<u>(10,227)</u>	
	<u>47,279</u>	<u>(97,089)</u>	<u>(49,810)</u>
General Fund	<u>\$ 2,811,210</u>	<u>\$ (890,064)</u>	<u>\$ 1,921,146</u>

Notes to Financial Statements - Continued

Town of York, 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:			
Academic Reimbursement	\$ 2,000	\$ -	
Airport Drive	22,113	-	
Animal Welfare	19,590	-	
Beach Reserve	14,103	-	
Code Enforcement	102,789	-	
COPS Funds	9,977	-	
Earned Time	-	(217)	
Harbor and Wharf	9,407	-	
Harbor Beach Bathhouse	5,751	-	
Harbor Dredge	13,595	-	
Heat Fund	6,003	-	
Hoist Repair	475	-	
Impact Fees	-	(16,048)	
Long Sands Bathhouse	468	-	
MMA Wellness	565	-	
Mt. Agamenticus Coordinator	4,574	-	
Performance Accounts	155,534	-	
Sohier Park Maintenance	3,834	-	
350 th Committee	27	-	
TIF York Beach	98,928	-	
Trails Remediation	-	(9,765)	
Unemployment Compensation	-	(589)	
Wheeler Marsh Restoration	12,976	-	
York Land Trust	6,854	-	
Village Lights	425	-	
School Categorical Programs	272,252	(42,246)	
School Lunch Program	-	(144,870)	
Special Revenue subtotal	\$ 762,240	\$ (213,735)	\$ 548,505

Notes to Financial Statements - Continued

Town of York, Maine

Note D - Interfund Receivables and Payables - Continued

	Receivables <u>Due from</u>	Payables <u>(Due to)</u>	Net Internal <u>Balances</u>
<i>Capital Projects:</i>			
General Fund:			
Middle School Renovations	\$ 143	\$ -	
High School Music Wing	30,592	-	
Town Capital Improvement Fund	<u>-</u>	<u>(2,547,061)</u>	
Capital Projects subtotal	30,735	(2,547,061)	\$ (2,516,326)
 <i>Permanent Fund:</i>			
General Fund:			
Clark/Emerson Trust Fund	<u>-</u>	<u>(3,135)</u>	
Permanent Fund subtotal	-	(3,135)	<u>(3,135)</u>
Other Governmental Funds	<u>792,975</u>	<u>(2,763,931)</u>	<u>(1,970,956)</u>
Total Governmental Funds	<u>\$ 3,604,185</u>	<u>\$ (3,653,995)</u>	<u>\$ (49,810)</u>
 Business-type Activities:			
<u>Enterprise Funds:</u>			
<i>General Fund:</i>			
Recreation	\$ 32,070	\$ -	
Mt. Agamenticus	10,261	-	
Sohier Park	-	(45,897)	
Goodrich Park	1,321	-	
Outside Duty	43,210	-	
Printing	-	(1,382)	
Senior Center	<u>10,227</u>	<u>-</u>	
Total Business-type Activities	<u>\$ 97,089</u>	<u>\$ (47,279)</u>	<u>\$ 49,810</u>

All interfund balances resulted from the Town pooling cash in the General Fund for other funds disclosed above, for greater efficiency and physical control, with each fund having an interest in the pooled cash account and reporting its interest in its balance sheet and statement of net assets.

Notes to Financial Statements - Continued

Town of York, Maine

Note E - Interfund Transfers

Interfund transfers for the year ended June 30, 2010 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 Revenues:			
Academic Reimbursement	\$ -	\$ (2,000)	
Code Enforcement	182,129	(1,040)	
COPS Funds	18,000	-	
Earned Time	-	(20,000)	
GIS Mapping	61,994	-	
Impact Fees	117,300	-	
Mt. Agamenticus Trails Coordinator	-	(25,250)	
School Categoricals	5,112	-	
School Lunch Program	-	(138,640)	
TIF York Beach	-	(113,928)	
Unemployment Compensation	-	(5,000)	
	<u>384,535</u>	<u>(305,858)</u>	\$ 78,677
Capital Project:			
Highland Farms	-	(9,284)	
High School Music Wing	-	(6,658)	
	<u>-</u>	<u>(15,942)</u>	(15,942)
Enterprise:			
Mt. Agamenticus	-	(1,040)	
Outside Duty	20,000	-	
Senior Center	-	(30,000)	
	<u>20,000</u>	<u>(31,040)</u>	(11,040)
General Fund subtotal	<u>404,535</u>	<u>(352,840)</u>	
<u>Other Governmental Funds:</u>			
<i>Special Revenue:</i>			
Enterprise	55,900	-	
General Fund	<u>305,858</u>	<u>(384,535)</u>	
	<u>361,758</u>	<u>(384,535)</u>	(22,777)
<i>Capital Project:</i>			
General Fund	<u>15,942</u>	<u>-</u>	<u>15,942</u>
Total Governmental Funds	<u>782,235</u>	<u>(737,375)</u>	44,860

