

Financial Statements

Town of York, Maine

June 30, 2009

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Town of York, Maine

June 30, 2009

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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, 2009, 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 opinion.

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, 2009, 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 March 3, 2010 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 important for 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
March 3, 2010



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

Fax
(207)363-1009
(207)363-1019

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, 2009. 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 4. 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

The fund financial statements begin on page 6 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, 2009, net assets changed as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 15,643,615	\$ 13,340,206	\$ 120,233	\$ 82,998	\$ 15,763,848	\$ 13,423,204
Capital Assets	<u>55,230,471</u>	<u>54,599,730</u>	-	-	<u>55,230,471</u>	<u>54,599,730</u>
Total Assets	70,874,086	67,939,936	120,233	82,998	70,994,319	68,022,934
Long Term Liabilities	18,364,035	16,323,810	-	-	18,364,035	16,323,810
Other Liabilities	<u>2,637,008</u>	<u>2,753,901</u>	<u>34,847</u>	<u>45,694</u>	<u>2,671,855</u>	<u>2,799,595</u>
Total Liabilities	21,001,043	19,077,711	34,847	45,694	21,035,890	19,123,405
Net Assets:						
Invested in capital assets,						
Net of related debt	37,900,238	39,142,510	-	-	37,900,238	39,142,510
Restricted	21,255	21,125	-	-	21,255	21,125
Reserved for specific purposes						
Unrestricted	<u>11,951,550</u>	<u>9,698,590</u>	<u>85,386</u>	<u>37,304</u>	<u>12,036,936</u>	<u>9,735,894</u>
Total Net Assets	<u>\$ 49,873,043</u>	<u>\$ 48,862,225</u>	<u>\$ 85,386</u>	<u>\$ 37,304</u>	<u>\$ 49,958,429</u>	<u>\$ 48,899,529</u>

These numbers reflect an increase in net assets of 2.07 percent for governmental activities and over 200 percent for business-type activities (see page 3-10 for a detailed explanation). The Town issued bonds in the amount of \$3,524,000 (see page 3-9 for details), resulting in comparable increases in current assets and long term liabilities as projects were not completed by year-end.

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, Ellis Park/Short Sands funds (a trust fund set up early in the last century to oversee a park at Short Sands Beach).
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.

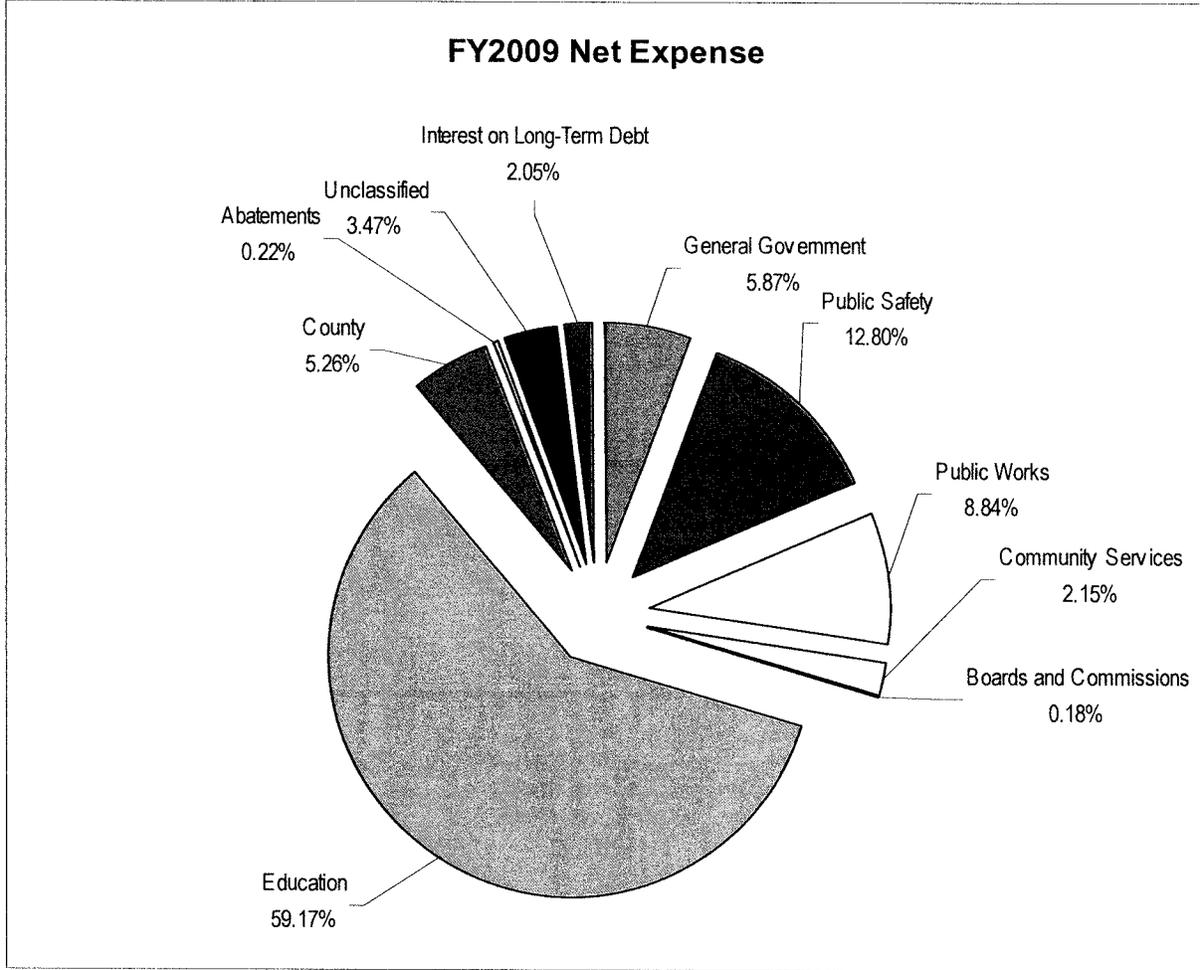
Net Expense

The Net Expense is the financial burden that was placed on the taxpayers by each of these functions. Almost \$8.1 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 FY2008 to FY2009. There is, however, a significant reduction in receipts for public works federally funded projects, as the FEMA projects were smaller and projects from prior storms were being completed. The significant increase in Public Safety Revenues is due to a \$475,000 FEMA grant for the purchase of a fire truck.

Function/ Program	Expenses		Revenues		Net Expense	
	2009	2008	2009	2008	2009	2008
General Government	\$ 2,545,872	\$ 2,503,438	\$ 381,484	\$ 374,603	\$ 2,164,388	\$ 2,128,835
Public Safety	5,685,518	5,259,644	969,235	393,846	4,716,283	4,865,798
Public Works	3,475,035	4,215,636	217,586	347,641	3,257,449	3,867,995
Public Works – federally funded projects	719,562	1,048,908	719,562	1,020,388	-	28,520
Community Services	804,466	734,735	10,785	9,063	793,681	725,672
Boards and Commissions	97,357	104,575	30,919	32,460	66,438	72,115
Education	24,697,014	23,951,271	2,887,818	3,816,699	21,809,196	20,134,572
Maine State Retirement on behalf payments	2,257,255	2,227,442	2,257,255	2,227,442	-	-
County Tax	1,937,468	1,828,020	-	-	1,937,468	1,828,020
Abatements	79,866	30,458	-	-	79,866	30,458
Unclassified	1,906,316	440,307	627,073	717,590	1,279,243	(277,283)
Interest on long-term debt	754,106	794,495	-	-	754,106	794,495
Total Governmental Activities	<u>\$ 44,959,835</u>	<u>\$ 43,138,929</u>	<u>\$ 8,101,717</u>	<u>\$ 8,939,732</u>	<u>\$ 36,858,118</u>	<u>\$ 34,199,197</u>

Public Safety revenues derive from dispatching services provided to neighboring towns as well as patrol and security services for the local hospital, a FEMA Fire Truck Grant, 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.

On Patriot's Day, April 18, 2007, the Town suffered a declared FEMA event which resulted in about \$2M in road, bridge and culvert damage. The major part of the work had been completed in FY08, with a few projects being completed in FY09, most notably those on Nubble Island and Sohier Park. An additional FEMA event was declared on December 18, 2008, as a result of an ice storm. Many of those projects included debris cleanup, and not long-term projects.



Education's share of net expenses increased a small amount and is still the largest percentage at 59.17. The shares represented by Public Safety and Public Works are reduced by about 1.5% - 2% compared to the prior year.

