

Financial Statements

Town of York, Maine

June 30, 2011

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Town of York, Maine

June 30, 2011

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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, 2011, 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 opinions 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 and private-purpose trust). 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of York, Maine as of June 30, 2011, 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 accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2012 on our consideration of the Town of York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Funding Progress on pages 3-1 and 46, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of York, Maine's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

As described in Note A to the financial statements, the Town implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Certain prior year fund balance amounts have been restated to reflect the provisions of GASB Statement No. 54.

Purdy Poulos & Company
Professional Association

Portland, Maine
January 31, 2012



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, 2011. Please read it in conjunction with the Town's financial statements, which begin on page 4.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 4 and 5) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 6. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE TOWN AS A WHOLE

The Statement of Net Assets and the Statement of Activities

Our analysis of the Town as a whole begins on page 3. One of the most important questions asked about the Town's finances is, "Is the Town as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS FINANCIAL STATEMENTS

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

- **Governmental funds** - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliations on pages 7 and 9.

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

Reporting the Town's Fiduciary Responsibilities

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

THE TOWN AS A WHOLE

For the year ended June 30, 2011, net assets changed as follows:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 16,651,984	\$ 10,603,162	\$ 187,094	\$ 141,602	\$ 16,839,078	\$ 10,744,764
Capital Assets	<u>61,204,349</u>	<u>59,027,548</u>			<u>61,204,349</u>	<u>59,027,548</u>
Total Assets	77,856,333	69,630,710	187,094	141,602	78,043,427	69,772,312
Long Term Liabilities	23,783,261	17,224,373			23,783,261	17,224,373
Other Liabilities	<u>3,437,281</u>	<u>2,491,174</u>	<u>23,203</u>	<u>19,231</u>	<u>3,460,484</u>	<u>2,510,405</u>
Total Liabilities	27,220,542	19,715,547	23,203	19,231	27,243,745	19,734,778
Net Assets:						
Invested in capital assets,						
Net of related debt	38,684,801	43,010,946			38,684,801	43,010,946
Restricted, expendable	466,539	723			466,539	21,253
Restricted, nonexpendable	20,530	20,530			20,530	
Unrestricted	<u>11,463,921</u>	<u>6,882,964</u>	<u>163,891</u>	<u>122,371</u>	<u>11,627,812</u>	<u>7,005,335</u>
Total Net Assets	<u>\$ 50,635,791</u>	<u>\$ 49,915,163</u>	<u>\$ 163,891</u>	<u>\$ 122,371</u>	<u>\$ 50,799,682</u>	<u>\$ 50,037,534</u>

These numbers reflect an increase in net assets of 1.4 percent for governmental activities and almost 34 percent for business-type activities (see page 3-10 for a detailed explanation). The Town issued bonds in the amount of \$8,624,500 in July, 2010 (see page 3-9 for details). At year-end, there were significant bond proceeds that had not yet been spent, with project completion timelines into the 2012 fiscal year.

Governmental Activities

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

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

Community Services General Assistance state reimbursement and room rental fees.

Boards and Commissions Shellfish licenses.

Education Food service, grants, state subsidy.

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

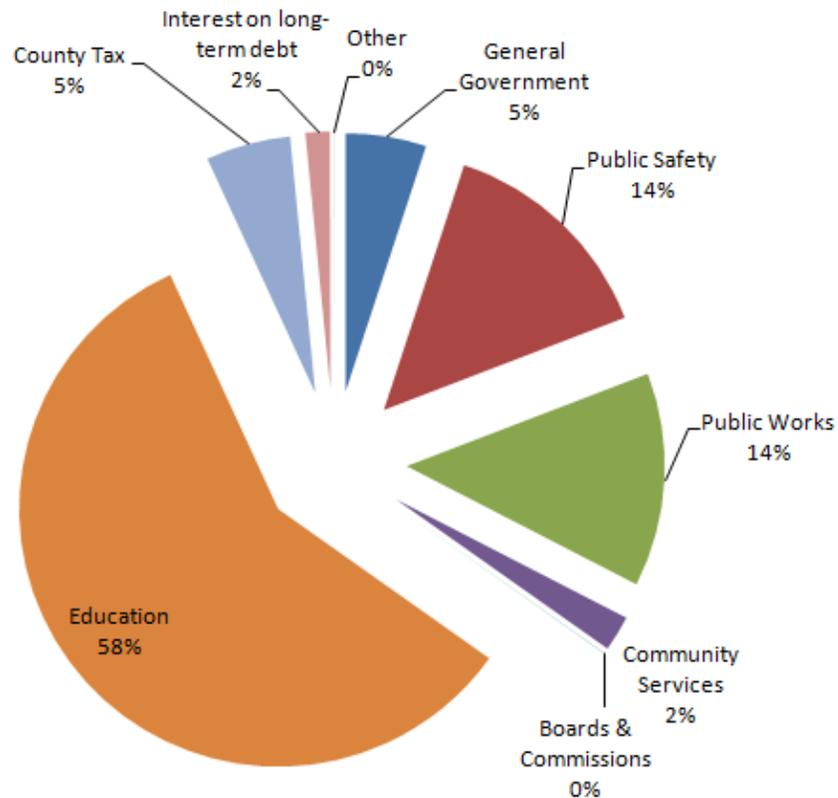
Net Expense

Function/ Program	Expenses		Revenues		Net Expense	
	2011	2010	2011	2010	2011	2010
General Government	\$ 2,651,231	\$ 2,397,494	\$ 628,297	\$ 324,828	\$ 2,022,934	\$ 2,072,666
Public Safety	6,214,549	6,212,159	535,013	522,048	5,679,536	5,690,111
Public Works	5,631,600	5,431,293	244,085	246,711	5,387,515	5,184,582
Public Works – federally funded projects	293,575	60,447	1,361,465	725,824	(1,067,890)	(665,377)
Community Services	907,846	701,133	14,528	4,910	893,318	696,223
Boards and Commissions	11,041	11,940	1,290	1,800	9,751	10,140
Education	26,363,661	25,684,215	2,922,387	3,038,856	23,441,274	22,645,359
Maine State Retirement on behalf payments	2,228,488	2,183,989	2,228,488	2,183,989		
County Tax	2,132,892	1,972,633			2,132,892	1,972,633
Abatements	28,907	82,285			28,907	82,285
Unclassified	412,242	700,286	422,504	763,529	(10,262)	(63,243)
Interest on long-term debt	608,415	833,680	-	-	608,415	833,680
Total Governmental Activities	<u>\$ 47,484,447</u>	<u>46,271,554</u>	<u>\$ 8,358,057</u>	<u>7,812,495</u>	<u>\$ 39,126,390</u>	<u>\$ 38,459,059</u>

The Net Expense is the financial burden that was placed on the taxpayers by each of these functions. Over \$8.35 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 FY2010 to FY2011. In FY2011, the most noticeable discrepancy between expenditures and revenues is in the 'Public Works-federally funded projects'. These projects include those related to FEMA events which resulted in damage to roads and culverts and a large grant for a flood mitigation grant at Short Sands Beach. Although there would normally be a net negative expense (excess revenues) in this line, due to reimbursements for force labor and equipment, this sizeable difference (\$1,067,890) is due to the capitalization of the expenditures for the beach mitigation grant, which are not represented here but can be found in the Capital Assets discussion section.

Public Safety revenues derive from dispatching services provided to neighboring towns as well as patrol and security services for the local hospital, COPS and other public safety grants. Rural roads subsidies make up the bulk of the Public Works revenues, in addition to reimbursements for some paving projects, mostly from the local water and sewer districts, as well as reimbursements for recycling materials. The Town was impacted by two FEMA events in February and March of 2010 which involved a tremendous amount of debris cleanup, including the removal of hundreds of trees and branches that had fallen in high winds and microbursts. The cleanup continued into FY11.

FY 2011 Net Expense



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

In an effort to reduce the net expense to taxpayers, there has been a concerted effort to institute user fees as appropriate. To that end, 'impact fees' were imposed years ago on residential dwelling units to help defray the debt service costs of new school buildings. \$88,400 in impact fees were collected by the Town and transferred to the school to offset costs. By ordinance, building permit fees are used to reduce taxpayer impact of the Community Development Department (Code, Planning and Geographic Information Services) to a great extent. Several full time positions in that department are funded by fees, saving the taxpayers almost \$300,000 this year, while delivering desired services in the area of inspections and GIS mapping and data collection.