Notes to Financial Statements - Continued

Town of York, Maine

Note E - Interfund Transfers - Continued

Business-type Activities

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<i>Enterprise:</i>			
General Fund	31,040	(20,000)	
Special Revenue	-	(55,900)	
Total Business-type Activities	<u>31,040</u>	<u>(75,900)</u>	<u>(44,860)</u>
Total Interfund Transfers	<u>\$ 813,275</u>	<u>\$ (813,275)</u>	<u>\$ -</u>

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

Note F - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010, 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	\$17,158,410	\$10,785,000	\$12,189,899	\$15,753,511	\$ 2,055,146
Capital lease obligations	171,823	184,800	93,532	263,091	81,585
Compensated absences	946,195	501,145	410,292	1,037,048	622,645
Other postemployment benefits obligation	<u>87,607</u>	<u>83,116</u>	<u>-</u>	<u>170,723</u>	<u>-</u>
Total Governmental	<u>\$18,364,035</u>	<u>\$11,554,061</u>	<u>\$12,693,723</u>	<u>\$17,224,373</u>	<u>\$ 2,759,376</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note F - Long-Term Liabilities - Continued

Long-Term Debt:

At June 30, 2010 long-term debt consisted of the following individual issues:

1998 General Obligation Refunding Bond maturing March 1, 2011, annual payment ranging from \$330,000 to \$390,000, variable interest rate from 4.1% to 4.6%. Paid subsequent to year-end with the remaining proceeds of the 2010 General Obligation Refunding Bond. See Debt Refunding comment.	\$ 330,000
1999 General Obligation Bond originally maturing April 1, 2019, with annual payments of \$275,000 plus interest of 4.2% to 4.8%. Paid in 2010 with proceeds of 2010 General Obligation Refunding Bond. See Debt Refunding comment.	-
2000 General Obligation Bond originally maturing April 1, 2020, with annual payments of \$800,000 through 2019, and one payment of \$780,000 plus interest of 5% to 5.5%. Paid in 2010 with proceeds of 2010 General Obligation Refunding Bond. See Debt Refunding comment.	-
2001 General Obligation Bond maturing September 1, 2021, annual payments of \$90,000 through 2021, plus annual rate of interest from 3.5% to 4.8%.	1,080,000
Revolving Renovation Fund Loan, maturing June 1, 2011, annual payments of \$30,858 each. This loan is interest free.	30,858
York Sewer District Loan, maturing November 14, 2020, annual payment ranging from \$17,559 to \$20,627 with interest of 1.3%.	176,048
York Sewer District Loan, maturing November 14, 2020, annual payments of \$761 each. This loan is interest free.	7,605
2008 General Obligation Bonds with Gorham Savings Bank maturing November 2028, annual principal payments ranging from \$175,000 to \$180,000 plus semi-annual interest payments at rates ranging from 4 - 5%.	3,344,000
2010 General Obligation Refunding Bond maturing March 2020, annual Payment of \$1,405,000 in 2011, and annual payments of \$1,075,000 until 2020, with interest ranging from 1 - 3%. See Debt Refunding comment.	10,785,000
	<u>\$15,753,511</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note F - Long-Term Liabilities - Continued

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>
2011	\$ 2,055,146	\$ 412,487	\$ 2,467,633
2012	1,364,538	379,797	1,744,335
2013	1,364,792	357,993	1,722,785
2014	1,364,049	325,411	1,689,460
2015	1,360,310	292,812	1,653,122
2016-2020	6,489,676	941,615	7,431,291
2021-2025	1,055,000	287,525	1,342,525
2026-2029	<u>700,000</u>	<u>67,922</u>	<u>767,922</u>
Total	<u>\$ 15,753,511</u>	<u>\$ 3,065,562</u>	<u>\$ 18,819,073</u>

Debt Refunding:

During fiscal year 2010, the Town refunded the 1999 General Obligation Bond (\$2,475,000 balance at the time of the refunding) and the 2000 General Obligation Bond (\$7,980,000 balance at the time of the refunding). The remaining balance of the 1998 General Obligation Refunding Bond of \$330,000 was paid subsequent to year-end with the remaining proceeds of the 2010 General Obligation Refunding Bond of \$10,785,000. This refunding was undertaken to reduce total interest payments over the remaining life of the bonds by approximately \$1,600,000.

Capital Lease Obligations:

The Town of York and the School Department have entered into lease agreements as lessee for financing the acquisition of software, equipment and vehicles. These agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and, therefore have been recorded at the present value of the future minimum lease payments as of the date of inception. The following is a schedule of future minimum payments required under the leases as of June 30, 2010:

Year ending <u>June 30</u>	
2011	\$ 91,113
2012	74,632
2013	74,632
2014	40,091
2015	<u>6,322</u>
Total minimum lease payments	286,790
Less amount representing interest	<u>23,699</u>
Present value of minimum lease payments	<u>\$ 263,091</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note G - Debt Reimbursement

The State of Maine currently reimburses the Town for a portion of financing costs of various school construction projects. Continuation of such reimbursements is dependent upon continued appropriations by the state legislature.