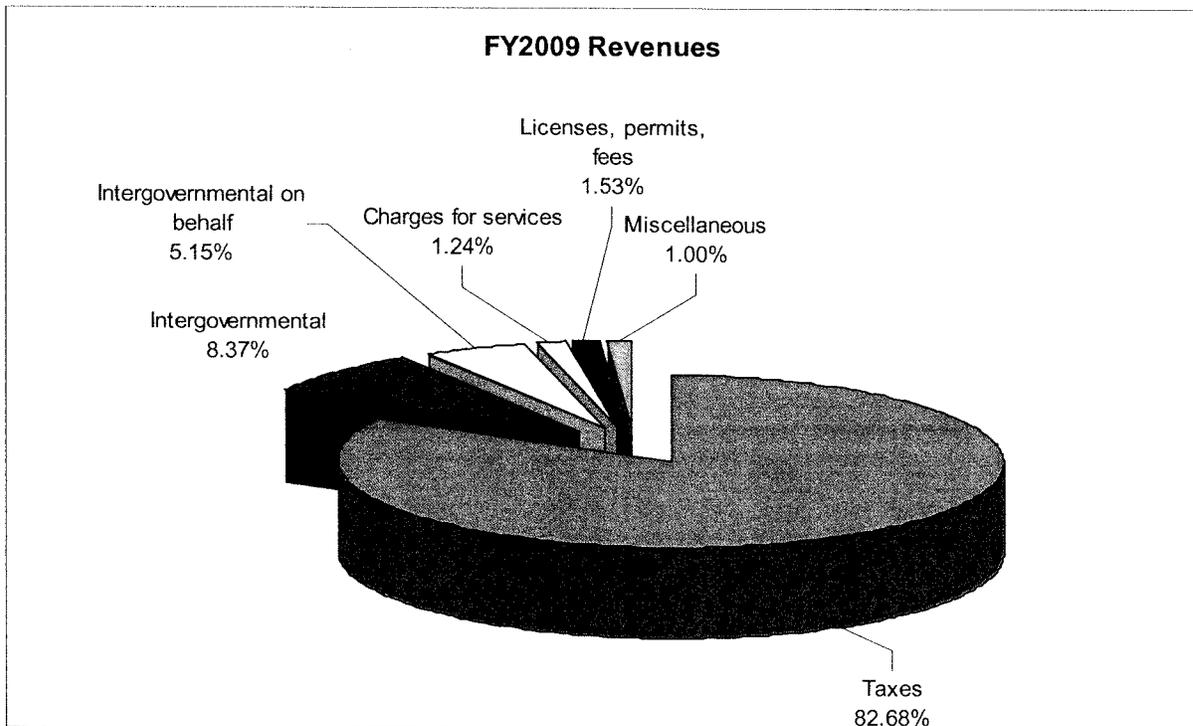
In an effort to reduce the net expense to taxpayers, there has been a concerted effort to institute user fees as appropriate. To that end, 'impact fees' were imposed on residential dwelling units to help defray the debt service costs of new school buildings. \$102,000 in impact fees were collected by 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 more than \$300,000 each 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, 2009 with a comparison to 2008:

<i><u>Revenues:</u></i>	<i><u>FY 2009 Amount</u></i>	<i><u>Percent of Total</u></i>	<i><u>FY 2008 Amount</u></i>	<i><u>Percent of Total</u></i>
Taxes	\$ 36,233,076	82.68%	\$ 34,796,492	80.13%
Intergovernmental	3,668,604	8.37%	4,584,303	10.56%
Intergovernmental on behalf payments	2,257,255	5.15%	2,227,442	5.13%
Charges for services	543,638	1.24%	599,374	1.38%
Licenses and permits	684,747	1.56%	665,899	1.53%
Miscellaneous	436,296	1.00%	549,368	1.27%
Total Revenues	\$ <u>43,823,616</u>	<u>100.00%</u>	\$ <u>43,422,878</u>	<u>100.00%</u>

Revenues from all sources increased 0.92% from the previous year. For the third year in a row, excise tax collections decreased, 2.4% in Fy07, 2.2% in Fy08 and 4.8% in FY09, 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 4.3%. Property taxes are up 4.9% or \$1,566,066 from the previous year and make up the large majority of revenues. Investment interest income is down 40.6% compared to the prior year due to significant declines in interest rates. State municipal revenue sharing decreased 6.7%, reflective of the State's poor fiscal health.



The following schedule presents a summary of expenditures for the fiscal year ended June 30, 2009:

<u>Expenditures:</u>	<u>FY 2009</u>	<u>Percent</u>	<u>FY 2008</u>	<u>Percent</u>
	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Total</u>
<i>General Government</i>	\$ 2,450,687	5.52%	\$ 2,507,554	5.93%
<i>Public Safety</i>	6,065,924	13.67%	5,037,637	11.92%
<i>Public Works</i>	3,843,428	8.66%	3,710,947	8.78%
<i>Public Works federally funded</i>	719,562	1.62%	1,048,908	2.48%
<i>Community services</i>	803,690	1.81%	761,083	1.80%
<i>Boards and Commissions</i>	97,357	.22%	104,575	.25%
<i>Education</i>	22,836,499	51.47%	22,405,285	53.01%
<i>Maine State Retirement on behalf</i>	2,257,255	5.09%	2,227,442	5.27%
<i>County Tax</i>	1,937,468	4.37%	1,828,020	4.33%
<i>Abatements</i>	79,866	.18%	30,458	.07%
<i>Capital Outlays</i>	942,479	2.12%	1,527,975	3.62%
<i>Interest on Long-Term Debt</i>	747,865	1.69%	813,608	1.92%
<i>Principal Payment on Long-Term Debt</i>	1,587,620	3.58%	260,281	.62%
<u>Total Expenditures</u>	<u>\$ 44,369,700</u>	<u>100.00%</u>	<u>\$ 42,263,773</u>	<u>100.00%</u>

Overall expenditures increased 5.0%, due in large part to the school portion of debt service being paid from a capital projects fund in the prior year, in the amount of \$1,337,100 reducing prior year expenditures significantly. Capital outlays include the regular replacement of vehicles and road paving. \$105,000 in Public Health expenditures were reclassified to Public Safety in FY09 that were previously considered General Government expenditures. A \$475,000 fire truck, purchased with grant money is also included in Public Safety 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 FY10, as the economic situation has lead to very low investment interest rates and an apparent reluctance on the part of citizens to purchase newer, more expensive cars, both of which affect the Town's revenues, along with the sagging state economy which directly affects payments to municipalities.

In spite of the economic conditions, the taxpayers were very supportive of the Board of Selectmen's five-year capital plan, and approved many of the projects put before them on the ballot for year one. Music Instructional space and a roof replacement at the high school, several drainage projects, and a contribution to an open space parcel purchase were all approved by voters.

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 first year this liability appears on these statements.

Although a \$550,000 utilization of fund balance was approved by voters to reduce tax appropriations, only \$413,978 of funds authorized were used, bringing undesignated fund balance to \$4,714,071, keeping York in a very healthy fund balance position.

With taxes receivable of only \$922,500 on total tax bills of \$33.7 million, the Town of York enjoys a remarkable tax collection rate of 97.3%. The balance due on tax liens at year-end is only \$239,576, less than .7% 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, 2009, the Town had \$55.23 million invested in capital assets including substantial funding for paving and construction of town roads. The usual additions included police vehicles, a pickup truck, computer equipment, substantial building repairs, a large public safety generator, as well as a continued commitment with the York Land Trust to add to the Town's open space inventory in the 'Mountains to the Sea' initiative, and the completion of the FEMA project from the 2007 Patriot's Day storm which restored Sohier Park and the Nubble Island. Other additions are listed below.

	Capital Assets	Accumulated Depreciation at June 30, 2009	Capital Assets Net of Depreciation
Land	\$ 8,581,342	\$ -	\$ 8,581,342
Buildings & Improvements	36,387,124	14,184,459	22,202,665
Land Improvements	34,887,742	13,889,258	20,998,484
Equipment	3,191,534	1,838,814	1,352,720
Vehicles	6,158,616	4,063,356	2,095,260
TOTALS	<u>\$ 89,206,358</u>	<u>\$ 33,975,887</u>	<u>\$ 55,230,471</u>

This year's major additions included:

Large parcel held for open space	\$ 500,000
New roof at high school	159,690
Repairs to the dock at Cape Neddick Light Station	118,937
Repairs to Sohier Park grounds (FEMA)	162,923
Stormwater Outfall at Short Sands Beach	83,259
Aerial Ladder Truck	529,500
New boiler at elementary school	48,500
Repaving and reconstructing town roads and lots	922,252
Heavy Plow Truck	115,000
Other Additions	427,792
	<u>\$ 3,067,853</u>

Debt

At year-end, the Town had \$18,364,035 in long-term liabilities representing a net increase of \$2,040,225:

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
General Obligation Debt	\$ 17,158,410	\$ 15,222,030	\$ -	\$ -	\$ 17,158,410	\$ 15,222,030
Capital Lease obligations	171,823	235,190	-	-	171,823	235,190
Compensated absences	946,195	866,590	-	-	946,195	866,590
Other postemployment benefits obligation	87,607	-	-	-	87,607	-
Totals	\$ 18,364,035	\$ 16,323,810	\$ -	\$ -	\$ 18,364,035	\$ 16,323,810

There was a debt issuance in the amount of \$3,524,000 for the following projects:

Roof replacement at York High School	\$ 255,000
Music and instructional space at York High School	1,537,000
Highland Farm Open Space contribution	500,000
Various drainage projects	1,232,000
	<hr/>
Total debt issuance	<u>\$ 3,524,000</u>

The music instructional space cost was projected to be \$2,338,000 with \$1,537,000 funded with bond proceeds and \$800,000 funded from the school's unappropriated fund balance.

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 purchase of land for such a building, followed by the funds to construct that building. Other major items on the horizon include an auditorium at the high school, a town hall and a major push to deal with drainage issues. The drainage projects have been broken down into smaller projects to incrementally improve the situation. With 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

The voters approved an article that will designate a portion of 'downtown' York Beach as a TIF district. The TIF will provide 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.