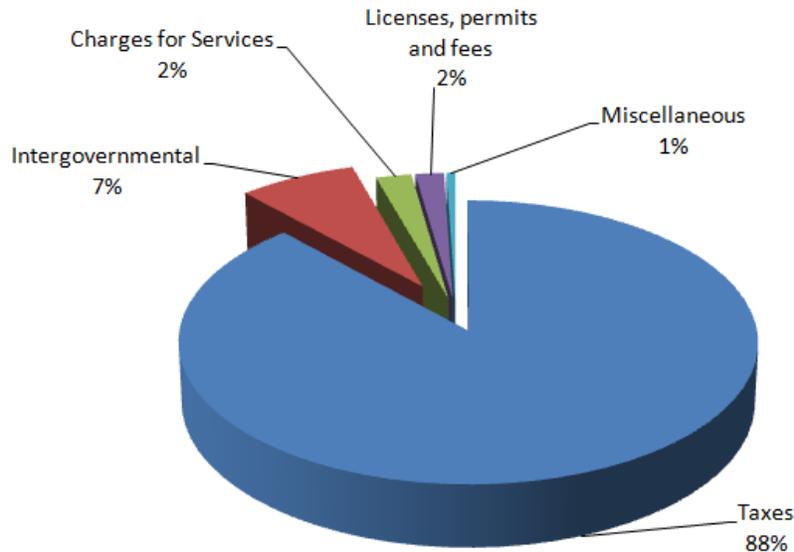
THE TOWN'S FUNDS

The following schedule presents a summary of General Fund revenues for the fiscal year ended June 30, 2011 with a comparison to 2010:

<i>Revenues:</i>	<i>FY 2011 Amount</i>	<i>Percent of Total</i>	<i>FY 2010 Amount</i>	<i>Percent of Total</i>
<i>Taxes</i>	\$ 38,652,782	83.95%	\$ 36,941,281	84.34%
<i>Intergovernmental</i>	3,205,201	6.96%	2,974,759	6.80%
<i>Intergovernmental on behalf payments</i>	2,228,488	4.84%	2,183,989	4.99%
<i>Charges for services</i>	954,625	2.07%	671,004	1.53%
<i>Licenses and permits</i>	769,482	1.67%	739,400	1.69%
<i>Miscellaneous</i>	235,646	.51%	289,374	.65%
<i>Total Revenues</i>	<u>\$ 46,046,224</u>	<u>100.00%</u>	<u>\$ 43,799,807</u>	<u>100.00%</u>

Revenues from all sources increased 5.2% from the previous year. After three years of declining excise tax collections (2.4% in Fy07, 2.2% in Fy08, 4.8% in FY09, and 1.8% in FY10), excise tax collections remained flat. All revenues related to beach parking (beach parking stickers, meter collections and parking tickets) declined slightly as are state revenues. Property taxes are up 5.1% or \$1,748,139 from the previous year and make up the large majority of revenues. Investment interest income is down 43.5% compared to the prior year due to significant declines in interest rates.

FY 2011 Revenues



The following schedule presents a summary of expenditures for the fiscal year ended June 30, 2011:

<u>Expenditures:</u>	<u>FY 2011</u>	<u>Percent</u>	<u>FY 2010</u>	<u>Percent</u>
	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Total</u>
<i>General Government</i>	\$ 2,622,562	5.63%	\$ 2,449,288	5.47%
<i>Public Safety</i>	6,016,415	12.91%	5,830,682	13.02%
<i>Public Works</i>	5,152,371	11.06%	4,987,867	11.14%
<i>Public Works federally funded</i>	1,671,772	3.59%	679,525	1.52%
<i>Community services</i>	815,563	1.75%	698,754	1.56%
<i>Boards and Commissions</i>	11,041	.03%	11,940	.03%
<i>Education</i>	23,306,290	50.00%	22,917,342	51.17%
<i>Maine State Retirement on behalf</i>	2,228,488	4.78%	2,183,989	4.88%
<i>County Tax</i>	2,132,892	4.57%	1,972,633	4.40%
<i>Abatements</i>	28,907	.06%	82,285	.18%
<i>Capital Outlays</i>	58,825	.13%	300,605	.67%
<i>Interest on Long-Term Debt</i>	505,815	1.08%	932,117	2.08%
<i>Principal Payment on Long-Term Debt</i>	2,055,144	4.41%	1,734,899	3.88%
<u>Total Expenditures</u>	<u>\$ 46,606,085</u>	<u>100.00%</u>	<u>\$ 44,781,927</u>	<u>100.00%</u>

Overall expenditures increased 4.07% or \$1.8 million dollars, due in large part to the large (\$1.5 million) beach mitigation grant project which is 75% federally funded and the remaining 25% coming from local funds. The other expenditure percentage increases were typical of inflation and personnel related cost increases.

GENERAL FUND BUDGETARY HIGHLIGHTS

As revenues were falling short of expectations, all departments responded by reducing expenditures accordingly. The voters were very supportive of all operating budgets which, when presented to them for vote and approval, were very lean.

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

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

Although a \$1,290,000 utilization of undesignated fund balance was approved by voters to reduce tax appropriations, only \$524,165 of funds authorized were used, leaving a budgetary fund balance of \$6,524,358. The unassigned general fund balance equals \$4,289,021.

Due the implementation of GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, revenues and expenditures for certain funds historically reported in Special Revenues are now included as part of the General Fund. These balances are now carried forward and reported as part of Assigned Fund Balance (see Note Q). The Town will continue to segregate and earmark funds for specific purposes as noted in the creation of each fund. The only change is in the additional reporting required by this new standard.

With taxes receivable of only \$1,167,849 on 2011 tax bills of almost \$36 million, the Town of York enjoys a remarkable tax collection rate of 96.8%. The balance due on tax liens at year-end is only \$481,608, less than 1.3% 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, 2011, the Town had \$61.2 million invested in capital assets including substantial funding for paving and construction of town roads. The usual additions included police vehicles and computer equipment. Other additions are listed below.

	Capital Assets	Accumulated Depreciation at June 30, 2011	Capital Assets Net of Depreciation
Land	\$ 10,656,342	\$ -	\$ 10,656,342
Buildings & Improvements	38,930,597	16,111,436	22,819,161
Land Improvements	40,277,123	15,842,385	24,434,738
Equipment	2,985,355	2,023,465	961,890
Vehicles	6,637,565	4,305,347	2,332,218
TOTALS	<u>\$ 99,486,982</u>	<u>\$ 38,282,633</u>	<u>\$ 61,204,349</u>

This year's major additions included:

Heavy Plow Truck	\$ 149,029
Grader	230,667
Purchase of Lake Carolyn	75,000
Town Dock #1 Reconstruction	620,589
Drainage and mitigation at Short Sands Beach	1,949,995
Repaving and reconstructing town roads and lots	1,333,160
Boiler at the high school	126,650
Bleachers at the high school	114,510
Town Hall Renovations	28,166
System-wide WAN	99,492
Sewer connection at an elementary school	210,768
Other Additions (smaller vehicles and equipment)	255,457
	<u>\$ 5,193,483</u>

Debt

At year-end, the Town had \$23,783,262 in outstanding debt representing a net increase of \$6,558,889:

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General Obligation Debt	\$ 22,322,867	\$ 15,753,511	\$ -	\$ -	\$ 22,322,867	\$ 15,753,511
Capital Lease obligations	196,682	263,091			196,682	263,091
Compensated absences	1,027,082	1,037,048			1,027,082	1,037,048
Other postemployment benefits obligation	236,631	170,723			236,631	170,723
Totals	\$ 23,783,262	\$ 17,224,373	\$ -	\$ -	\$ 23,783,262	\$ 17,224,373

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

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

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

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

Tax Increment Financing

In a prior year, the voters approved an article that designates a portion of 'downtown' York Beach as a TIF district. The TIF provides funding for design, traffic studies and to fund public infrastructure improvements such as sidewalks and roadways within the boundaries of the TIF district. It is designed as a twenty-year program and could allocate significant resources to this area of Town known as York Beach. The first funds, in the amount of \$113,928 were made available with the May 2009 Budget Referendum. The major focus is on infrastructure in the Short Sands Beach area of York Beach where there are two other major projects in the works: a federal grant project to replace a large drainage system that runs under the beach square to the ocean and a locally funded project to further improve infrastructure while the road is open for the federal grant project. \$33,736 in funds was expended in FY11. Due to the structure of the TIF, no new funds were allocated from the FY11 tax appropriations.