Note H - Designated Fund Balance

At June 30, 2010 the designated fund balance applicable to future periods was as follows:

Debt retirement for refunded bond	\$ 330,000
Village Plan	44,542
Voting machines	45,000
Legal	36,133
Printing/Records management	553
Debt service	39,570
Debt service 2008 issue	18,500
Cable TV	2,696
Police vehicles	26,112
Public safety plan	6,450
Hot Top	66,344
Church Street sidewalk	8,095
Grader upgrade	22,960
Bog Road	1,229
Heavy duty plow truck	62,100
Bellmarsh Road	47,495
Woodbridge Road sidewalk	3,770
Road repair and reconstruction	538,001
Ocean Avenue curb	34,000
FEMA 2007	40,000
FEMA 2008	15,000
Fisherman's Walk renovations	40,317
Route 1 & 91 reconstruction	36,462
Seawall repair	29,831
Broadway/Airport Drive drainage	68,350
Mitchell Road drainage	50,000
Cow Beach phase II drainage	18,200
Education	1,233,960
	<u>\$ 2,865,670</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note I - Commitment and Contingencies

Grant Funds

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Note J - Retirement Plan

Maine State Retirement - Consolidated Plan

Description of the Plan - The Town contributes to Maine Public Employees Retirement System ("System"), a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. A complete report is available from the System.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. The contribution rates of plan members and the Town of York are established and may be amended by the System Board of Trustees. The Town's contributions to the System for the year ended June 30, 2010 was \$118,796, equal to the required contribution.

Teacher Group - Description of the Plan - All school teachers, plus other qualified educators, participate in the System's teacher group. The teacher's group is a cost sharing plan with a special funding situation, established by the Maine State legislature. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. A complete report is available from the System.

Notes to Financial Statements - Continued

Town of York, Maine

Note J - Retirement Plan - Continued

Funding Policy - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$2,183,989 (17.78%) for the fiscal year 2010. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis financial statements. There is no contribution required by the School except for federally funded teachers, for which the School contributed 17.78% of their compensation. This cost is charged to the applicable grant.

In addition, the Town offers its employees a deferred compensation plan created in accordance the Internal Revenue Code Section 457 through the International City Management Association Retirement Corporation. The deferred compensation plan is available to all employees of the Town. Under the plan, employees may elect to defer a portion of their salary and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Town's computed contribution to this plan for the year ended June 30, 2010 was approximately \$156,000. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the Town's financial statements.

The Town has also established a 401(a) Money Purchase Plan covering eligible employees of the York Police Department. Contributions by the Town to the plan during the year ended June 30, 2010 were approximately \$25,000.

Note K - 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, 2010.

The Town of York agrees to indemnify police officers for claims and suits, which exceed the liability limits of the \$1,000,000 police liability policy, provided there is no willful negligence on behalf of the officers who are sued or against whom litigation is filed.

Notes to Financial Statements - Continued

Town of York, Maine

Note L - Litigation

The Town is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Town. The Town has vigorously defended these claims and believes an unfavorable outcome is unlikely.

Note M - Related Party Transaction

The Selectboard member, through his company, supplies the Town with fuel. The amount paid for these related party transactions under the Town's fuel contract was approximately \$50,000 for the year ended June 30, 2010.

Note N - Tax Increment Financing

A tax increment financing ("TIF") district was established by referendum for the York Beach downtown area. The warrant article establishing the TIF provides for the calculation, collection and expenditure of funds for the designated purpose. The purpose of the fund (reported in Special Revenue Funds) is to improve and enhance infrastructure in the TIF district, such as sidewalks, lighting, traffic flow, etc. In the first year of implementation (FY10) approximately \$113,000 was collected in captured property tax revenue for the TIF of which \$15,000 was expended on professional planning and design services.

Note O - Other Post Retirement Benefits

Under Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* (GASB Statement No. 45), the long term cost of retirement health care and obligations for other postemployment benefits are reported on the accrual basis of accounting in the Government-wide financial statements. Under this method future postemployment benefits are recognized as an expense in the period earned by future retirees. The amount of expense recognized is determined on an actuarial basis and accumulates as a liability to the extent the Town does not fund the actuarially required contribution.

Plan Description

The Town of York contributes to the Maine Municipal Employees Health Trust, a cost-sharing multiple-employer defined benefit postretirement healthcare plan. The Town sponsors a post-retirement benefit plan providing health and life insurance to retiring employees. Retirees that are eligible (reach age 55 with 5 years of continuous service) in the plan pay 102% of the coverage premium. Complete plan financial statements may be obtained from the Maine Municipal Employees Health Trust at 60 Community Drive, Augusta, ME 04330.

Notes to Financial Statements - Continued

Town of York, Maine

Note O - Other Post Retirement Benefits - Continued

Funding Policy and Annual Other Postemployment Benefits (OPEB) Cost

GASB Statement 45 does not mandate the prefunding of the postemployment benefits liability. The Town currently plans to fund these benefits on a "pay-as-you-go" basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liabilities of the plan over a period not to exceed thirty years.