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	\$ 392,412	\$ 45,871	\$ 214,560	\$ 7,200	\$ 135,611	\$ -	\$ 11,445
Donations/Sponsorships	22,275	158	5,786	-	-	-	-
Total Revenues	414,687	46,029	220,346	7,200	135,611	-	11,445
Salaries and Benefits	182,919	4,757	36,355	-	100,823	-	42,885
Cost of Goods Sold	-	-	102,048	-	-	-	-
Contracts/Repairs	170,668	16,044	8,791	5,211	336	-	310
Supplies	56,974	2,334	5,520	244	-	-	100
Utilities	2,835	3,046	1,475	1,193	-	-	2,235
Total Operating Exp	413,396	26,181	154,189	6,648	101,159	-	45,530
Operating							
Income/(Loss)	1,291	19,848	66,157	552	34,452	-	(34,085)
Operating Transfers In	-	-	-	-	-	-	28,000
Operating Transfers Out	-	(6,133)	(62,000)	-	-	-	-
Total Other Financing Sources	-	(6,133)	(62,000)	-	-	-	28,000
Net	1,291	13,715	4,157	552	34,452	-	(6,085)
Increase(decrease)							
Beg Net Assets	19,261	1,163	(3,879)	982	-	(1,382)	21,159
Ending							
Net Assets (Deficit)	\$ 20,552	\$ 14,878	\$ 278	\$ 1,534	\$ 34,452	\$ (1,382)	\$ 15,074

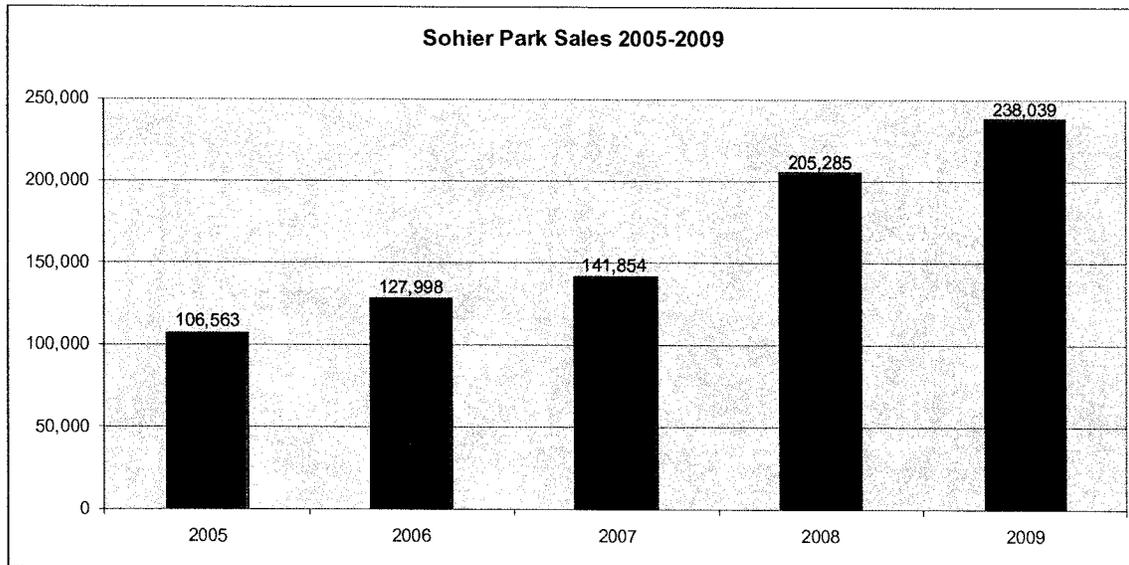
The Town's Enterprise Funds

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 net income from the Gift Shop receipts (\$62,000) are 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.



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 Transportation 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. It has been quite successful and serves a very important need in the community. It is not self-sustaining and a plan for fundraisers is necessary to keep the program alive.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

There has been concern expressed about a slowing economy. 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 FY2010 assessment which represents values as of April 1, 2009, declined overall 1.56% compared to the prior year.

Fiscal Year	Total Valuation	Valuation Increase	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%	\$33,722,498	4.86%	\$ 8.26
2010	\$4,019,248,550	-1.56%	\$ 34,485,161	2.26%	\$8.58

After many years of declining mil rates, York will see a second year of a mil rate increase of \$.32/\$1,000 assessed value. 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 FY2010 total valuation has increased 56.7% while total tax bills have only increased 31.2%, reflected in a **decrease** in the mil rate from \$10.25 in 2003 to \$8.58 in 2010, a 16.3% reduction. The mean non-waterfront single family home has an assessed value of about \$381,000 with a tax bill of \$3,269 in FY2010, 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, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 13,084,276	\$ 35,973	\$ 13,120,249
Taxes receivable	922,500	-	922,500
Tax liens receivable	239,576	-	239,576
Accounts receivable	933,127	9,327	942,454
Inventory	12,497	35,544	48,041
Internal balances	(39,389)	39,389	-
Tax acquired property	53,179	-	53,179
Prepaid expenses	437,849	-	437,849
Capital assets, net of accumulated depreciation	55,230,471	-	55,230,471
Total Assets	70,874,086	120,233	70,994,319
Liabilities			
Accounts payable	758,983	20,896	779,879
Other accrued liabilities	89,717	-	89,717
Accrued payroll	1,550,616	13,951	1,564,567
Accrued interest payable	216,837	-	216,837
Escrow payable	18,758	-	18,758
Security deposits	2,097	-	2,097
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	1,734,899	-	1,734,899
Capital lease obligations	60,277	-	60,277
Accrued vacation and sick leave	563,125	-	563,125
Portion due or payable after one year:			
Bonds payable	15,423,511	-	15,423,511
Capital lease obligations	111,546	-	111,546
Accrued vacation and sick leave	383,070	-	383,070
Other postemployment benefits obligation	87,607	-	87,607
Total Liabilities	21,001,043	34,847	21,035,890
Net Assets			
Invested in capital assets, net of related debt	37,900,238	-	37,900,238
Restricted for endowments	21,255	-	21,255
Unrestricted	11,951,550	85,386	12,036,936
Total Net Assets	\$ 49,873,043	\$ 85,386	\$ 49,958,429

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

Statement of Activities

Town of York, Maine

For the Year Ended June 30, 2009

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 2,545,872	\$ 381,484	\$ -	\$ -	\$ (2,164,388)		\$ (2,164,388)
Public safety	5,685,518	427,574	66,661	475,000	(4,716,283)		(4,716,283)
Public works and sanitation	3,475,035	8,222	209,364	-	(3,257,449)		(3,257,449)
Public works - federally funded projects	719,562	-	487,173	232,389	-		-
Community services	804,466	-	10,785	-	(793,681)		(793,681)
Boards and commissions	97,357	30,919	-	-	(66,438)		(66,438)
Education	24,697,014	664,690	2,223,128	-	(21,809,196)		(21,809,196)
Maine State Retirement on-behalf payments	2,257,255	-	2,257,255	-	-		-
County tax	1,937,468	-	-	-	(1,937,468)		(1,937,468)
Abatements	79,866	-	-	-	(79,866)		(79,866)
Unclassified	1,906,316	588,083	38,990	-	(1,279,243)		(1,279,243)
Interest on long-term debt	754,106	-	-	-	(754,106)		(754,106)
Total Governmental Activities	44,959,835	2,100,972	5,293,356	707,389	(36,858,118)		(36,858,118)
Business-type Activities:							
Recreation	413,396	392,412	22,275	-	-	\$ 1,291	1,291
Mt. Agamenticus	26,181	45,871	158	-	-	19,848	19,848
Sohier Park	154,189	214,560	5,786	-	-	66,157	66,157
Goodrich Park	6,648	7,200	-	-	-	552	552
Outside duty	101,159	135,611	-	-	-	34,452	34,452
Senior transportation	45,530	11,445	-	-	-	(34,085)	(34,085)
Total Business-type Activities	747,103	807,099	28,219	-	-	88,215	88,215
Total Primary Government	\$ 45,706,938	\$ 2,908,071	\$ 5,321,575	\$ 707,389	(36,858,118)	88,215	(36,769,903)
General revenues:							
Taxes					36,353,076	-	36,353,076
Intergovernmental					806,106	-	806,106
Miscellaneous					514,813	-	514,813
Interest income					245,230	-	245,230
Gain (loss) on disposal of capital assets					(90,422)	-	(90,422)
Transfers					40,133	(40,133)	-
Total General Revenues and Transfers					37,868,936	(40,133)	37,828,803
Change in Net Assets					1,010,818	48,082	1,058,900
Net assets at beginning of year					48,862,225	37,304	48,899,529
Net Assets at End of Year					\$ 49,873,043	\$ 85,386	\$ 49,958,429

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

Balance Sheet - Governmental Funds

Town of York, Maine

As of June 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 10,650,867	\$ 2,433,409	\$ 13,084,276
Taxes receivable	922,500	-	922,500
Tax liens receivable	239,576	-	239,576
Accounts receivable	909,356	23,771	933,127
Due from other funds	306,774	3,143,581	3,450,355
Inventory	-	12,497	12,497
Prepaid expenses	437,849	-	437,849
Tax acquired property	53,179	-	53,179
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 13,520,101	\$ 5,613,258	\$ 19,133,359
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 432,380	\$ 326,603	\$ 758,983
Other accrued liabilities	89,717	-	89,717
Accrued payroll	1,539,651	10,965	1,550,616
Due to other funds	3,233,350	256,394	3,489,744
Deferred revenues	740,000	-	740,000
Escrow payable	18,758	-	18,758
Security deposits	2,097	-	2,097
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	6,055,953	593,962	6,649,915
Fund Balances			
Reserved for:			
Endowments	-	21,255	21,255
Unreserved:			
Designated for subsequent year's expenditures	2,750,077	4,998,041	7,748,118
Undesignated	4,714,071	-	4,714,071
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	7,464,148	5,019,296	12,483,444
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ 13,520,101	\$ 5,613,258	\$ 19,133,359

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, 2009

Total Fund Balances - Governmental Funds \$ 12,483,444

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: 55,230,471

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: 740,000

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	\$ (17,158,410)	
Capital lease obligations	(171,823)	
Accrued interest payable	(216,837)	
Accrued vacation and sick leave	(946,195)	
Other postemployment benefits obligation	<u>(87,607)</u>	
		<u>(18,580,872)</u>