Business-type Activities

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

		Mt.					
	Recreation	Agamenti- cus	Sohier Park	Goodrich Park	Outside Duty	Printing	Senior Center
Charges for Services	\$ 371,649	\$ 43,388	\$ 250,614	\$ 7,200	\$ 149,994	\$ 510	\$ 157,497
Donations/Sponsorships	75,675	483	7,011	-	-	-	11,679
Total Revenues	447,324	43,871	257,625	7,200	149,994	510	169,176
Salaries and Benefits	194,799	7,099	49,520	-	118,125	-	50,887
Cost of Goods Sold	-	-	113,400	-	-	-	29,476
Contracts/Repairs	155,491	7,465	3,693	3,040	-	-	101,300
Supplies	69,685	7,165	8,674	928	-	-	11,593
Utilities	2,055	10,232	2,457	1,497	-	-	99
Total Operating Exp	422,030	31,961	177,744	5,465	118,125	-	193,355
Operating Income/(Loss)	25,294	11,910	79,881	1,735	31,869	510	(24,179)
Operating Transfers In	-	-	-	-	-	-	32,500
Operating Transfers Out	-	-	(65,000)	-	(53,000)	-	-
Total Other Financing Sources	-	-	(65,000)	-	(53,000)	-	32,500
Net Increase(decrease)	25,294	11,910	14,881	1,735	(21,131)	510	8,321
Beg Net Assets	27,969	6,204	25,804	1,321	53,758	(1,382)	8,697
Ending Net Assets (Deficit)	\$ 53,263	\$ 18,114	\$ 40,685	\$ 3,056	\$ 32,627	\$ (872)	\$ 17,018

The Town's Enterprise Funds

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

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

The **Sohier Park Enterprise** was established to maintain Sohier Park and the Cape Neddick Light Station viewable from the beaches (also known as the Nubble Lighthouse). The gift shop in the park sells trinkets and collectibles and generates sufficient revenue to maintain the park and make substantial repairs to the light station, the island and Sohier Park. A portion of net income from the Gift Shop receipts is transferred to an assigned balance in the general 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. There are plans for expansion to the gift shop to provide for more retail space, as well as more restrooms for the park.

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 and fire services outside the normal 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 or fire truck, if necessary. The revenues generated by administration and vehicle 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.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The Assessor continues to use his extensive resources to keep values within the 90-100% range as dictated by state statute. Waterfront property values continue to rise, while inland parcel values are flat or have declined somewhat. Tourism still continues to be a major industry in the Town of York. The FY2012 assessment which represents values as of April 1, 2011, declined overall 1.48% compared to the prior year.

Fiscal Year	Total Valuation	Valuation Increase/ (Decrease)	Total Tax Bills	Tax Bill Increase	Mil Rate
2003	\$2,564,463,024		\$26,285,720		\$10.25
2004	\$2,805,191,350	9.39%	\$27,205,357	3.50%	\$ 9.70
2005	\$3,197,719,520	13.99%	\$27,980,046	2.85%	\$ 8.75
2006	\$3,503,231,200	9.55%	\$29,322,153	4.80%	\$ 8.46
2007	\$3,775,924,530	7.78%	\$30,736,026	4.82%	\$ 8.14
2008	\$3,970,382,710	5.14%	\$32,160,100	4.63%	\$ 8.10
2009	\$4,082,626,820	2.83%	\$33,722,497	4.86%	\$ 8.26
2010	\$4,019,248,550	-1.56%	\$ 34,485,161	2.26%	\$8.58
2011	\$3,951,774,450	-1.68%	\$ 35,977,452	4.33%	\$9.10
2012	\$3,893,577,155	-1.48%	\$36,404,946	1.01%	\$9.35

After many years of declining mil rates, York will see a fourth year of a mil rate increase in the amount of \$.25/\$1,000 assessed valuation for FY12. 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 FY2012 total valuation has increased 51.83% while total tax bills have only increased 38.50%, reflected in a **decrease** in the mil rate from \$10.25 in 2003 to \$9.35 in 2012, a 8.8% reduction. The mean non-waterfront valuation is almost \$390,000, with a tax bill of \$3,646,50, favorably comparable to those tax bills of surrounding towns.

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, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 12,557,780	\$ 36,833	\$ 12,594,613
Taxes receivable	1,195,134	-	1,195,134
Tax liens receivable	481,608	-	481,608
Accounts receivable	1,219,961	27,314	1,247,275
Inventory	18,607	59,467	78,074
Internal balances	(63,480)	63,480	-
Tax acquired property	69,211	-	69,211
Prepaid expenses	1,173,163	-	1,173,163
Capital assets, net of accumulated depreciation	61,204,349	-	61,204,349
Total Assets	77,856,333	187,094	78,043,427
Liabilities			
Accounts payable	1,033,654	21,114	1,054,768
Other accrued liabilities	38,488	-	38,488
Accrued payroll	1,450,266	2,089	1,452,355
Accrued interest payable	221,000	-	221,000
Deferred revenues	435,617	-	435,617
Escrow payable	258,256	-	258,256
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	1,964,538	-	1,964,538
Capital lease obligations	78,850	-	78,850
Accrued vacation and sick leave	583,040	-	583,040
Portion due or payable after one year:			
Bonds payable	20,358,328	-	20,358,328
Capital lease obligations	117,832	-	117,832
Accrued vacation and sick leave	444,042	-	444,042
Other postemployment benefits obligation	236,631	-	236,631
Total Liabilities	27,220,542	23,203	27,243,745
Net Assets			
Invested in capital assets, net of related debt	38,684,801	-	38,684,801
Restricted, expendable	466,539	-	466,539
Restricted for endowments, nonexpendable	20,530	-	20,530
Unrestricted	11,463,921	163,891	11,627,812
Total Net Assets	\$ 50,635,791	\$ 163,891	\$ 50,799,682

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

Statement of Activities

Town of York, Maine

For the Year Ended June 30, 2011

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:						
General government	\$ 2,651,231	\$ 628,254	\$ 43	\$ (2,022,934)		\$ (2,022,934)
Public safety	6,214,549	439,249	95,764	(5,679,536)		(5,679,536)
Public works and sanitation	5,631,600	48,733	195,352	(5,387,515)		(5,387,515)
Public works - federally funded projects	293,575	-	1,361,465	1,067,890		1,067,890
Community services	907,846	-	14,528	(893,318)		(893,318)
Boards and commissions	11,041	1,290	-	(9,751)		(9,751)
Education	26,363,661	2,032,234	890,153	(23,441,274)		(23,441,274)
Maine State Retirement on-behalf payments	2,228,488	-	2,228,488	-		-
County tax	2,132,892	-	-	(2,132,892)		(2,132,892)
Abatements	28,907	-	-	(28,907)		(28,907)
Unclassified	412,242	422,504	-	10,262		10,262
Interest on long-term debt	608,415	-	-	(608,415)		(608,415)
Total Governmental Activities	47,484,447	3,572,264	4,785,793	(39,126,390)		(39,126,390)
Business-type Activities:						
Recreation	422,030	371,649	75,675	-	\$ 25,294	25,294
Mt. Agamenticus	31,961	43,388	483	-	11,910	11,910
Sohier Park	177,744	250,614	7,011	-	79,881	79,881
Goodrich Park	5,465	7,200	-	-	1,735	1,735
Outside duty	118,125	149,994	-	-	31,869	31,869
Printing	-	510	-	-	510	510
Senior Center	193,355	157,497	11,679	-	(24,179)	(24,179)
Total Business-type Activities	948,680	980,852	94,848	-	127,020	127,020
Total Primary Government	\$ 48,433,127	\$ 4,553,116	\$ 4,880,641	(39,126,390)	127,020	(38,999,370)
General revenues:						
Taxes				38,567,782	-	38,567,782
Intergovernmental				1,538,049	-	1,538,049
Miscellaneous				(480,308)	-	(480,308)
Interest income				175,549	-	175,549
Gain (loss) on disposal of capital assets				(2,045)	-	(2,045)
Transfers				85,500	(85,500)	-
Total General Revenues and Transfers				39,884,527	(85,500)	39,799,027
Change in Net Assets				758,137	41,520	799,657
Net assets at beginning of year, as previously stated				49,914,265	-	-
Prior period adjustment				(36,611)	-	-
Net assets at beginning of year, restated				49,877,654	122,371	50,000,025
Net Assets at End of Year				\$ 50,635,791	\$ 163,891	\$ 50,799,682