The following table shows the components of the Town's annual OPEB cost for the year, the amounts contributed to the plan and the change in the net OPEB obligation based on an actuarial valuation as of January 1, 2009:

Annual required contribution (annual OPEB cost)	\$	100,505
Interest on net OPEB obligation		3,504
Amortizing adjustment to ARC		<u>(5,066)</u>
	Annual OPEB cost	98,943
Town contributions (ARC offset - implicit subsidy)		<u>(15,827)</u>
	Increase (decrease) in net OPEB obligation	83,116
Net OPEB Obligation at beginning of year		<u>87,607</u>
	Net OPEB Obligation at End of Year	<u>\$ 170,723</u>

Funding Status and Funding Progress

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of OPEB Costs <u>Contributed</u>	Net OPEB <u>Obligation</u>
2009	\$ 100,505	12.83%	\$ 87,607
2010	98,943	16.00%	170,723

The unfunded actuarial accrued liability as a percentage of covered payroll for the year ended June 30, 2010 is as follows:

Actuarial accrued liability (AAL)	\$	875,196
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		<u>\$ 875,196</u>
Covered payroll	\$	<u>5,200,000</u>
UAAL as a percentage of covered payroll		<u>16.83%</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note O - Other Post Retirement Benefits - Continued

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, which is required supplementary information, presents trend information (only one year is available) that will show whether the actual value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the Town and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuation date	January 1, 2009
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4%
Participation	86.7% of eligible employees
Increase in future medical costs	7.5% for pre-medicare and 9.6% for medicare eligible

Required Supplementary Information

Town of York, Maine

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
1/1/2009	\$ -	\$ 875,196	\$ 875,196	\$ -	\$ 5,100,000	17.2%

Independent Auditors' Report on Supplemental Information

**To the Selectboard
Town of York
York, 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, 2010, 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
February 7, 2011**

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

Town of York, Maine

As of June 30, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash	\$ 1,171,118	\$ 1,253,959	\$ 24,563	\$ 2,449,640
Due from other funds	762,240	30,735	-	792,975
Accounts receivable	88,118	-	-	88,118
Inventory	14,653	-	-	14,653
	<u>1,936,129</u>	<u>1,284,694</u>	<u>24,563</u>	<u>3,245,386</u>
Total Assets	\$ 2,036,129	\$ 1,284,694	\$ 24,563	\$ 3,345,386
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 260,790	\$ 188	\$ -	\$ 260,978
Accrued payroll	23,612	-	-	23,612
Due to other funds	213,735	2,547,061	3,135	2,763,931
	<u>498,137</u>	<u>2,547,249</u>	<u>3,135</u>	<u>3,048,521</u>
Total Liabilities	498,137	2,547,249	3,135	3,048,521
Fund Balances				
Reserved for:				
Endowments	-	-	21,253	21,253
Unreserved:				
Designated	1,537,992	(1,262,555)	175	275,612
	<u>1,537,992</u>	<u>(1,262,555)</u>	<u>21,428</u>	<u>296,865</u>
Total Fund Balances	1,537,992	(1,262,555)	21,428	296,865
Total Liabilities and Fund Balances	\$ 2,036,129	\$ 1,284,694	\$ 24,563	\$ 3,345,386

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 York, Maine

For the Year Ended June 30, 2010

	Special Revenue	Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
Revenues				
Intergovernmental	\$ 1,199,400	\$ -	\$ -	\$ 1,199,400
Charges for services	969,222	-	-	969,222
Miscellaneous	187,390	7,504	293	195,187
Total Revenues	<u>2,356,012</u>	<u>7,504</u>	<u>293</u>	<u>2,363,809</u>
Expenditures				
Designated purpose	2,298,394	4,762,389	120	7,060,903
Debt service	-	-	-	-
Capital outlay	18,500	-	-	18,500
Total Expenditures	<u>2,316,894</u>	<u>4,762,389</u>	<u>120</u>	<u>7,079,403</u>
Revenues Over (Under) Expenditures	39,118	(4,754,885)	173	(4,715,594)
Other Financing Sources (Uses)				
Proceeds from borrowing	-	-	-	-
Operating transfers in	361,758	15,942	-	377,700
Operating transfers out	(384,535)	-	-	(384,535)
Total Other Sources (Uses)	<u>(22,777)</u>	<u>15,942</u>	<u>-</u>	<u>(6,835)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	16,341	(4,738,943)	173	(4,722,429)
Fund balances at beginning of year	<u>1,521,651</u>	<u>3,476,388</u>	<u>21,255</u>	<u>5,019,294</u>
Fund Balances at End of Year	<u>\$ 1,537,992</u>	<u>\$ (1,262,555)</u>	<u>\$ 21,428</u>	<u>\$ 296,865</u>

See accompanying independent auditors' report on supplemental financial information.