Total Net Assets - Governmental Activities \$ 49,873,043

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, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 36,233,076	\$ -	\$ 36,233,076
Intergovernmental	3,668,604	880,992	4,549,596
Intergovernmental on-behalf payments	2,257,255	-	2,257,255
Charges for services	543,638	1,022,168	1,565,806
Licenses, permits, and fees	684,747	-	684,747
Miscellaneous	436,296	174,166	610,462
Total Revenues	43,823,616	2,077,326	45,900,942
Expenditures			
Current			
General government	2,450,687	-	2,450,687
Public safety	6,065,924	-	6,065,924
Public works and sanitation	3,843,428	-	3,843,428
Public works - federally funded projects	719,562	-	719,562
Community services	803,690	-	803,690
Boards and commissions	97,357	-	97,357
Education	22,836,499	1,403,482	24,239,981
MPERS on-behalf payments	2,257,255	-	2,257,255
County tax	1,937,468	-	1,937,468
Abatements	79,866	-	79,866
Unclassified	-	1,393,965	1,393,965
Debt service - principal	1,587,620	-	1,587,620
- interest	747,865	-	747,865
Capital outlays	942,479	27,405	969,884
Total Expenditures	44,369,700	2,824,852	47,194,552
Revenues Over (Under) Expenditures	(546,084)	(747,526)	(1,293,610)
Other Financing Sources (Uses)			
Proceeds from capital lease obligation	36,020	-	36,020
Proceeds from borrowing	1,732,000	1,792,000	3,524,000
Operating transfers in	269,659	2,813,813	3,083,472
Operating transfers out	(2,773,680)	(269,659)	(3,043,339)
Total Other Financing Sources (Uses)	(736,001)	4,336,154	3,600,153
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,282,085)	3,588,628	2,306,543
Fund balances at beginning of year	8,746,233	1,430,668	10,176,901
Fund Balances at End of Year	\$ 7,464,148	\$ 5,019,296	\$ 12,483,444

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, 2009

Net Change in Fund Balances - Total Governmental Funds \$ 2,306,543

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	\$ 3,067,853	
Depreciation expense	<u>(2,346,690)</u>	721,163

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:

120,000

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	<u>(90,422)</u>	(90,422)
--------------------------------	-----------------	----------

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:

Principal portion of debt service payments	1,587,620	
Proceeds from borrowing	(3,524,000)	
Proceeds from capital lease obligations	(36,020)	
Reductions in capital lease obligations	<u>99,387</u>	(1,873,013)

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	(6,241)	
Change in accrued vacation and sick leave	(79,605)	
Change in OPEB obligation	<u>(87,607)</u>	<u>(173,453)</u>

Change in Net Assets of Governmental Activities \$ 1,010,818

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 36,612,498	\$ 36,612,498	\$ 36,233,076	\$ (379,422)
Intergovernmental	2,477,185	3,196,747	3,668,604	471,857
Intergovernmental on-behalf payments	-	-	2,257,255	2,257,255
Charges for services	102,000	102,000	543,638	441,638
Licenses, permits, and fees	622,500	622,500	684,747	62,247
Miscellaneous	554,200	554,200	436,296	(117,904)
Total Revenues	40,368,383	41,087,945	43,823,616	2,735,671
Expenditures				
Current				
General government	2,498,405	2,641,064	2,450,687	190,377
Public safety	5,102,310	5,102,310	6,065,924	(963,614)
Public works and sanitation	4,768,866	4,768,866	3,843,428	925,438
Public works - federally funded projects	110,355	829,917	719,562	110,355
Community services	799,641	799,641	803,690	(4,049)
Boards and commissions	61,345	61,345	97,357	(36,012)
Education	22,789,496	22,789,496	22,836,499	(47,003)
MPERS on-behalf payments	-	-	2,257,255	(2,257,255)
County tax	1,937,468	1,937,468	1,937,468	-
Abatements	-	-	79,866	(79,866)
Debt service - principal	1,587,620	1,587,620	1,587,620	-
- interest	819,344	819,344	747,865	71,479
Capital outlays	1,481,408	1,481,408	942,479	538,929
Total Expenditures	41,956,258	42,818,479	44,369,700	(1,551,221)
Revenues Over (Under) Expenditures	(1,587,875)	(1,730,534)	(546,084)	1,184,450
Other Financing Sources (Uses)				
Proceeds from capital lease obligation	36,020	36,020	36,020	-
Proceeds from borrowing	1,732,000	1,732,000	1,732,000	-
Operating transfer in	125,000	267,659	269,659	2,000
Operating transfers out	(2,626,128)	(2,626,128)	(2,773,680)	(147,552)
Utilization of designated surplus	1,878,402	1,878,402	-	(1,878,402)
Utilization of undesignated surplus	550,000	550,000	-	(550,000)
Total Other Financing Sources (Uses)	1,695,294	1,837,953	(736,001)	(2,573,954)
Revenues and Other Sources Over Expenditures and Other Uses	\$ 107,419	\$ 107,419	(1,282,085)	\$ (1,389,504)
Fund balance at beginning of year			8,746,233	
Fund Balance at End of Year			\$ 7,464,148	

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, 2009

Assets

Cash equivalents	\$	35,973
Accounts receivable		9,327
Due from other funds		98,229
Inventory		<u>35,544</u>
Total Assets		179,073

Liabilities

Accounts payable		20,896
Accrued payroll		13,951
Due to other funds		<u>58,840</u>
Total Liabilities		<u>93,687</u>

Net Assets

Unrestricted		<u>85,386</u>
Total Net Assets	\$	<u><u>85,386</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, 2009

Operating Revenues

Charges for services	\$	807,099
Other		<u>28,219</u>
Total Operating Revenues		835,318

Operating Expenses

Designated purposes		<u>747,103</u>
Total Operating Expenses		<u>747,103</u>

Operating Income 88,215

Other Financing Sources (Uses)

Operating transfers in		28,000
Operating transfers out		<u>(68,133)</u>
Total Other Financing Sources (Uses)		<u>(40,133)</u>

Increase in Net Assets 48,082

Net assets at beginning of year 37,304

Net Assets at End of Year \$ 85,386

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, 2009

Cash Flows from Operating Activities

Receipts from customers and users	\$ 831,559
Other operating receipts	28,061
Payments to and on behalf of employees	(372,991)
Payments to suppliers and vendors	<u>(446,219)</u>
Net Cash Provided by Operating Activities	40,410

Cash Flows from Noncapital Financing Activities

Transfers in from other funds	28,000
Transfers out to other funds	<u>(68,133)</u>
Net Cash Used by Noncapital Financing Activities	(40,133)

Increase in Cash Equivalents 277

Cash equivalents at beginning of year 35,696

Cash Equivalents at End of Year \$ 35,973

Reconciliation of Operating Income to

Net Cash Provided by Operating Activities:

Operating income	\$ 88,215
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	24,302
Due from other funds	(26,255)
Inventory	989
Increase (decrease) in operating liabilities:	
Accounts payable	(5,593)
Accrued payroll	(5,254)
Due to other funds	<u>(35,994)</u>

Net Cash Provided by Operating Activities \$ 40,410

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, 2009

	<u>Student Activity Accounts</u>
Assets	
Cash	\$ 80,405
	<hr/>
Total Assets	80,405
Liabilities	
Held for student activities and other purposes	80,405
	<hr/>
Total Liabilities	80,405
	<hr/>
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.

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.

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

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 July 29, 2008 on the assessed value listed as of April 1, 2008, for all real and personal property located in the Town. Taxes were due September 12, 2008 and February 6, 2009. Interest on unpaid taxes commenced on September 13, 2008 and February 7, 2009, at 11% 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 \$107,419 for the year ended June 30, 2009.

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, 2009, the carrying amount of the Town's deposits was \$13,200,654 and the bank balance was \$13,910,660. 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, 2009, \$11,548,335 of the Town's bank balance of \$13,910,660 was exposed to credit risk as follows:

Collateralized with securities held by the pledging financial institution	<u>\$ 11,548,335</u>
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Note C - Capital Assets

A summary of capital assets transactions for the year ended June 30, 2009, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 8,081,342	\$ 500,000	\$ -	\$ 8,581,342
Depreciable Assets:				
Buildings and improvements	36,176,159	314,007	103,042	36,387,124
Land improvements	33,583,495	1,304,247	-	34,887,742
Equipment	3,121,487	201,271	131,224	3,191,534
Vehicles	<u>5,572,218</u>	<u>748,328</u>	<u>161,930</u>	<u>6,158,616</u>
Totals at historical cost	86,534,701	3,067,853	396,196	89,206,358
Less accumulated depreciation:				
Buildings and improvements	13,307,694	917,982	41,217	14,184,459
Land improvements	13,126,297	762,961	-	13,889,258
Equipment	1,745,164	222,851	129,201	1,838,814
Vehicles	<u>3,755,816</u>	<u>442,896</u>	<u>135,356</u>	<u>4,063,356</u>
Total accumulated depreciation	<u>31,934,971</u>	<u>2,346,690</u>	<u>305,774</u>	<u>33,975,887</u>
Net Capital Assets	<u>\$ 54,599,730</u>	<u>\$ 721,163</u>	<u>\$ 90,422</u>	<u>\$ 55,230,471</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	\$ 75,292
Public safety	335,627
Public works and sanitation	1,050,402
Education	<u>885,369</u>
Total governmental activities depreciation expense	<u>\$ 2,346,690</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note D - Interfund Receivables and Payables