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

Balance Sheet - Governmental Funds

Town of York, Maine

As of June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 7,535,341	\$ 5,022,439	\$ 12,557,780
Taxes receivable	1,195,134	-	1,195,134
Tax liens receivable	481,608	-	481,608
Accounts receivable	624,327	595,634	1,219,961
Due from other funds	374,620	1,008,440	1,383,060
Inventory	-	18,607	18,607
Prepaid expenses	1,173,163	-	1,173,163
Tax acquired property	69,211	-	69,211
	<u>69,211</u>	<u>-</u>	<u>69,211</u>
Total Assets	\$ 11,453,404	\$ 6,645,120	\$ 18,098,524
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 611,920	\$ 421,734	\$ 1,033,654
Other accrued liabilities	38,488	-	38,488
Accrued payroll	1,404,685	45,581	1,450,266
Due to other funds	1,120,250	326,290	1,446,540
Deferred property taxes	800,000	-	800,000
Deferred revenues	117,922	317,695	435,617
Escrow payable	258,256	-	258,256
	<u>258,256</u>	<u>-</u>	<u>258,256</u>
Total Liabilities	4,351,521	1,111,300	5,462,821
Fund Balances			
Nonspendable:			
General fund	1,173,163	-	1,173,163
Special revenues	-	18,607	18,607
Permanent	-	20,530	20,530
Restricted:			
Special revenues	-	466,539	466,539
Committed:			
Capital projects	-	4,526,256	4,526,256
Special revenues	-	651,041	651,041
Assigned:			
General fund	1,639,699	-	1,639,699
Special revenues	-	14,988	14,988
Unassigned:			
General fund	4,289,021	-	4,289,021
Capital projects	-	(10,742)	(10,742)
Special revenues	-	(153,399)	(153,399)
	<u>7,101,883</u>	<u>5,533,820</u>	<u>12,635,703</u>
Total Fund Balances	7,101,883	5,533,820	12,635,703
Total Liabilities and Fund Balances	\$ 11,453,404	\$ 6,645,120	\$ 18,098,524

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, 2011

Total Fund Balances - Governmental Funds \$ 12,635,703

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: 61,204,349

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: 800,000

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	\$ (22,322,866)	
Capital lease obligations	(196,682)	
Accrued interest payable	(221,000)	
Accrued vacation and sick leave	(1,027,082)	
Other postemployment benefits obligation	<u>(236,631)</u>	
		<u>(24,004,261)</u>

Total Net Assets - Governmental Activities \$ 50,635,791

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, 2011

	General	Other Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 38,652,782	\$ -	\$ 38,652,782
Intergovernmental	3,205,201	1,341,616	4,546,817
Intergovernmental on-behalf payments	2,228,488	-	2,228,488
Charges for services	954,625	703,447	1,658,072
Licenses, permits, and fees	769,482	-	769,482
Miscellaneous	235,646	212,287	447,933
Total Revenues	<u>46,046,224</u>	<u>2,257,350</u>	<u>48,303,574</u>
Expenditures			
Current			
General government	2,622,562	-	2,622,562
Public safety	6,016,415	-	6,016,415
Public works and sanitation	5,152,371	-	5,152,371
Public works - federally funded projects	1,671,772	-	1,671,772
Community services	815,563	-	815,563
Boards and commissions	11,041	-	11,041
Education	23,306,290	2,092,308	25,398,598
MPERS on-behalf payments	2,228,488	-	2,228,488
County tax	2,132,892	-	2,132,892
Abatements	28,907	-	28,907
Unclassified	-	3,043,292	3,043,292
Debt service - principal	2,055,144	-	2,055,144
- interest	505,815	-	505,815
Capital outlays	58,825	-	58,825
Total Expenditures	<u>46,606,085</u>	<u>5,135,600</u>	<u>51,741,685</u>
Revenues Over (Under) Expenditures	(559,861)	(2,878,250)	(3,438,111)
Other Financing Sources (Uses)			
Proceeds from capital lease obligation	19,324	-	19,324
Proceeds from borrowing	-	8,624,500	8,624,500
Operating transfers in	216,377	159,307	375,684
Operating transfers out	(191,807)	(98,377)	(290,184)
Total Other Financing Sources (Uses)	<u>43,894</u>	<u>8,685,430</u>	<u>8,729,324</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(515,967)	5,807,180	5,291,213
Fund balances at beginning of year	<u>7,617,850</u>	<u>(273,360)</u>	<u>7,344,490</u>
Fund Balances at End of Year	<u>\$ 7,101,883</u>	<u>\$ 5,533,820</u>	<u>\$ 12,635,703</u>

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

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

Town of York, Maine

As of June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$	5,291,213
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>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:</p>		
Additions to capital assets	\$ 5,193,483	
Depreciation expense	<u>(2,918,581)</u>	2,274,902
<p>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:</p>		
		(85,000)
<p>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.</p>		
Proceeds from sale of capital assets	(59,445)	
Loss on sale of capital assets	<u>(2,045)</u>	(61,490)
<p>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:</p>		
Proceeds from borrowing	(8,624,500)	
Principal portion of debt service payments	2,055,144	
Proceeds from capital lease obligations	(19,324)	
Reductions in capital lease obligations	<u>85,733</u>	(6,502,947)
<p>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.</p>		
Change in accrued interest payable	(102,600)	
Change in accrued vacation and sick leave	9,967	
Change in OPEB obligation	<u>(65,908)</u>	(158,541)
Change in Net Assets of Governmental Activities	\$	<u>758,137</u>

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 38,633,240	\$ 38,633,240	\$ 38,652,782	\$ 19,542
Intergovernmental	2,011,951	3,373,416	3,205,201	(168,215)
Charges for services	269,157	269,157	650,127	380,970
Licenses, permits, and fees	663,000	663,000	769,482	106,482
Miscellaneous	345,200	345,200	223,391	(121,809)
Total Revenues	41,922,548	43,284,013	43,500,983	216,970
Expenditures				
Current				
General government	2,600,773	2,600,773	2,587,720	13,053
Public safety	5,475,742	5,475,742	6,016,415	(540,673)
Public works and sanitation	5,994,353	5,994,353	5,152,371	841,982
Public works - federally funded projects	76,000	1,437,465	1,671,772	(234,307)
Community services	859,189	859,189	730,907	128,282
Boards and commissions	25,430	25,430	11,041	14,389
Education	24,132,748	24,132,748	23,306,290	826,458
County tax	2,132,892	2,132,892	2,132,892	-
Abatements	-	-	28,907	(28,907)
Debt service - principal	2,055,144	2,055,144	2,055,144	-
- interest	532,958	532,958	505,815	27,143
Capital outlays	4,006,500	4,006,500	58,825	3,947,675
Total Expenditures	47,891,729	49,253,194	44,258,099	4,995,095
Revenues Over (Under) Expenditures	(5,969,181)	(5,969,181)	(757,116)	5,212,065
Other Financing Sources (Uses)				
Proceeds from capital lease obligation	-	-	19,324	19,324
Proceeds from borrowing	3,678,500	3,678,500	-	(3,678,500)
Operating transfer in	105,400	105,400	432,434	327,034
Operating transfers out	(209,416)	(209,416)	(218,807)	(9,391)
Utilization of assigned fund balance	1,185,342	1,185,342	-	(1,185,342)
Utilization of unassigned fund balance	1,290,000	1,290,000	-	(1,290,000)
Total Other Financing Sources (Uses)	6,049,826	6,049,826	232,951	(5,816,875)
Revenues and Other Sources Over (Under) Expenditures and Other Uses on the Budgetary Basis				
	\$ 80,645	\$ 80,645	(524,165)	\$ (604,810)
Budgetary fund balance at beginning of year			7,048,523	
Budgetary Fund Balance at End of Year			\$ 6,524,358	