Combining Balance Sheet - Special Revenue Funds (1 of 2)

Town of York, Maine

As of June 30, 2010

	Assets				Liabilities				Fund Balance (Deficit) Designated	
	Cash	Due from Other Funds	Accounts Receivable	Inventory	Total Assets	Accounts Payable	Accrued Payroll	Due to Other Funds		Total Liabilities
Academic Reimbursement	\$ 4,011	\$ 2,000	\$ -	\$ -	\$ 6,011	\$ -	\$ -	\$ -	\$ 6,011	
Airport Drive	-	22,113	-	-	22,113	-	-	-	22,113	
Animal Welfare	-	19,590	-	-	19,590	-	-	-	19,590	
Beach Fire Truck	2,022	-	-	-	2,022	-	-	-	2,022	
Beach Reserve	73,540	14,103	-	-	87,643	-	-	-	87,643	
Bog Road	19,435	-	-	-	19,435	-	-	-	19,435	
Building Fund	39,550	-	-	-	39,550	-	-	-	39,550	
Capital Equipment	7,790	-	-	-	7,790	-	-	-	7,790	
CMP Spur Road	9,972	-	-	-	9,972	-	-	-	9,972	
Code Enforcement	-	102,789	-	-	102,789	-	-	-	102,789	
COPS Funds	-	9,977	-	-	9,977	-	-	-	9,977	
Conservation Commission	4,343	-	-	-	4,343	-	-	-	4,343	
Earned Time	188,850	-	-	-	188,850	-	217	-	188,633	
Fireworks	41	-	-	-	41	-	-	-	41	
Fishermen's Fund	1,032	-	-	-	1,032	-	-	-	1,032	
Fisherman's Memorial	922	-	-	-	922	-	-	-	922	
GIS Mapping	-	-	-	-	-	-	-	-	-	
Goodrich Park	355	-	-	-	355	-	-	-	355	
Hannaford Escrow	235,737	-	-	-	235,737	235,737	-	235,737	-	
Harbor & Wharf	102,495	9,407	-	-	111,902	-	-	-	111,902	
Harbor Beach Bathhouse	-	5,751	-	-	5,751	642	-	642	5,109	
Harbor Beach Traffic Island	-	-	-	-	-	-	-	-	-	
Harbor Dredge	277,647	13,595	-	-	291,242	-	-	-	291,242	
Heat Fund	-	6,003	-	-	6,003	-	-	-	6,003	
Historic Markers	4,060	-	-	-	4,060	1,880	-	1,880	2,180	
Hoist Repair	(147)	475	-	-	328	-	-	-	328	

See accompanying independent auditors' report on supplemental financial information.

Combining Balance Sheet - Special Revenue Funds (2 of 2)

Town of York, Maine

As of June 30, 2010

	Assets				Liabilities				Fund Balance (Deficit) Designated	
	Cash	Accounts Receivable		Inventory	Total Assets	Accounts Payable	Accrued Payroll	Due to Other Funds		
		Due from Other Funds								Liabilities
Impact Fees	\$ 57,450	\$ -	\$ -	\$ -	\$ 57,450	\$ -	\$ -	\$ 16,048	\$ 16,048	\$ 41,402
Long Sands Bathhouse	-	468	-	-	468	-	-	-	-	468
Nubble Light	14,417	-	-	-	14,417	-	-	-	-	14,417
MMA Wellness	-	565	-	-	565	-	-	-	-	565
Mt. Agamenticus Coordinator	-	4,574	-	-	4,574	-	-	-	-	4,574
Mt. Agamenticus Education Grant	-	-	-	-	-	-	-	-	-	-
Off Premises Signs	4,528	-	-	-	4,528	-	-	-	-	4,528
Open Space	81,830	-	-	-	81,830	-	-	-	-	81,830
Performance Accounts	-	155,534	-	-	155,534	1,213	-	-	1,213	154,321
Public Works Equipment	2,886	-	-	-	2,886	-	-	-	-	2,886
Sohier Park Maintenance	-	3,834	-	-	3,834	3,547	-	-	3,547	287
350th Committee	5,344	27	-	-	5,371	-	-	-	-	5,371
TIF York Beach	-	98,928	-	-	98,928	-	-	-	-	98,928
Trails Remediation	-	-	-	-	-	-	-	9,765	9,765	(9,765)
Tree Planting	6,318	-	-	-	6,318	-	-	-	-	6,318
Unemployment Compensation	589	-	-	-	589	142	-	589	731	(142)
Wheeler Marsh Restoration	-	12,976	-	-	12,976	-	-	-	-	12,976
York Land Trust	-	6,854	-	-	6,854	-	-	-	-	6,854
School Categoricals	-	272,252	74,148	-	346,400	5,540	23,612	42,246	71,398	275,002
School Lunch Program	26,101	-	13,970	14,653	54,724	12,089	-	144,870	156,959	(102,235)
Village Lights	-	425	-	-	425	-	-	-	-	425
Wells Reserve	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1,171,118</u>	<u>\$ 762,240</u>	<u>\$ 88,118</u>	<u>\$ 14,653</u>	<u>\$ 2,036,129</u>	<u>\$ 260,790</u>	<u>\$ 23,612</u>	<u>\$ 213,735</u>	<u>\$ 498,137</u>	<u>\$ 1,537,992</u>

See accompanying independent auditors' report on supplemental financial information.