Interfund balances at June 30, 2009 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>
<u>Special Revenue:</u>			<u>Balances</u>
Acedemic Reimbursement	\$ -	\$ (4,000)	
Airport Drive	-	(22,113)	
Animal Welfare	-	(19,590)	
Beach Reserve	20,807	-	
Building Fund	-	(12,101)	
COPS Funds	-	(27,977)	
Code Enforcement	-	(138,577)	
Fishermen's Fund	3	-	
GIS Mapping	-	(98,129)	
Harbor and Wharf	-	(6,599)	
Harbor Beach Bathhouse	-	(9,774)	
Harbor Beach Traffic Island	-	(17,806)	
Harbor Dredge	-	(6,882)	
Heat Fund	-	(781)	
Hoist Repair	1,225	-	
Impact Fees	78,200	-	
Long Sands Bathhouse	-	(468)	
MMA Wellness	-	(330)	
Mt. Agamenticus Coordinator	-	(5,891)	
Performance Accounts	-	(186,741)	
Sohier Park Maintenance	-	(2,446)	
350 th Committee	-	(500)	
Unemployment Compensation	196	-	
Wheeler Marsh Restoration	-	(12,976)	
York Land Trust	-	(6,854)	
School categorical programs	1,273	(303,031)	
School lunch program	143,215	-	
	\$ 244,919	\$ (883,566)	\$ (638,647)

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>			
Middle School renovations	\$ -	\$ (143)	
High School Roof	-	(93,666)	
High School Music Wing	-	(2,157,746)	
Town Capital Improvement	-	-	
	<u>-</u>	<u>(2,251,555)</u>	\$ (2,251,555)
 <i>Permanent Fund:</i>			
Clark/Emerson Trust Fund	<u>3,015</u>	<u>-</u>	
	3,015	-	3,015
 <i>Business-type Activities:</i>			
<i>Enterprise Funds:</i>			
Recreation	-	(37,116)	
Mt. Agamenticus	-	(17,515)	
Sohier Park	57,458	-	
Goodrich Park	-	(2,279)	
Outside Duty	-	(25,383)	
Printing	1,382	-	
Senior Transportation	-	(15,936)	
	<u>58,840</u>	<u>(98,229)</u>	<u>(39,389)</u>
General Fund	<u>\$ 306,774</u>	<u>\$ (3,233,350)</u>	<u>\$ (2,926,576)</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	\$ 4,000	\$ -	
Airport Drive	22,113	-	
Animal Welfare	19,590	-	
Beach Reserve	-	(20,807)	
Building Fund	12,101	-	
Code Enforcement	138,577	-	
COPS Funds	27,977	-	
Fishermen's Fund	-	(3)	
GIS Mapping	98,129	-	
Harbor and Wharf	6,599	-	
Harbor Beach Bathhouse	9,774	-	
Harbor Beach Traffic Island	17,806	-	
Harbor Dredge	6,882	-	
Heat Fund	781	-	
Hoist Repair	-	(1,225)	
Impact Fees	-	(78,200)	
Long Sands Bathhouse	468	-	
MMA Wellness	330	-	
Mt. Agamenticus Coordinator	5,891	-	
Performance Accounts	186,741	-	
Sohier Park Maintenance	2,446	-	
350 th Committee	500	-	
Unemployment Compensation	-	(196)	
Wheeler Marsh Restoration	12,976	-	
York Land Trust	6,854	-	
School categorical programs	303,031	(1,273)	
School lunch program	-	(143,215)	
Special Revenue:			
School Categoricals	8,460	-	
Lunch Program	-	(8,460)	
Special Revenue subtotal	\$ 892,026	\$ (253,379)	\$ 638,647

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 Roof	93,666	-	
High School Music Wing	2,157,746	-	
Town Capital Improvement	<u>-</u>	<u>-</u>	
Capital Projects subtotal	2,251,555	-	\$ 2,251,555
 <i>Permanent Fund:</i>			
General Fund:			
Clark/Emerson Trust Fund	<u>-</u>	<u>(3,015)</u>	
Permanent Fund subtotal	-	(3,015)	<u>(3,015)</u>
Other Governmental Funds	<u>3,143,581</u>	<u>(256,394)</u>	<u>2,887,187</u>
Total Governmental Funds	<u>\$ 3,450,355</u>	<u>\$ (3,489,744)</u>	<u>\$ 39,389</u>
 Business-type Activities:			
<u>Enterprise Funds:</u>			
<i>General Fund:</i>			
Recreation	\$ 37,116	\$ -	
Mt. Agamenticus	17,515	-	
Sohier Park	-	(57,458)	
Goodrich Park	2,279	-	
Outside Duty	25,383	-	
Printing	-	(1,382)	
Senior Transportation	<u>15,936</u>	<u>-</u>	
Total Business-type Activities	<u>\$ 98,229</u>	<u>\$ (58,840)</u>	<u>\$ (39,389)</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, 2009 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	\$ -	\$ (4,000)	
Building Fund	-	(2,000)	
COPS Funds	25,000	-	
Code Enforcement	142,659	-	
Earned Time	-	(20,000)	
Impact Fees	102,000	-	
Mt. Agamenticus Trails Coordinator	-	(25,000)	
Village Fire Truck	-	(17,128)	
School lunch program	-	(145,552)	
	<u>269,659</u>	<u>(213,680)</u>	\$ 55,979
Capital Project:			
Town Capital Improvement	-	(1,732,000)	
High School Music Wing	-	(800,000)	
	<u>-</u>	<u>(2,532,000)</u>	(2,532,000)
Enterprise:			
Senior Transportation	-	(28,000)	
	<u>-</u>	<u>(28,000)</u>	(28,000)
<u>Other Governmental Funds:</u>			
<i>Special Revenue:</i>			
Enterprise	68,133	-	
General Fund	213,680	(269,659)	
	<u>281,813</u>	<u>(269,659)</u>	12,154
<i>Capital Project:</i>			
Town Capital Improvement	1,732,000	-	
High School Music Wing	800,000	-	
	<u>2,532,000</u>	<u>-</u>	<u>2,532,000</u>
Total Governmental Funds	<u>3,083,472</u>	<u>(3,043,339)</u>	<u>40,133</u>
Business-type Activities			
<i>Enterprise:</i>			
General Fund	28,000	-	
Special Revenue	-	(68,133)	
Total Business-type Activities	<u>28,000</u>	<u>(68,133)</u>	<u>(40,133)</u>
Total Interfund Transfers	<u>\$ 3,111,472</u>	<u>\$ (3,111,472)</u>	<u>\$ -</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note E - Interfund Transfers - Continued

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, 2009, 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	\$ 15,222,030	\$ 3,524,000	\$ 1,587,620	\$ 17,158,410	\$ 1,734,899
Capital lease obligations	235,190	36,020	99,387	171,823	60,277
Compensated absences	866,590	510,209	430,604	946,195	563,125
Other postemployment benefits obligation	<u>-</u>	<u>100,505</u>	<u>12,898</u>	<u>87,607</u>	<u>-</u>
Total Governmental	<u>\$ 16,323,810</u>	<u>\$ 4,170,734</u>	<u>\$ 2,130,509</u>	<u>\$ 18,364,035</u>	<u>\$ 2,358,301</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note F - Long-Term Liabilities - Continued

Long-Term Debt:

At June 30, 2009 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%.	\$ 670,000
1999 General Obligation Bond maturing April 1, 2019, annual payments of \$230,000 each to 2003, and \$275,000 each to 2019 with annual rate of interest from 4.2% to 4.8%.	2,750,000
2000 General Obligation Bond maturing April 1, 2020, annual payments of \$800,000 to 2019, and one payment of \$780,000, with annual rate of interest from 5% to 5.5%.	8,780,000
2001 General Obligation Bond maturing September 1, 2021, annual payments of \$90,000 to 2021, with annual rate of interest from 3.5% to 4.8%.	1,170,000
Revolving Renovation Fund Loan, maturing June 1, 2011, annual payments of \$30,858 each. This loan is interest free.	61,716
York Sewer District Loan, maturing November 14, 2020, annual payment ranging from \$17,559 to \$20,627, with annual rate of interest of 1.3%.	194,328
York Sewer District Loan, maturing November 14, 2020, annual payments of \$761 each. This loan is interest free.	8,366
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%.	<u>3,524,000</u>
	<u>\$17,158,410</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>
2010	\$ 1,734,899	\$ 813,549	\$ 2,548,448
2011	1,725,146	735,377	2,460,523
2012	1,364,538	657,322	2,021,860
2013	1,364,792	594,168	1,958,960
2014	1,364,049	530,048	1,894,097
2015-2019	6,804,227	1,664,730	8,468,957
2020-2024	1,925,760	382,538	2,308,298
2025-2029	874,999	105,444	980,443
Total	<u>\$ 17,158,410</u>	<u>\$ 5,483,176</u>	<u>\$ 22,641,586</u>

Capital Lease Obligations:

The Town of York and the School Department have entered into lease agreements as lessee for financing the acquisition of 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, 2009:

Year ending <u>June 30</u>	
2010	\$ 66,793
2011	51,022
2012	34,541
2013	34,541
Total minimum lease payments	186,897
Less amount representing interest	15,074
Present value of minimum lease payments	<u>\$ 171,823</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, 2009 the designated fund balance applicable to future periods was as follows:

Debt service	\$ 58,070
Police vehicles	26,112
Cliff Walk/Fisherman's Walk	40,317
Church Street/Long Beach sidewalk	8,095
Grader upgrade	22,960
Bog Road build	1,229
Route 91/Route 1 redesign	36,462
Seawall repair	29,831
Road restoration	538,001
Hot Top	66,344
Heavy duty plow truck	62,100
Voting machines	45,000
Ocean Avenue sidewalk	34,000
Public safety plan	6,450
Village building plan	44,542
Bellmarsh Road	47,495
Woodbridge sidewalk	3,770
Broadway/Airport Drive	68,350
Mitchell Road	50,000
Legal	36,133
Cow Beach	18,200
Cable TV	2,696
Printing/Records management	553
FEMA and Federal Highway reimbursements	55,000
Education	<u>1,448,367</u>
	<u>\$ 2,750,077</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, 2009 was \$101,659, 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 \$2,257,255 (18.76%) for the fiscal year 2009. 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 18.76% 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, 2009 was approximately \$161,000. 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, 2009 were approximately \$40,000.