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, 2011

Assets

Cash equivalents	\$	36,833
Accounts receivable		27,314
Due from other funds		111,810
Inventory		<u>59,467</u>
Total Assets		235,424

Liabilities

Accounts payable		21,114
Accrued payroll		2,089
Due to other funds		<u>48,330</u>
Total Liabilities		<u>71,533</u>

Net Assets

Unrestricted		<u>163,891</u>
Total Net Assets	\$	<u><u>163,891</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, 2011

Operating Revenues

Charges for services	\$	980,852
Other		<u>94,848</u>

Total Operating Revenues 1,075,700

Operating Expenses

Designated purposes		<u>948,680</u>
---------------------	--	----------------

Total Operating Expenses 948,680

Operating Income 127,020

Other Financing Sources (Uses)

Operating transfers in		32,500
Operating transfers out		<u>(118,000)</u>

Total Other Financing Sources (Uses) (85,500)

Increase in Net Assets 41,520

Net assets at beginning of year		<u>122,371</u>
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Net Assets at End of Year \$ 163,891

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, 2011

Cash Flows from Operating Activities

Receipts from customers and users	\$ 964,086
Other operating receipts	94,848
Payments to and on behalf of employees	(418,341)
Payments to suppliers and vendors	<u>(555,064)</u>
Net Cash Provided by Operating Activities	85,529

Cash Flows from Noncapital Financing Activities

Transfers in from other funds	32,500
Transfers out to other funds	<u>(118,000)</u>
Net Cash Used by Noncapital Financing Activities	(85,500)

Increase in Cash Equivalents 29

Cash equivalents at beginning of year 36,804

Cash Equivalents at End of Year \$ 36,833

Reconciliation of Operating Income to

Net Cash Provided by Operating Activities:

Operating income	\$ 127,020
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	(16,766)
Due from other funds	(14,721)
Inventory	(15,027)
Increase (decrease) in operating liabilities:	
Accounts payable	1,883
Accrued payroll	2,089
Due to other funds	<u>1,051</u>

Net Cash Provided by Operating Activities \$ 85,529

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

**Statement of Fiduciary Net Assets
Fiduciary Funds**

Town of York, Maine

As of June 30, 2011

	Agency <u>Funds</u>	Private-purpose <u>Trust</u>
Assets		
Cash	\$ 57,289	\$ 450
Total Assets	<u>57,289</u>	<u>450</u>
 Liabilities		
Held for student activities and other purposes	<u>57,289</u>	<u>-</u>
Total Liabilities	<u>57,289</u>	<u>-</u>
 Net Assets		
Held in trust	<u>-</u>	<u>450</u>
Total Net Assets	<u>\$ -</u>	<u>\$ 450</u>

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

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds**

Town of York, Maine

As of June 30, 2011

	Private-purpose <u>Trust</u>
Additions:	
Interest	\$ 52
Total Additions	<u>52</u>
Deductions:	
Fees	500
Total Deductions	<u>500</u>
Change in Net Assets	(448)
Net assets at beginning of year	<u>898</u>
Net Assets at End of Year	<u><u>\$ 450</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. Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations or other governments. The reporting focus is on net assets for agency funds and the changes in net assets for private purpose trust funds; both are reported using accounting principles similar to proprietary funds.

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.

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

Modified Accrual

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

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.

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks and bonds and mutual funds.

Inventories

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

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

Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method. Estimated useful lives are as follows: land improvements, 15 to 20 years; buildings and improvements, 20 to 50 years; infrastructure, 5 to 60 years; and vehicles and equipment, 3 to 15 years.

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

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

Vacation and Sick Leave

Under the terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. The Town accrues unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentation.

Budget

The Town of York's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (GAAP) with modifications as described in Note H. The Town does not adopt budgets for special revenue funds. 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.

Estimates

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

Interfund Activity

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

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Debt Issuance Costs

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

Revenue Recognition - Property Taxes

The Town's property tax for the current year was levied August 9, 2010 on the assessed value listed as of April 1, 2010, for all real and personal property located in the Town. Taxes were due October 1, 2010 and February 4, 2011. Interest on unpaid taxes commenced on October 2, 2010 and February 5, 2011, at 7% 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 \$80,645 for the year ended June 30, 2011.

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.

Accounts Receivable

Accounts receivable are stated at the amount the Town expects to collect from outstanding balances. Town management closely monitors outstanding balances and has determined that no allowance for doubtful accounts is necessary.

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

Government-wide Fund Net Assets

Government-wide net assets are divided into three components:

Invested in capital assets, net of related debt - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net assets - consist of net assets that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted - All other net assets are reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted - resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed through constitutional provisions or enabling legislation.

Committed - resources which are subject to limitations the government imposes upon itself at its highest level of design making, and that remain binding unless removed in the same manner.

Assigned - resources neither restricted nor committed for which a government has a stated intended use as established by the Selectboard or a body or official to which the Selectboard has designated the authority to assign amounts for specific purposes.

Unassigned - resources which cannot be properly classified in one of the other four categories.

Use of Restricted Resources

The Town has no formal fund balance policy. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

New Accounting Pronouncements

During the year ended June 30, 2011 the Town implemented Governmental Accounting Standards Board Statement (GASBS) No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Certain prior year fund balance amounts have been restated to reflect the provisions of GASBS No. 54. See Note R for more information.

Note B - Cash

The Town conducts all its banking with depository banks.

Custodial Credit Risk - Deposits

At June 30, 2011, the carrying amount of the Town's deposits was \$12,652,352 and the bank balance was \$13,677,803. 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, 2011, \$9,015,816 of the Town's bank balance of \$13,677,803 was exposed to credit risk as follows:

Collateralized with securities held by the pledging financial institution	<u>\$ 9,015,816</u>
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Notes to Financial Statements - Continued

Town of York, Maine

Note C - Capital Assets

A summary of capital assets transactions for the year ended June 30, 2011, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 10,581,342	\$ 75,000	\$ ---	\$ 10,656,342
Depreciable Assets:				
Buildings and improvements	38,651,401	279,196	---	38,930,597
Land improvements	36,058,269	4,214,004	(4,850)	40,277,123
Equipment	3,380,283	59,833	454,761	2,985,355
Vehicles	<u>5,995,862</u>	<u>565,450</u>	<u>(76,253)</u>	<u>6,637,565</u>
Totals at historical cost	94,667,157	5,193,483	373,658	99,486,982
Less accumulated depreciation:				
Buildings and improvements	15,116,382	995,054	---	16,111,436
Land improvements	14,742,945	1,098,228	(1,212)	15,842,385
Equipment	2,091,094	220,341	287,970	2,023,465
Vehicles	<u>3,725,799</u>	<u>604,958</u>	<u>25,410</u>	<u>4,305,347</u>
Total accumulated depreciation	<u>35,676,220</u>	<u>2,918,581</u>	<u>312,168</u>	<u>38,282,633</u>
Net Capital Assets	<u>\$ 58,990,937</u>	<u>\$ 2,274,902</u>	<u>\$ 61,490</u>	<u>\$ 61,204,349</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 56,524
Public safety	389,970
Public works and sanitation	1,457,331
Education	<u>1,014,756</u>
Total governmental activities depreciation expense	<u>\$ 2,918,581</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note D - Interfund Receivables and Payables

Interfund balances at June 30, 2011 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>
Beach Reserve	\$ ---	\$ (56,177)	
Harbor & Wharf	---	(45,230)	
Harbor Beach Bathhouse	---	(15,981)	
Harbor Dredge	---	(40,070)	
Impact Fees	16,048	---	
MMA Wellness Program	---	(263)	
Mt. Agamenticus Coordinator	---	(14,988)	
Mt. Agamenticus Education Grant	4,125	---	
Performance Accounts	---	(153,607)	
School Categoricals	64,436	(155,674)	
School Lunch Program	159,503	---	
TIF York Beach	---	(65,192)	
Trails Remediation	<u>9,160</u>	<u>---</u>	
	\$ 253,272	\$ (547,182)	\$ (293,910)