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Special Revenue Funds (1 of 2)**

Town of York, Maine

For the Year Ended June 30, 2010

	Revenues				Expenditures			Transfers In (Out)	Revenues and Other Sources Over (Under) Expenditures and Other Uses	Fund Balance (Deficit) at Beginning of Year	Fund Balance (Deficit) at End of Year
	Intergovern- mental	Charges for Services	Other	Total Revenues	Designated Purpose	Expenditures					
						Capital Outlay	Total Expenditures				
Academic Reimbursement	\$ -	\$ -	\$ 11	\$ 11	\$ -	\$ -	\$ 2,000	\$ 2,011	\$ 4,000	\$ 6,011	
Airport Drive	-	-	-	-	-	-	-	-	-	22,113	
Animal Welfare	-	-	-	-	-	-	-	-	-	19,590	
Beach Fire Truck	-	-	20,504	20,504	-	(18,500)	-	2,004	18	2,022	
Beach Reserve	-	-	47,888	47,888	-	-	-	47,888	39,755	87,643	
Bog Road	-	-	99	99	-	-	-	99	19,336	19,435	
Building Fund	-	-	173	173	-	-	-	173	39,377	39,550	
Capital Equipment	-	-	39	39	-	-	-	39	7,751	7,790	
CMP Spur Road	-	-	50	50	-	-	-	50	9,922	9,972	
Code Enforcement	-	145,301	-	145,301	-	-	(181,089)	(35,788)	138,577	102,789	
Conservation Commission	-	-	22	22	-	-	-	22	4,321	4,343	
COPS Funds	-	-	-	-	-	-	(18,000)	(18,000)	27,977	9,977	
Earned Time	-	-	914	914	-	(216)	20,000	20,698	167,935	188,633	
Fireworks	-	-	-	-	-	-	-	-	41	41	
Fishermen's Fund	-	-	5	5	-	-	-	5	1,027	1,032	
Fisherman's Memorial	-	-	5	5	-	-	-	5	917	922	
GIS Mapping	-	86,289	5,250	91,539	(126,199)	(126,199)	(61,994)	(96,654)	96,654	-	
Goodrich Park	-	-	2	2	-	-	-	2	353	355	
Hannaford Escrow	-	-	-	-	-	-	-	-	-	-	
Harbor & Wharf	19,242	47,103	494	66,839	(51,632)	(51,632)	-	15,207	96,695	111,902	
Harbor Beach Bathhouse	-	20,029	-	20,029	(20,627)	(20,627)	-	(598)	5,707	5,109	
Harbor Beach Traffic Island	-	-	-	-	(17,806)	(17,806)	-	(17,806)	17,806	-	
Harbor Dredge	-	23,642	1,358	25,000	-	-	-	25,000	266,242	291,242	
Heat Fund	-	-	6,000	6,000	(778)	(778)	-	5,222	781	6,003	
Historic Markers	-	-	1,916	1,916	(2,613)	(2,613)	-	(697)	2,877	2,180	
Hoist Repair	-	1,300	-	1,300	-	-	-	1,300	(972)	328	

See accompanying independent auditors' report on supplemental financial information.

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Special Revenue Funds (2 of 2)**

Town of York, Maine

For the Year Ended June 30, 2010

	Revenues				Expenditures			Transfers In (Out)	Revenues and Other Sources Over (Under) Expenditures and Other Uses	Fund Balance (Deficit) at Beginning of Year	Fund Balance (Deficit) at End of Year
	Intergovern- mental	Charges for Services	Other	Total Revenues	Designated Purpose	Capital Outlay	Total Expenditures				
Impact Fees	-	\$ 117,300	\$ 350	\$ 117,650	-	-	-	\$ (117,300)	\$ 350	\$ 41,052	\$ 41,402
Long Sands Bathhouse	-	-	-	-	-	-	-	-	-	468	468
Nubble Light	-	-	74	74	-	-	-	-	74	14,343	14,417
MMA Wellness	-	-	2,317	2,317	(2,082)	-	(2,082)	-	235	330	565
Mt. Agamenticus Coordinator	-	-	30,617	30,617	(56,173)	-	(56,173)	25,250	(306)	4,880	4,574
Mt. Agamenticus Education Grant	5,000	-	-	5,000	(8,400)	-	(8,400)	3,400	-	-	-
Off Premises Signs	-	-	24	24	-	-	-	-	24	4,504	4,528
Open Space	-	-	416	416	-	-	-	-	416	81,414	81,830
Performance Accounts	-	14,433	-	14,433	(8,470)	-	(8,470)	-	5,963	148,358	154,321
Public Works Equipment	-	-	15	15	-	-	-	-	15	2,871	2,886
Sohier Park Maintenance	-	-	-	-	(52,827)	-	(52,827)	52,500	(327)	614	287
350th Committee	-	-	302	302	-	-	-	-	302	5,069	5,371
TIF York Beach	-	-	-	-	(15,000)	-	(15,000)	113,928	98,928	-	98,928
Trails Remediation	-	-	-	-	(9,765)	-	(9,765)	-	(9,765)	-	(9,765)
Tree Planting	-	-	32	32	-	-	-	-	32	6,286	6,318
Unemployment Compensation	-	-	11	11	(4,958)	-	(4,958)	5,000	53	(195)	(142)
Wheeler Marsh Restoration	-	-	-	-	-	-	-	-	-	12,976	12,976
York Land Trust	-	-	-	-	-	-	-	-	-	6,854	6,854
School Categoricals	1,031,804	-	64,086	1,095,890	(1,111,504)	-	(1,111,504)	(5,112)	(20,726)	295,728	275,002
School Lunch Program	143,354	513,825	114	657,293	(805,467)	-	(805,467)	138,640	(9,534)	(92,701)	(102,235)
Village Lights	-	-	425	425	-	-	-	-	425	-	425
Wells Reserve	-	-	3,877	3,877	(3,877)	-	(3,877)	-	-	-	-
	\$ 1,199,400	\$ 969,222	\$ 187,390	\$ 2,356,012	\$ (2,298,394)	\$ (18,500)	\$ (2,316,894)	\$ (22,777)	\$ 16,341	\$ 1,521,651	\$ 1,537,992