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, 2009.

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 Chairman, through his company, supplies the Town with fuel. The amount paid for these related party transactions under the Town's fuel contract was approximately \$66,000 for the year ended June 30, 2009.

Note N - Subsequent Event

Subsequent to year-end, the Town entered into a capital lease obligation to finance new accounting software. The lease requires annual payments of \$33,848 through July 2013.

Note O - Other Post Retirement Benefits

The Government Accounting Standards Board (GASB) has issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*. The Town has implemented the provisions of Statement 45 effective for the year ended June 30, 2009. Under Statement 45, the long term cost of retirement health care and obligations for other postemployment benefits are determined on an actuarial basis rather than a "pay-as-you-go" accounting approach. The Town is adopting this standard prospectively.

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.

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.

Notes to Financial Statements - Continued

Town of York, Maine

Note O - Other Post Retirement Benefits - Continued

The following table represents the OPEB cost for the year and the annual required contribution:

Normal cost	\$ 49,868
Amortization of unfunded liability	48,666
Interest	<u>1,971</u>
Annual required contribution	<u>\$ 100,505</u>

Funding Status and Funding Progress

The Town's annual OPEB cost, the net OPEB obligation and the percentage of annual OPEB cost contributed to the plan for the year ended June 30, 2009 were as follows:

Annual required contribution (annual OPEB cost)	\$ 100,505
Town contributions (ARC offset - implicit subsidy)	<u>12,898</u>
Net OPEB obligation	<u>\$ 87,607</u>

Percentage of annual OPEB contributed	<u>12.83%</u>
---------------------------------------	---------------

The unfunded actuarial accrued liability as a percentage of covered payroll for the year ended June 30, 2009 is as follows:

Actuarial accrued liability (AAL)	\$ 875,196
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 875,196</u>

Covered payroll	<u>\$ 5,100,000</u>
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UAAL as a percentage of covered payroll	<u>17.2%</u>
---	--------------

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.

Notes to Financial Statements - Continued

Town of York, Maine

Note O - Other Post Retirement Benefits - Continued

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

	Actuarial Valuation Date
	<u>January 1, 2009</u>
Actuarial value of assets	\$ -
Actuarial accrued liability (AAL)	<u>875,196</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 875,196</u>
Funded ratio	<u>0.00%</u>
Covered payroll	<u>\$ 5,100,000</u>
UAAL as a percentage of covered payroll	<u>17.2 %</u>

Only one year has been presented because GASB Statement 45 was implemented in the current year.

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, 2009, 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
March 3, 2010**

38
Certified Public Accountants & Business Advisors

Marc J. Powers, CPA, CVA
Richard E. Emerson, Jr., CPA, CVA

David J. Shorette, CPA, CVA
Dana O. Dakers, CPA, MST, MBA

Bruce D. Moir, CPA, JD, MPA
James D. Tatham, CPA

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

Town of York, Maine

As of June 30, 2009

	Special Revenue	Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash	\$ 1,160,346	\$ 1,248,793	\$ 24,270	\$ 2,433,409
Due from other funds	892,026	2,251,555	-	3,143,581
Accounts receivable	23,771	-	-	23,771
Inventory	12,497	-	-	12,497
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,088,640</u>	<u>\$ 3,500,348</u>	<u>\$ 24,270</u>	<u>\$ 5,613,258</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 302,643	\$ 23,960	\$ -	\$ 326,603
Accrued payroll	10,965	-	-	10,965
Due to other funds	253,379	-	3,015	256,394
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	566,987	23,960	3,015	593,962
 Fund Balances				
Reserved for:				
Endowments	-	-	21,255	21,255
Unreserved:				
Designated	1,521,653	3,476,388	-	4,998,041
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,521,653</u>	<u>3,476,388</u>	<u>21,255</u>	<u>5,019,296</u>
Total Liabilities and Fund Balances	<u>\$ 2,088,640</u>	<u>\$ 3,500,348</u>	<u>\$ 24,270</u>	<u>\$ 5,613,258</u>

See accompanying independent auditors' report on supplemental financial information.

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

Town of York, Maine

For the Year Ended June 30, 2009

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues				
Intergovernmental	\$ 880,992	\$ -	\$ -	\$ 880,992
Charges for services	1,022,168	-	-	1,022,168
Miscellaneous	<u>156,586</u>	<u>16,971</u>	<u>609</u>	<u>174,166</u>
Total Revenues	2,059,746	16,971	609	2,077,326
Expenditures				
Designated purpose	1,866,651	930,317	479	2,797,447
Debt service	-	-	-	-
Capital outlay	<u>27,405</u>	<u>-</u>	<u>-</u>	<u>27,405</u>
Total Expenditures	<u>1,894,056</u>	<u>930,317</u>	<u>479</u>	<u>2,824,852</u>
Revenues Over (Under) Expenditures	165,690	(913,346)	130	(747,526)
Other Financing Sources (Uses)				
Proceeds from borrowing	-	1,792,000	-	1,792,000
Operating transfers in	281,813	2,532,000	-	2,813,813
Operating transfers out	<u>(269,659)</u>	<u>-</u>	<u>-</u>	<u>(269,659)</u>
Total Other Sources (Uses)	<u>12,154</u>	<u>4,324,000</u>	<u>-</u>	<u>4,336,154</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	177,844	3,410,654	130	3,588,628
Fund balances at beginning of year	<u>1,343,809</u>	<u>65,734</u>	<u>21,125</u>	<u>1,430,668</u>
Fund Balances at End of Year	<u>\$ 1,521,653</u>	<u>\$ 3,476,388</u>	<u>\$ 21,255</u>	<u>\$ 5,019,296</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, 2009

	Assets				Total Assets	Liabilities				Fund Balance (Deficit) Designated
	Cash	Due from Other Funds	Accounts Receivable	Inventory		Accounts Payable	Accrued Payroll	Due to Other Funds	Total Liabilities	
Academic Reimbursement	\$ -	\$ 4,000	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Airport Drive	-	22,113	-	-	22,113	-	-	-	-	22,113
Animal Welfare	-	19,590	-	-	19,590	-	-	-	-	19,590
Beach Fire Truck	18	-	-	-	18	-	-	-	-	18
Beach Reserve	60,562	-	-	-	60,562	-	-	20,807	20,807	39,755
Bog Road	19,336	-	-	-	19,336	-	-	-	-	19,336
Building Fund	27,276	12,101	-	-	39,377	-	-	-	-	39,377
Capital Equipment	7,751	-	-	-	7,751	-	-	-	-	7,751
CMP Spur Road	9,922	-	-	-	9,922	-	-	-	-	9,922
Code Enforcement	-	138,577	-	-	138,577	-	-	-	-	138,577
COPS Funds	-	27,977	-	-	27,977	-	-	-	-	27,977
Conservation Commission	4,321	-	-	-	4,321	-	-	-	-	4,321
Earned Time	167,935	-	-	-	167,935	-	-	-	-	167,935
Fireworks	41	-	-	-	41	-	-	-	-	41
Fishermen's Fund	1,030	-	-	-	1,030	-	-	3	3	1,027
Fisherman's Memorial	917	-	-	-	917	-	-	-	-	917
GIS Mapping	-	98,129	-	-	98,129	-	1,475	-	1,475	96,654
Goodrich Park	353	-	-	-	353	-	-	-	-	353
Hannaford Escrow	234,537	-	-	-	234,537	234,537	-	-	234,537	-
Harbor & Wharf	90,096	6,599	-	-	96,695	-	-	-	-	96,695
Harbor Beach Bathhouse	-	9,774	247	-	10,021	-	4,314	-	4,314	5,707
Harbor Beach Traffic Island	-	17,806	-	-	17,806	-	-	-	-	17,806
Harbor Dredge	259,360	6,882	-	-	266,242	-	-	-	-	266,242
Heat Fund	-	781	-	-	781	-	-	-	-	781
Historic Markers	2,877	-	-	-	2,877	-	-	-	-	2,877
Hoist Repair	(147)	-	400	-	253	-	-	1,225	1,225	(972)

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, 2009

	Assets				Total Assets	Liabilities				Fund Balance
	Cash	Due from Other Funds	Accounts Receivable	Inventory		Accounts Payable	Accrued Payroll	Due to Other Funds	Total Liabilities	(Deficit) Designated
Impact Fees	\$ 119,252	\$ -	\$ -	\$ -	\$ 119,252	\$ -	\$ -	\$ 78,200	\$ 78,200	\$ 41,052
Long Sands Bathhouse	-	468	-	-	468	-	-	-	-	468
Nubble Light	14,343	-	-	-	14,343	-	-	-	-	14,343
MMA Wellness	-	330	-	-	330	-	-	-	-	330
Mt. Agamenticus Trails 2008	-	-	-	-	-	-	-	-	-	-
Mt. Agamenticus Coordinator	-	5,891	-	-	5,891	-	1,011	-	1,011	4,880
Mt. Agamenticus Landscape	-	-	-	-	-	-	-	-	-	-
Off Premises Signs	4,504	-	-	-	4,504	-	-	-	-	4,504
Open Space	81,414	-	-	-	81,414	-	-	-	-	81,414
Park Commission	-	-	-	-	-	-	-	-	-	-
Performance Accounts	-	186,741	-	-	186,741	38,383	-	-	38,383	148,358
Public Works Equipment	2,871	-	-	-	2,871	-	-	-	-	2,871
Sohier Park Maintenance	-	2,446	-	-	2,446	851	981	-	1,832	614
350th Committee	4,569	500	-	-	5,069	-	-	-	-	5,069
Tree Planting	6,286	-	-	-	6,286	-	-	-	-	6,286
Unemployment Compensation	1	-	-	-	1	-	-	196	196	(195)
Village Fire Truck	2	-	-	-	2	-	-	-	-	2
Wheeler Marsh Restoration	-	12,976	-	-	12,976	-	-	-	-	12,976
York Land Trust	-	6,854	-	-	6,854	-	-	-	-	6,854
School Categoricals	-	311,491	10,262	-	321,753	21,568	3,184	1,273	26,025	295,728
School Lunch Program	40,919	-	12,862	12,497	66,278	7,304	-	151,675	158,979	(92,701)
	<u>\$ 1,160,346</u>	<u>\$ 892,026</u>	<u>\$ 23,771</u>	<u>\$ 12,497</u>	<u>\$ 2,088,640</u>	<u>\$ 302,643</u>	<u>\$ 10,965</u>	<u>\$ 253,379</u>	<u>\$ 566,987</u>	<u>\$ 1,521,653</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, 2009