Notes to Financial Statements - Continued

Town of York, Maine

Note D - Interfund Receivables and Payables - Continued

	<u>Receivables</u> <u>Due from</u>	<u>Payables</u> <u>(Due to)</u>	<u>Net</u> <u>Internal</u> <u>Balances</u>
Capital Projects:			
Highland Farm	\$ 1,554	\$ ---	
Mitchell/Airport	6,862	---	
Roaring Rock Road	16,930	---	
York St./Raydon St.	33,548	---	
Energy Efficiency	2,401	---	
Short Sands Drainage	---	(330,783)	
Town Dock #1	6,377	---	
Ridge/Old Post Road	2,191	---	
York Beach Infrastructure	---	(33,114)	
Middle School Renovations	---	(143)	
School Minor Capital Projects	---	(70,689)	
High School Music Wing	---	(26,529)	
	<u>69,863</u>	<u>(461,258)</u>	\$ (391,395)
Permanent Fund:			
Clark/Emerson Trust Fund	<u>3,155</u>	<u>---</u>	
	3,155	---	3,155
<i>Business-type Activities:</i>			
Enterprise Funds:			
Recreation	---	(63,421)	
Mt. Agamenticus	---	(8,863)	
Sohier Park	47,458	---	
Goodrich Park	---	(3,056)	
Outside Duty	---	(15,513)	
Printing	872	---	
Senior Center	---	(20,957)	
	<u>48,330</u>	<u>(111,810)</u>	<u>(63,480)</u>
General Fund	<u>\$ 374,620</u>	<u>\$ (1,120,250)</u>	<u>\$ (745,630)</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note D - Interfund Receivables and Payables - Continued

	<u>Receivables</u> <u>Due from</u>	<u>Payables</u> <u>(Due to)</u>	<u>Net</u> <u>Internal</u> <u>Balances</u>
<u>Other Governmental Funds:</u>			
<i>Special Revenue:</i>			
General Fund:			
Beach Reserve	\$ 56,177	\$ ---	
Harbor & Wharf	45,230	---	
Harbor Beach Bathhouse	15,981	---	
Harbor Dredge	40,070	---	
Impact Fees	---	(16,048)	
MMA Wellness Program	263	---	
Mt. Agamenticus Coordinator	14,988	---	
Mt. Agamenticus Education Grant	---	(4,125)	
Performance Accounts	153,607	---	
School Categoricals	155,674	(64,436)	
School Lunch Program	---	(159,503)	
TIF York Beach	65,192	---	
Trails Remediation	---	<u>(9,160)</u>	
Special Revenue subtotal	<u>\$ 547,182</u>	<u>\$ (253,272)</u>	\$ 293,910
 <i>Capital Projects:</i>			
General Fund:			
Highland Farm	\$ ---	\$ (1,554)	
Mitchell/Airport	---	(6,862)	
Roaring Rock Road	---	(16,930)	
York St./Raydon St.	---	(33,548)	
Energy Efficiency	---	(2,401)	
Short Sands Drainage	330,783	---	
Town Dock #1	---	(6,377)	
Ridge/Old Post Road	---	(2,191)	
York Beach Infrastructure	33,114	---	
Middle School Renovations	143	---	
School Minor Capital Projects	70,689	---	
High School Music Wing	<u>26,529</u>	<u>---</u>	
Capital Projects subtotal	<u>461,258</u>	<u>(69,863)</u>	\$ 391,395

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>Permanent Fund:</i>			
<i>General Fund:</i>			
Clark/Emerson Trust Fund	---	(3,155)	
Permanent Fund subtotal	---	(3,155)	<u>(3,155)</u>
Other Governmental Funds	<u>1,008,440</u>	<u>(326,290)</u>	<u>682,150</u>
Total Governmental Funds	<u>\$ 1,383,060</u>	<u>\$ (1,446,540)</u>	<u>\$ (63,480)</u>

Business-type Activities:

Enterprise Funds:

General Fund:

Recreation	\$ 63,421	\$ ---
Mt. Agamenticus	8,863	---
Sohier Park	---	(47,458)
Goodrich Park	3,056	---
Outside Duty	15,513	---
Printing	---	(872)
Senior Center	<u>20,957</u>	<u>---</u>

Total Business-type Activities \$ 111,810 \$ (48,330) \$ 63,480

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, 2011 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:			
COPS Funds	\$ 9,977	\$ ---	
Impact Fees	88,400	---	
Mt. Agamenticus Coordinator	---	(25,250)	
School Lunch Program	---	(134,057)	
	<u>98,377</u>	<u>(159,307)</u>	\$ (60,930)
Enterprise:			
Sohier Park	65,000	---	
Outside Duty	53,000	---	
Senior Center	---	(32,500)	
	<u>118,000</u>	<u>(32,500)</u>	85,500
General Fund subtotal	<u>216,377</u>	<u>(191,807)</u>	
 <u>Other Governmental Funds:</u>			
<i>Special Revenue:</i>			
General Fund	<u>159,307</u>	<u>(98,377)</u>	<u>60,930</u>
Total Governmental Funds	<u>375,684</u>	<u>(290,184)</u>	85,500
 Business-type Activities			
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<i>Enterprise:</i>			
General Fund	<u>32,500</u>	<u>(118,000)</u>	
Total Business-type Activities	<u>32,500</u>	<u>(118,000)</u>	<u>(85,500)</u>
Total Interfund Transfers	<u>\$ 408,184</u>	<u>\$ (408,184)</u>	<u>\$ ---</u>

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

Notes to Financial Statements - Continued

Town of York, Maine

Note F - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due within <u>One Year</u>
Governmental Activities:					
General obligation debt	\$ 15,753,511	\$ 8,624,500	\$ 2,055,144	\$ 22,322,867	\$ 1,964,538
Capital lease obligations	263,091	19,324	85,733	196,682	78,850
Compensated absences	1,037,048	478,078	488,044	1,027,082	583,040
Other postemployment benefits obligation	<u>170,723</u>	<u>83,883</u>	<u>17,975</u>	<u>236,631</u>	<u>---</u>
Total Governmental	<u>\$ 17,224,373</u>	<u>\$ 9,205,785</u>	<u>\$ 2,646,896</u>	<u>\$ 23,783,262</u>	<u>\$ 2,626,428</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note F - Long-Term Liabilities - Continued

Long-Term Debt:

At June 30, 2011 long-term debt consisted of the following individual issues:

2001 General Obligation Bond maturing September 1, 2021, annual payments of \$90,000 through 2021, plus annual rate of interest from 3.5% to 4.8%.	\$ 990,000
York Sewer District Loan, maturing November 14, 2020, annual payment ranging from \$17,559 to \$20,627 with interest of 1.3%.	157,522
York Sewer District Loan, maturing November 14, 2020, annual payments of \$761 each. This loan is interest free.	6,845
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 4.0 - 5.0%.	3,164,000
2010 General Obligation Refunding Bond maturing March 2020, annual payments of \$1,075,000, with interest ranging from 1.0 - 3.0%	9,380,000
2010 General Obligation Refunding Bond maturing July 2030, annual principal payments ranging from \$360,000 to \$600,000, with interest ranging from 2.0 - 3.8%.	<u>8,624,500</u>
	<u>\$22,322,867</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>
2012	\$ 1,964,538	\$ 607,834	\$ 2,572,372
2013	1,964,792	574,030	2,538,822
2014	1,964,049	529,448	2,493,497
2015	1,960,310	484,849	2,445,159
2016	1,959,073	440,253	2,399,326
2017-2021	7,384,105	1,509,388	8,893,493
2022-2026	2,790,000	706,981	3,496,981
2027-2031	<u>2,336,000</u>	<u>204,844</u>	<u>2,540,844</u>
Total	<u>\$ 22,322,867</u>	<u>\$ 5,057,627</u>	<u>\$ 27,380,494</u>

Capital Lease Obligations:

The Town of York and the School Department have entered into lease agreements as lessee for financing the acquisition of software, equipment and vehicles. These agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and, therefore have been recorded at the present value of the future minimum lease payments as of the date of inception. The following is a schedule of future minimum payments required under the leases as of June 30, 2011:

Year ending <u>June 30</u>	
2012	\$ 78,850
2013	78,850
2014	44,309
2015	<u>10,541</u>
Total minimum lease payments	212,550
Less amount representing interest	<u>15,868</u>
Present value of minimum lease payments	<u>\$ 196,682</u>

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.