See accompanying independent auditors' report on supplemental financial information.

Combining Balance Sheet
Capital Projects Funds

Town of York, Maine

As of June 30, 2010

	Assets			Liabilities			Fund Balance (Deficit) at End of Year
	Cash	Due from other funds	Total Assets	Accounts payable	Due to other funds	Total Liabilities	
Highland Farm	\$ 1,553	-	\$ 1,553	-	\$ 1,553	\$ 1,553	-
Mitchell/Airport	1,189,377	-	1,189,377	-	6,861	6,861	1,182,516
Roaring Rock Road	29,481	-	29,481	-	16,931	16,931	12,550
York St./Raydon St.	33,548	-	33,548	-	33,548	33,548	-
Town Hall Renovation	-	-	-	-	63,043	63,043	(63,043)
Fire Truck	-	-	-	-	422,724	422,724	(422,724)
Energy Efficiency	-	-	-	-	2,401	2,401	(2,401)
Land for Public Safety	-	-	-	-	2,000,000	2,000,000	(2,000,000)
Short Sands Drainage	-	-	-	-	-	-	-
Middle School Renovations	-	143	143	-	-	-	143
High School Renovations	-	-	-	-	-	-	-
High School Roof	-	-	-	-	-	-	-
High School Music Wing	-	30,592	30,592	188	-	188	30,404
	<u>\$ 1,253,959</u>	<u>\$ 30,735</u>	<u>\$ 1,284,694</u>	<u>\$ 188</u>	<u>\$ 2,547,061</u>	<u>\$ 2,547,249</u>	<u>\$ (1,262,555)</u>

See accompanying independent auditors' report on supplemental financial information.

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Funds**

Town of York, Maine

For the Year Ended June 30, 2010

	Revenues	Expenditures	Transfers In (Out)	Revenues and Other Sources Over (Under) Expenditures and Other Uses	Fund Balance (Deficit) at Beginning of Year	Fund Balance (Deficit) at End of Year
Highland Farm	\$ 5	\$ (19,043)	\$ 9,284	\$ (9,754)	\$ 9,754	\$ -
Mitchell/Airport	4,901	-	-	4,901	1,177,615	1,182,516
Roaring Rock Road	121	(16,302)	-	(16,181)	28,731	12,550
York St./Raydon St.	139	(32,832)	-	(32,693)	32,693	-
Town Hall Renovation	-	(63,043)	-	(63,043)	-	(63,043)
Fire Truck	-	(422,724)	-	(422,724)	-	(422,724)
Energy Efficiency	-	(2,401)	-	(2,401)	-	(2,401)
Land for Public Safety	-	(2,000,000)	-	(2,000,000)	-	(2,000,000)
Short Sands Drainage	-	-	-	-	-	-
Middle School Renovations	-	-	-	-	143	143
High School Renovations	-	-	-	-	-	-
High School Roof	-	(93,666)	-	(93,666)	93,666	-
High School Music Wing	2,338	(2,112,378)	6,658	(2,103,382)	2,133,786	30,404
	<u>\$ 7,504</u>	<u>\$ (4,762,389)</u>	<u>\$ 15,942</u>	<u>\$ (4,738,943)</u>	<u>\$ 3,476,388</u>	<u>\$ (1,262,555)</u>

See accompanying independent auditors' report on supplemental financial information.

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

Town of York, Maine

As of June 30, 2010

	Clark/ Emerson	D'Entremont Scholarship	Total
Assets			
Cash	\$ 23,665	\$ 898	\$ 24,563
Total Assets	<u>\$ 23,665</u>	<u>\$ 898</u>	<u>\$ 24,563</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ 3,135	\$ -	\$ 3,135
Total Liabilities	3,135	-	3,135
Fund Balances			
Reserved for endowments	20,530	723	21,253
Unreserved	-	175	175
Total Fund Balances	<u>20,530</u>	<u>898</u>	<u>21,428</u>
Total Liabilities and Fund Balances	<u>\$ 23,665</u>	<u>\$ 898</u>	<u>\$ 24,563</u>

See accompanying independent auditors' report on supplemental financial information.