	Revenues			Expenditures			Transfers In (Out)	Revenues and Other Sources	Fund Balance	Fund Balance	
	Intergovern- mental	Charges for Services	Other	Total Revenues	Designated Purpose	Capital Outlay		Total Expenditures	Over (Under) Expenditures and Other Uses	(Deficit) at Beginning of Year	(Deficit) at End of Year
Academic Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ 4,000	\$ -	\$ 4,000
Airport Drive	-	-	-	-	-	-	-	-	-	22,113	22,113
Animal Welfare	-	-	-	-	-	-	-	-	-	19,590	19,590
Beach Fire Truck	-	-	98	98	-	(6,615)	(6,615)	-	(6,517)	6,535	18
Beach Reserve	-	-	41,737	41,737	(28,989)	-	(28,989)	-	12,748	27,007	39,755
Bog Road	-	-	314	314	-	-	-	-	314	19,022	19,336
Building Fund	-	10,101	387	10,488	-	-	-	2,000	12,488	26,889	39,377
Capital Equipment	-	-	126	126	-	-	-	-	126	7,625	7,751
CMP Spur Road	-	-	26	26	-	-	-	-	26	9,896	9,922
Code Enforcement	-	123,282	-	123,282	-	-	-	(142,659)	(19,377)	157,954	138,577
Conservation Commission	-	-	71	71	-	-	-	-	71	4,250	4,321
COPS Funds	-	-	-	-	-	-	-	(25,000)	(25,000)	52,977	27,977
Earned Time	-	-	2,393	2,393	-	-	-	20,000	22,393	145,542	167,935
Fireworks	-	-	1,187	1,187	(3,600)	-	(3,600)	-	(2,413)	2,454	41
Fishermen's Fund	-	-	1,027	1,027	(2,000)	-	(2,000)	-	(973)	2,000	1,027
Fisherman's Memorial	-	-	15	15	-	-	-	-	15	902	917
GIS Mapping	-	117,025	-	117,025	(144,803)	-	(144,803)	-	(27,778)	124,432	96,654
Goodrich Park	-	-	6	6	-	-	-	-	6	347	353
Harbor & Wharf	-	35,760	1,366	37,126	(23,439)	-	(23,439)	-	13,687	83,008	96,695
Harbor Beach Bathhouse	-	29,074	-	29,074	(22,610)	-	(22,610)	-	6,464	(757)	5,707
Harbor Beach Traffic Island	-	-	17,806	17,806	-	-	-	-	17,806	-	17,806
Harbor Dredge	-	25,866	3,862	29,728	-	-	-	-	29,728	236,514	266,242
Heat Fund	-	-	2,000	2,000	(1,219)	-	(1,219)	-	781	-	781
Historic Markers	-	-	47	47	-	-	-	-	47	2,830	2,877
Hoist Repair	-	-	962	962	(2,888)	-	(2,888)	-	(1,926)	954	(972)

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, 2009

	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	\$ -	\$ 102,000	\$ 1,915	\$ 103,915	\$ -	\$ -	\$ -	\$ (102,000)	\$ 1,915	\$ 39,137	\$ 41,052
Long Sands Bathhouse	-	-	-	-	-	-	-	-	-	468	468
Nubble Light	-	-	363	363	(8,802)	-	(8,802)	-	(8,439)	22,782	14,343
MMA Wellness	-	-	880	880	(550)	-	(550)	-	330	-	330
Mt. Agamenticus Trails 2008	29,000	-	-	29,000	(31,030)	-	(31,030)	9,779	7,749	(7,749)	-
Mt. Agamenticus Coordinator	9,990	-	28,700	38,690	(58,259)	-	(58,259)	25,000	5,431	(551)	4,880
Mt. Agamenticus Landscape	-	-	-	-	(1,467)	-	(1,467)	-	(1,467)	1,467	-
Off Premises Signs	-	-	73	73	-	-	-	-	73	4,431	4,504
Open Space	-	-	1,325	1,325	-	-	-	-	1,325	80,089	81,414
Performance Accounts	-	37,269	-	37,269	(64,751)	-	(64,751)	-	(27,482)	175,840	148,358
Public Works Equipment	-	-	47	47	-	-	-	-	47	2,824	2,871
Sohier Park Maintenance	-	-	-	-	(61,379)	-	(61,379)	62,000	621	(7)	614
350th Committee	-	-	779	779	-	-	-	-	779	4,290	5,069
Tree Planting	-	-	102	102	-	-	-	-	102	6,184	6,286
Unemployment Compensation	-	-	38	38	(2,383)	-	(2,383)	-	(2,345)	2,150	(195)
Village Fire Truck	-	-	54	54	-	(20,790)	(20,790)	17,128	(3,608)	3,610	2
Wheeler Marsh Restoration	-	-	-	-	(5,000)	-	(5,000)	-	(5,000)	17,976	12,976
York Land Trust	-	-	-	-	-	-	-	(3,646)	(3,646)	10,500	6,854
School Categoryals	726,429	-	48,765	775,194	(617,705)	-	(617,705)	-	157,489	138,239	295,728
School Lunch Program	115,573	541,791	115	657,479	(785,777)	-	(785,777)	145,552	17,254	(109,955)	(92,701)
	<u>\$ 880,992</u>	<u>\$ 1,022,168</u>	<u>\$ 156,586</u>	<u>\$ 2,059,746</u>	<u>\$ (1,866,651)</u>	<u>\$ (27,405)</u>	<u>\$ (1,894,056)</u>	<u>\$ 12,154</u>	<u>\$ 177,844</u>	<u>\$ 1,343,809</u>	<u>\$ 1,521,653</u>

See accompanying independent auditors' report on supplemental financial information.

**Combining Balance Sheet
Capital Projects Funds**

Town of York, Maine

As of June 30, 2009

	Middle School Renovations	High School Renovations	High School Roof	High School Music Wing	Town Capital Improvement Fund	Total
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 1,248,793	\$ 1,248,793
Due from other funds	<u>143</u>	<u>-</u>	<u>93,666</u>	<u>2,157,746</u>	<u>-</u>	<u>2,251,555</u>
Total Assets	<u>\$ 143</u>	<u>\$ -</u>	<u>\$ 93,666</u>	<u>\$ 2,157,746</u>	<u>\$ 1,248,793</u>	<u>\$ 3,500,348</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 23,960	\$ -	\$ 23,960
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,960</u>	<u>-</u>	<u>23,960</u>
Fund Balances						
Unreserved - Designated	<u>143</u>	<u>-</u>	<u>93,666</u>	<u>2,133,786</u>	<u>1,248,793</u>	<u>3,476,388</u>
Total Fund Balances	<u>143</u>	<u>-</u>	<u>93,666</u>	<u>2,133,786</u>	<u>1,248,793</u>	<u>3,476,388</u>
Total Liabilities and Fund Balances	<u>\$ 143</u>	<u>\$ -</u>	<u>\$ 93,666</u>	<u>\$ 2,157,746</u>	<u>\$ 1,248,793</u>	<u>\$ 3,500,348</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, 2009

	Middle School <u>Renovations</u>	High School <u>Renovations</u>	High School <u>Roof</u>	High School <u>Music Wing</u>	Town Capital Improvement <u>Fund</u>	<u>Total</u>
Revenues	\$ -	\$ 178	\$ -	\$ -	16,793	\$ 16,971
Expenditures	<u>54,614</u>	<u>11,155</u>	<u>161,334</u>	<u>203,214</u>	<u>500,000</u>	<u>930,317</u>
Revenues Over (Under) Expenditures	(54,614)	(10,977)	(161,334)	(203,214)	(483,207)	(913,346)
Other Financing Sources (Uses)						
Proceeds from borrowing	-	-	255,000	1,537,000	-	1,792,000
Transfers in	-	-	-	800,000	1,732,000	2,532,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	-	-	255,000	2,337,000	1,732,000	4,324,000
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(54,614)	(10,977)	93,666	2,133,786	1,248,793	3,410,654
Fund balances at beginning of year	<u>54,757</u>	<u>10,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,734</u>
Fund Balances at End of Year	<u>\$ 143</u>	<u>\$ -</u>	<u>\$ 93,666</u>	<u>\$ 2,133,786</u>	<u>\$ 1,248,793</u>	<u>\$ 3,476,388</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, 2009

	Clark/ Emerson	D'Entremont Scholarship	Total
Assets			
Cash	\$ 23,545	\$ 725	\$ 24,270
Total Assets	<u>\$ 23,545</u>	<u>\$ 725</u>	<u>\$ 24,270</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ 3,015	\$ -	\$ 3,015
Total Liabilities	3,015	-	3,015
Fund Balances			
Reserved for endowments	20,530	725	21,255
Total Fund Balances	<u>20,530</u>	<u>725</u>	<u>21,255</u>
Total Liabilities and Fund Balances	<u>\$ 23,545</u>	<u>\$ 725</u>	<u>\$ 24,270</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, 2009