Notes to Financial Statements - Continued

Town of York, Maine

Note H - Budget to Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Budgetary basis revenues and other sources over (under) expenditures and other uses	\$ (524,165)
---	--------------

Sources/inflows of resources - reconciling items

The Town budgets certain charges for services outside of its general fund that are recognized in the general fund under generally accepted accounting principles	304,498
The Town budgets certain miscellaneous revenues outside of its general fund that are recognized in the general fund under generally accepted accounting principles	11,925
The Town budgets certain investment returns outside of its general fund that are recognized in the general fund under generally accepted accounting principles	330
Transfers from other funds are inflows of budgetary resources but are not transfers under generally accepted accounting principles	(216,057)

Uses/outflows of resources - reconciling items

The Town budgets certain expenditures outside of its general fund that are recognized in the general fund under generally accepted accounting principles	(119,498)
Transfers to other funds are outflows of budgetary resources but are not transfers under generally accepted accounting principles	<u>27,000</u>

Generally accepted accounting principles basis revenues and other sources over (under) expenditures and other uses	<u>\$ (515,967)</u>
--	---------------------

The difference between the general fund balance reported according to generally accepted accounting principles and the general fund balance reported according to the budgetary basis of accounting is accounted by the ending balances (shown in Note P) of the Airport Drive, Earned Time, Fire Truck, Bog Road, Building Fund, Capital Equipment, Conservation Commission, Fireworks, Fishermen's Memorial, Goodrich Park, Historic Markers, 350th, Hoist Repair, Nubble Light, Off Premises Signs, Open Space, Public Works Equipment, Tree Planting, Unemployment Compensation, Wheeler Marsh Restoration, Wheeler Trust, Code Enforcement, Long Sands Bathhouse, Animal Welfare, CMP Spur Road, Academic Reimbursement, Heat Fund, York Land Trust, Sohier Park Maintenance, GIS Mapping, Fishermen's Fund, Street Openings Reimbursement, and Village Lights assigned fund balances. These balances were those amounts reclassified upon the implementation of GASBS No. 54 (see Note R).

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.

Recycling Contract

The Town has entered into an agreement for recycling pick-up services through June 30, 2016. The initial yearly cost of the agreement on April 30, 2008 was \$1,073,600 with an annual escalation based upon the annual change in the consumer price index.

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 by contacting the Maine Public Employees Retirement System at 46 State House Station, Augusta, ME 04333.

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 contribution to the System for the year ended June 30, 2011 was approximately \$174,000, equal to the required contribution. Employees contributed approximately \$261,000.

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 \$2,228,488 (17.76%) for the fiscal year 2011. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis financial statements. There is no contribution required by the School except for federally funded teachers, for which the School contributed 17.76% of their compensation. This cost is charged to the applicable grant.

In addition, the School participates in the Social Security Program. The School's contributions to Social Security and Medicare were approximately \$183,000 for the year ended June 30, 2011.

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, 2011 was approximately \$127,000. Employees contributed approximately \$87,000. 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, 2011 were approximately \$5,000.

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, 2011. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past three fiscal years.

Notes to Financial Statements - Continued

Town of York, Maine

Note K - Risk Management - Continued

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.

Note L - Litigation

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

Note M - Related Party Transaction

The Selectboard member, through his company, supplies the Town with fuel. The amount paid for these related party transactions under the Town's fuel contract was approximately \$50,000 for the year ended June 30, 2011.

Note N - Tax Increment Financing

A tax increment financing ("TIF") district was established by referendum for the York Beach downtown area. The warrant article establishing the TIF provides for the calculation, collection and expenditure of funds for the designated purpose. The purpose of the fund (reported as a special revenue fund) is to improve and enhance infrastructure in the TIF district, such as sidewalks, lighting, traffic flow, etc. The year ended June 30, 2011 was the second year of implementation. There was no captured property tax revenue for the year ended June 30, 2011 but approximately \$34,000 was expended on engineering services out of the accumulated fund balance.

Note O - Other Post Retirement Benefits

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

Notes to Financial Statements - Continued

Town of York, Maine

Note O - Other Post Retirement Benefits - Continued

Plan Description

The Town of York contributes to the Maine Municipal Employees Health Trust, an agent 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. The plan does not issue stand-alone or combined financial reports.

Funding Policy and Annual Other Postemployment Benefits (OPEB) Cost

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

The following table shows the components of the Town's annual OPEB cost for the year, the amounts contributed to the plan and the change in the net OPEB obligation based on an actuarial valuation as of January 1, 2011:

Normal cost	\$ 33,027
Amortization of unfunded liability	49,227
Interest	<u>1,629</u>
Annual required contribution	83,883
Town contributions (ARC offset - implicit subsidy)	<u>(17,975)</u>
Increase (decrease) in net OPEB obligation	65,908
Net OPEB Obligation at beginning of year	<u>170,723</u>
Net OPEB Obligation at End of Year	<u>\$ 236,631</u>

Funding Status and Funding Progress

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Costs Contributed	Net OPEB Obligation
2009	\$ 100,505	12.83%	\$ 87,607
2010	98,943	16.00%	170,723
2011	83,883	21.43%	236,631

Notes to Financial Statements - Continued

Town of York, Maine

Note O - Other Post Retirement Benefits - Continued

The unfunded actuarial accrued liability as a percentage of covered payroll for the year ended June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$ 885,280
Actuarial value of plan assets	<u> - </u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 885,280</u>
Covered payroll	<u>\$ 6,000,000</u>
UAAL as a percentage of covered payroll	<u> 14.75%</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.

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, 2011
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level dollar
Remaining amortization period	30 years, open

Actuarial assumptions:

Investment rate of return	4%
Participation	86.0% of eligible employees
Increase in future medical costs	7.6% for pre-medicare and 8.7% for medicare eligible

Notes to Financial Statements - Continued

Town of York, Maine

Note P - Fund Balance

Fund balance consisted of the following as of June 30, 2011:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable fund balance:			
General fund	\$ 1,173,163	\$ ---	\$ 1,173,163
School Lunch Program	---	18,607	18,607
Permanent	---	20,530	20,530
Restricted fund balance:			
COPS Funds	---	---	---
MMA Wellness Program	---	263	263
Performance Accounts	---	152,837	152,837
School Categoricals	---	248,247	248,247
TIF York Beach	---	65,192	65,192
Committed fund balance:			
Beach Reserve	---	129,778	129,778
Harbor & Wharf	---	146,015	146,015
Harbor Beach Bathhouse	---	15,851	15,851
Harbor Dredge	---	317,947	317,947
Impact Fees	---	41,450	41,450
Highland Farm	---	3	3
Mitchell/Airport	---	1,185,012	1,185,012
Roaring Rock Road	---	12,612	12,612
York St./Raydon St.	---	70	70
Town Hall Renovation	---	3,861	3,861
Fire Truck	---	3,281	3,281
Energy Efficiency	---	53,619	53,619
Land for Public Safety	---	---	---
Short Sands Drainage	---	433,046	433,046
Long Sands Drainage	---	384,016	384,016
Town Dock #1	---	331,921	331,921
Lake Carolyn Dam	---	110,408	110,408
Ridge/Old Post Road	---	93,162	93,162
York Beach Infrastructure	---	12,068	12,068
York Street Reconstruction	---	943,208	943,208
North Village Road	---	235,787	235,787
Barlett Road	---	150,557	150,557
Josiah Norton	---	604	604
Open Space Land	---	870	870
Route 103 Causeway	---	143,857	143,857