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

Town of York, Maine

For the Year Ended June 30, 2010

	<u>Clark/ Emerson</u>	<u>D'Entremont Scholarship</u>	<u>Total</u>
Revenues			
Investment return	\$ 120	\$ 173	\$ 293
Total Revenues	120	173	293
Expenditures			
Current	120	-	120
Total Expenditures	120	-	120
Revenues Over Expenditures	-	173	173
Fund balances at beginning of year	20,530	725	21,255
Fund Balances at End of Year	<u>\$ 20,530</u>	<u>\$ 898</u>	<u>\$ 21,428</u>

See accompanying independent auditors' report on supplemental financial information.

**Combining Schedule of Net Assets (Deficits)
All Proprietary Fund Types - Business-type Activities - Enterprise Funds**

Town of York, Maine

As of June 30, 2010

	Recreation Program							Senior Center	Total
	Recreation	Mt. Agamanticus	Sohier Park	Goodrich Park	Outside Duty	Printing			
Assets									
Cash equivalents	\$ -	\$ -	\$ 36,254	\$ -	\$ -	\$ -	\$ 550	\$ 36,804	
Accounts receivable	-	-	-	-	10,548	-	-	10,548	
Due from other funds	32,070	10,261	-	1,321	43,210	-	10,227	97,089	
Inventories	-	-	44,440	-	-	-	-	44,440	
Total Assets	32,070	10,261	80,694	1,321	53,758	-	10,777	188,881	
Liabilities									
Accounts payable	4,101	4,057	8,993	-	-	-	2,080	19,231	
Accrued payroll	-	-	-	-	-	-	-	-	
Due to other funds	-	-	45,897	-	-	1,382	-	47,279	
Total Liabilities	4,101	4,057	54,890	-	-	1,382	2,080	66,510	
Net Assets (Deficits)									
Unrestricted	27,969	6,204	25,804	1,321	53,758	(1,382)	8,697	122,371	
Total Net Assets (Deficits)	\$ 27,969	\$ 6,204	\$ 25,804	\$ 1,321	\$ 53,758	\$ (1,382)	\$ 8,697	\$ 122,371	

See accompanying independent auditors' report on supplemental financial information.

**Combining Schedule of Revenues, Expenses and Changes Net Assets (Deficits)
All Proprietary Fund Types - Business-type Activities - Enterprise Funds**

Town of York, Maine

For the Year Ended June 30, 2010

	Recreation Program							Senior Center	Total
	Recreation	Mt. Agamenticus	Sohier Park	Goodrich Park	Outside Duty	Printing			
Operating Revenues									
Charges for services	\$ 381,061	\$ 45,010	\$ 252,467	\$ 7,200	\$ 145,362	\$ -	\$ 58,428	\$ 889,528	
Other	54,913	-	7,650	-	-	-	9,495	72,058	
Total Operating Revenues	435,974	45,010	260,117	7,200	145,362	-	67,923	961,586	
Operating Expenses									
Salaries and benefits	208,484	17,818	49,040	-	106,056	-	43,286	424,684	
Cost of goods sold	-	-	117,793	-	-	-	21,117	138,910	
Service fees	145,447	7,080	1,667	2,624	-	-	28,066	184,884	
Supplies	72,275	13,506	11,682	1,817	-	-	11,113	110,393	
Utilities	2,351	12,920	1,909	2,972	-	-	718	20,870	
Total Operating Expenses	428,557	51,324	182,091	7,413	106,056	-	104,300	879,741	
Operating Income (Loss)	7,417	(6,314)	78,026	(213)	39,306	-	(36,377)	81,845	
Other Financing Sources (Uses)									
Operating transfers in	-	1,040	-	-	-	-	30,000	31,040	
Operating transfers out	-	(3,400)	(52,500)	-	(20,000)	-	-	(75,900)	
Total Other Financing Sources (Uses)	-	(2,360)	(52,500)	-	(20,000)	-	30,000	(44,860)	
Increase (Decrease) in Net Assets	7,417	(8,674)	25,526	(213)	19,306	-	(6,377)	36,985	
Net assets (deficits) at beginning of year	20,552	14,878	278	1,534	34,452	(1,382)	15,074	85,386	
Net Assets (Deficits) at End of Year	\$ 27,969	\$ 6,204	\$ 25,804	\$ 1,321	\$ 53,758	\$ (1,382)	\$ 8,697	\$ 122,371	

See accompanying independent auditors' report on supplemental financial information.

Schedule of Valuation, Assessment and Collection of Taxes

Town of York, Maine

For the Year Ended June 30, 2010

Valuation

Real estate	\$ 3,997,085,400
Personal property	<u>22,164,150</u>

Total Valuation \$ 4,019,249,550

Assessment

Valuation x Rate - \$4,019,249,550 x .00858	\$ 34,485,161
Supplemental taxes	<u>47,231</u>

Total Assessment Charged to Collector \$ 34,532,392

Collection and Credits

Cash collections	\$ 33,565,144
Tax abatements	<u>82,285</u>

Total Collection and Credits 33,647,429

2010 Taxes Receivable - June 30, 2010 \$ 884,963

See accompanying independent auditors' report on supplemental financial information.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of York, Maine, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 7, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, Selectboard, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Purdy Powus • Company
Professional Association

Portland, Maine
February 7, 2011