	<u>Clark/ Emerson</u>	<u>D'Entremont Scholarship</u>	<u>Total</u>
Revenues			
Investment return	\$ 383	\$ 226	\$ 609
Total Revenues	<u>383</u>	<u>226</u>	<u>609</u>
Expenditures			
Current	<u>383</u>	<u>96</u>	<u>479</u>
Total Expenditures	<u>383</u>	<u>96</u>	<u>479</u>
Revenues Over Expenditures	-	130	130
Fund balances at beginning of year	<u>20,530</u>	<u>595</u>	<u>21,125</u>
Fund Balances at End of Year	<u><u>\$ 20,530</u></u>	<u><u>\$ 725</u></u>	<u><u>\$ 21,255</u></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, 2009

	Recreation Program						Senior Transportation	Total
	Recreation	Mt. Agamenticus	Sohier Park	Goodrich Park	Outside Duty	Printing		
Assets								
Cash equivalents	\$ -	\$ -	\$ 35,973	\$ -	\$ -	\$ -	\$ -	\$ 35,973
Accounts receivable	-	-	-	-	9,327	-	-	9,327
Due from other funds	37,116	17,515	-	2,279	25,383	-	15,936	98,229
Inventories	-	-	35,544	-	-	-	-	35,544
Total Assets	<u>37,116</u>	<u>17,515</u>	<u>71,517</u>	<u>2,279</u>	<u>34,710</u>	<u>-</u>	<u>15,936</u>	<u>179,073</u>
Liabilities								
Accounts payable	8,755	175	11,077	745	-	-	144	20,896
Accrued payroll	7,809	2,462	2,704	-	258	-	718	13,951
Due to other funds	-	-	57,458	-	-	1,382	-	58,840
Total Liabilities	<u>16,564</u>	<u>2,637</u>	<u>71,239</u>	<u>745</u>	<u>258</u>	<u>1,382</u>	<u>862</u>	<u>93,687</u>
Net Assets (Deficits)								
Unrestricted	<u>20,552</u>	<u>14,878</u>	<u>278</u>	<u>1,534</u>	<u>34,452</u>	<u>(1,382)</u>	<u>15,074</u>	<u>85,386</u>
Total Net Assets (Deficits)	<u>\$ 20,552</u>	<u>\$ 14,878</u>	<u>\$ 278</u>	<u>\$ 1,534</u>	<u>\$ 34,452</u>	<u>\$ (1,382)</u>	<u>\$ 15,074</u>	<u>\$ 85,386</u>

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, 2009

	Recreation Program							Total
	Recreation	Mt. Agamenticus	Sohier Park	Goodrich Park	Outside Duty	Printing	Senior Transportation	
Operating Revenues								
Charges for services	\$ 392,412	\$ 45,871	\$ 214,560	\$ 7,200	\$ 135,611	\$ -	\$ 11,445	\$ 807,099
Other	22,275	158	5,786	-	-	-	-	28,219
Total Operating Revenues	414,687	46,029	220,346	7,200	135,611	-	11,445	835,318
Operating Expenses								
Salaries and benefits	182,919	4,757	36,355	-	100,823	-	42,885	367,739
Cost of goods sold	-	-	102,048	-	-	-	-	102,048
Service fees	170,668	16,044	8,791	5,211	336	-	310	201,360
Supplies	56,974	2,334	5,520	244	-	-	100	65,172
Utilities	2,835	3,046	1,475	1,193	-	-	2,235	10,784
Total Operating Expenses	413,396	26,181	154,189	6,648	101,159	-	45,530	747,103
Operating Income (Loss)	1,291	19,848	66,157	552	34,452	-	(34,085)	88,215
Other Financing Sources (Uses)								
Operating transfers in	-	-	-	-	-	-	28,000	28,000
Operating transfers out	-	(6,133)	(62,000)	-	-	-	-	(68,133)
Total Other Financing Sources (Uses)	-	(6,133)	(62,000)	-	-	-	28,000	(40,133)
Increase (Decrease) in Net Assets	1,291	13,715	4,157	552	34,452	-	(6,085)	48,082
Net assets (deficits) at beginning of year	19,261	1,163	(3,879)	982	-	(1,382)	21,159	37,304
Net Assets (Deficits) at End of Year	\$ 20,552	\$ 14,878	\$ 278	\$ 1,534	\$ 34,452	\$ (1,382)	\$ 15,074	\$ 85,386

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, 2009

Valuation

Real estate	\$ 4,061,625,200
Personal property	<u>21,001,620</u>

Total Valuation \$ 4,082,626,820

Assessment

Valuation x Rate - \$4,082,626,820 x .00826	\$ 33,722,498
Supplemental taxes	<u>33,901</u>

Total Assessment Charged to Collector \$ 33,756,399

Collection and Credits

Cash collections	\$ 32,772,487
Tax abatements	<u>78,413</u>

Total Collection and Credits 32,850,900

2009 Taxes Receivable - June 30, 2009 \$ 905,499

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, 2009, which collectively comprise the Town of York's basic financial statements and have issued our report thereon dated March 3, 2010. 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 of York'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 of York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of York's internal control over financial reporting.

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of York's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of York's financial statements that is more than inconsequential will not be prevented or detected by the Town of York's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of York's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 of York'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
March 3, 2010

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Town of York, Maine

June 30, 2009

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Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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

We have audited the compliance of the Town of York, Maine, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Town of York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of York's management. Our responsibility is to express an opinion on the Town of York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of York's compliance with those requirements.

In our opinion, the Town of York complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of the Town of York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of York's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of York's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

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, as of and for the year ended June 30, 2009, and have issued our report thereon dated March 3, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town of York's, basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.

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
March 3, 2010

Schedule of Expenditures of Federal Awards (1 of 2)

Town of York, Maine

For the Year Ended June 30, 2009

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-through Number	Expenditures
U.S. Department of Agriculture			
Passed through State Department of Educational and Cultural Services:			
School Breakfast Program	10.553	013-05A-7127-05	\$ 19,944
National School Lunch Program	10.555	013-05A-7128-05	<u>87,252</u>
Total Child Nutrition Cluster			107,196
Food Donation Program (non-cash assistance)	10.560	013-05A-6134-05	<u>26,956</u>
Total U.S. Department of Agriculture			134,152
U.S. Department of Education			
Passed through State Department of Educational and Cultural Services:			
Local Entitlement	84.027	013-05A-6317-12	373,748
Preschool Grants	84.173	013-05A-6241-23	<u>3,015</u>
Total Special Education Cluster			376,763
Adult Basic Education	84.002	013-05A-6296-64	5,138
Title IA	84.010	013-05A-6334-13	85,096
Title IID Ed Tech Grant	84.318	013-05A-1006-07	1,009
Teacher Quality Grants	84.367	013-05A-1138-11	58,421
Passed through the Maine Office of Substance Abuse:			
Drug Free Schools	84.186	013-05A-6346-57	<u>6,932</u>
			<u>156,596</u>
Total U.S. Department of Education			533,359
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607		<u>3,880</u>
Total U.S. Department of Justice			3,880

Schedule of Expenditures of Federal Awards (2 of 2)

Town of York, Maine

For the Year Ended June 30, 2009

Federal Grantor			
Pass-Through Grantor	Federal	CFDA	Pass-through
Program Title	Number	Number	Expenditures
U.S. Department of Transportation			
Highway Planning Grant	20.205		\$ 7,005
Recreational Trails Program	20.219		29,000
Total Highway Planning and Construction Cluster			<u>36,005</u>
State & Community Highway Safety (Speed Enforcement)	20.600		3,822
State & Community Highway Safety (Impaired Driving)	20.600		2,127
State & Community Highway Safety (Holiday Enforcement)	20.600		5,736
State & Community Highway Safety (Pedestrian Safety)	20.600		2,950
State & Community Highway Safety (Traffic Analyzer)	20.600		3,552
State & Community Highway Safety (Oper After Suspension)	20.600		13,729
State & Community Highway Safety (OUI Grant)	20.600		2,000
State & Community Highway Safety (Seatbelt)	20.604		3,758
Total Highway Safety Cluster			<u>37,674</u>
Total U.S. Department of Transportation			73,679
U.S. Department of Homeland Security			
Pre-Disaster Mitigation Grant	97.017		59,120
Public Assistance Grants - Presidentially Declared Disasters (FEMA)	97.036		547,341
Assistance to Firefighters Grants Program - Vehicle Acquisition Program	97.044		475,000
Total U.S. Department of Homeland Security			<u>1,081,461</u>
Corporation for National and Community Service			
Passed through State Department of Education:			
Learn and Serve America	94.004		6,220
Total Corporation for National and Community Service			<u>6,220</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,832,751</u></u>

Notes to Schedule of Expenditures of Federal Awards

Town of York, Maine

June 30, 2009

1. **General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of York. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the schedule.

2. **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. **Major Program – Federal**

The following programs were considered major as defined by OMB Circular A-133:

<u>Program</u>	<u>CFDA#</u>
Assistance to Firefighters Grant - Vehicle Acquisition Program	97.044
Public Assistance Grants - Presidentially Declared Disasters	97.036

4. **Food Distribution**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2009, the Town had food commodities totaling \$3,596 in inventory.

Schedule of Findings and Questioned Costs

Town of York, Maine

For the Year Ended June 30, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Town of York.
2. No significant deficiencies relating to the audit of the financial statement are reported in the accompanying Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of York were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the accompanying Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Town of York expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the Town of York are reported in Part C of this Schedule.
7. The programs tested as major were:

	<u>CFDA #</u>
Assistance to Firefighters Grant - Vehicle Acquisition Program	97.044
Public Assistance Grants - Presidentially Declared Disasters	97.036
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of York was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None