Notes to Financial Statements - Continued

Town of York, Maine

Note P - Fund Balance - Continued

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Ridge Road	---	17,828	17,828
Lake Carolyn	---	158	158
SCBA	---	301,113	301,113
Plow Truck	---	3,936	3,936
Grader	---	7,898	7,898
Middle School Renovations	---	143	143
School Minor Capital Projects	---	70,689	70,689
High School Music Wing	---	26,529	26,529
Assigned fund balance:			
Mt. Agamenticus Coordinator	---	14,988	14,988
Village Plan	44,542	---	44,542
Voting Machines	45,000	---	45,000
Legal (MTA Issue)	10,738	---	10,738
Printing/Records Management	8,852	---	8,852
Debt Service (YSD)	14,736	---	14,736
Cable TV	922	---	922
Police Vehicles	42,338	---	42,338
Public Safety Conceptual Design	122,309	---	122,309
Hot Top	17,171	---	17,171
Church Street Sidewalk	7,568	---	7,568
FEMA Funds	8,655	---	8,655
Bog Road	1,229	---	1,229
Police Phones	1,079	---	1,079
Contingency (Cape Neddick River)	---	---	---
Bellmarsh Road	14,139	---	14,139
Woodbridge Road Sidewalk	3,770	---	3,770
Road Repair and Reconstruction	451,993	---	451,993
Ocean Avenue Curb	34,000	---	34,000
Fishermen's Walk Renovations	34,854	---	34,854
Route 1&91 Reconstruction	36,462	---	36,462
Seawall Repair	25,549	---	25,549
Broadway/Airport Drive Drainage	68,068	---	68,068
Mitchell Road Drainage	50,000	---	50,000
Cow Beach Phase II Drainage	18,200	---	18,200
Airport Drive	22,113	---	22,113
Earned Time	190,897	---	190,897
Fire Truck	2,024	---	2,024
Bog Road	19,451	---	19,451

Notes to Financial Statements - Continued

Town of York, Maine

Note P - Fund Balance - Continued

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Building Fund	41,583	---	41,583
Capital Equipment	7,797	---	7,797
Conservation Commission	4,346	---	4,346
Fireworks	41	---	41
Fishermen's Memorial	923	---	923
Goodrich Park	355	---	355
Historic Markers	377	---	377
350th	5,376	---	5,376
Hoist Repair	1,523	---	1,523
Nubble Light	14,429	---	14,429
Off Premises Signs	4,531	---	4,531
Open Space	81,898	---	81,898
Public Works Equipment	2,888	---	2,888
Tree Planting	6,323	---	6,323
Unemployment Compensation	(2,166)	---	(2,166)
Wheeler Marsh Restoration	12,976	---	12,976
Wheeler Trust	1,120	---	1,120
Code Enforcement	91,639	---	91,639
Long Sands Bathhouse	468	---	468
Animal Welfare	24,590	---	24,590
CMP Spur Road	9,981	---	9,981
Academic Reimbursement	6,014	---	6,014
Heat Fund	6,198	---	6,198
York Land Trust	6,854	---	6,854
Sohier Park Maintenance	282	---	282
GIS Mapping	10,708	---	10,708
Fishermen's Fund	1,033	---	1,033
Street Openings Reimbursement	500	---	500
Village Lights	453	---	453
Unassigned fund balance		---	
General fund	4,289,021	---	4,289,021
Mt. Agamenticus Education Grant	---	(4,125)	(4,125)
School Lunch Program	---	(140,114)	(121,507)
Trails Remediation	---	(9,160)	(9,160)
PS Building	---	(9,870)	(9,870)
Connector Road	---	(872)	(872)
Total Fund Balances	<u>\$ 7,101,883</u>	<u>\$ 5,533,820</u>	<u>\$ 12,635,703</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note Q - Changes in General Fund Assigned Fund Balance

The changes in assigned fund balance for the general fund for the year ended June 30, 2011 were as follows:

	Balance at <u>7/1/2010</u>	<u>Appropriations</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Expired</u>	Balance at <u>6/30/2011</u>
Village Plan	\$ 44,542	\$ ---	\$ ---	\$ ---	\$ ---	\$ 44,542
Voting Machines	45,000	---	---	---	---	45,000
Legal (MTA Issue)	10,738	70,000	7,800	28,943	48,857	10,738
Printing/Records Management	3,684	10,000	---	4,832	---	8,852
Debt Service (YSD)	36,403	---	---	21,667	---	14,736
Cable TV	61	7,500	---	6,639	---	922
Police Vehicles	19,140	78,000	53,000	107,802	---	42,338
Public Safety Conceptual Design	---	200,000	---	77,691	---	122,309
Hot Top	73,537	492,600	---	548,966	---	17,171
Church Street Sidewalk	8,095	---	---	527	---	7,568
FEMA Funds	76,000	---	12,988	80,333	---	8,655
Bog Road	1,229	---	---	---	---	1,229
Police Phones	---	6,732	---	5,653	---	1,079
Contingency (Cape Neddick River)	17,500	50,000	---	64,517	2,983	---
Bellmarsh Road	72,495	25,000	---	83,356	---	14,139
Woodbridge Road Sidewalk	3,770	---	---	---	---	3,770
Road Repair and Reconstruction	522,937	---	---	70,944	---	451,993
Ocean Avenue Curb	34,000	---	---	---	---	34,000
Fishermen's Walk Renovations	35,432	---	---	578	---	34,854
Route 1&91 Reconstruction	36,462	---	---	---	---	36,462
Seawall Repair	25,549	---	---	---	---	25,549
Broadway/Airport Drive Drainage	68,068	---	---	---	---	68,068
Mitchell Road Drainage	50,000	---	---	---	---	50,000
Cow Beach Phase II Drainage	18,200	---	---	---	---	18,200
Airport Drive	22,113	---	---	---	---	22,113
Earned Time	188,633	20,000	156	17,892	---	190,897
Fire Truck	2,022	---	2	---	---	2,024
Bog Road	19,435	---	16	---	---	19,451
Building Fund	39,550	---	2,033	---	---	41,583
Capital Equipment	7,790	---	7	---	---	7,797
Conservation Commission	4,343	---	3	---	---	4,346
Fireworks	41	---	---	---	---	41

Notes to Financial Statements - Continued

Town of York, Maine

Note Q - Changes in Assigned Fund - Continued

	Balance at <u>7/1/2010</u>	<u>Appropriations</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Expired</u>	Balance at <u>6/30/2011</u>
Fishermen's Memorial	922	---	1	---	---	923
Goodrich Park	355	---	---	---	---	355
Historic Markers	2,180	---	403	2,206	---	377
350th	5,371	---	5	---	---	5,376
Hoist Repair	328	---	1,195	---	---	1,523
Nubble Light	14,417	---	12	---	---	14,429
Off Premises Signs	4,528	---	3	---	---	4,531
Open Space	81,830	---	68	---	---	81,898
Public Works Equipment	2,886	---	2	---	---	2,888
Tree Planting	6,318	---	5	---	---	6,323
Unemployment Compensation	(142)	2,000	1	4,025	---	(2,166)
Wheeler Marsh Restoration	12,976	---	---	---	---	12,976
Wheeler Trust	---	---	10,760	9,640	---	1,120
Code Enforcement	102,789	---	269,907	---	281,057	91,639
Long Sands Bathhouse	468	---	---	---	---	468
Animal Welfare	19,590	5,000	---	---	---	24,590
CMP Spur Road	9,972	---	9	---	---	9,981
Academic Reimbursement	6,011	---	3	---	---	6,014
Heat Fund	6,003	---	8,000	7,805	---	6,198
York Land Trust	6,854	---	---	---	---	6,854
Sohier Park Maintenance	287	---	65,000	65,005	---	282
GIS Mapping	---	---	22,136	11,428	---	10,708
Fishermen's Fund	1,032	---	1	---	---	1,033
Street Openings Reimbursement	---	---	500	---	---	500
Village Lights	425	---	1,525	1,497	---	453
	<u>\$ 1,772,169</u>	<u>\$ 966,832</u>	<u>\$ 455,541</u>	<u>\$ 1,221,946</u>	<u>\$332,897</u>	<u>\$1,639,699</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note R - Restatement of General Fund Beginning Fund Balance

On July 1, 2010, the Town adopted the provisions of Government Accounting Standards Board Statement 54, *Fund Balance Reporting and Government Fund Type Definitions*. Beginning general fund balance has been restated as follows:

General fund balance as reported June 30, 2010 \$ 7,048,523

Funds formerly reported as Special Revenue funds collapsed into the General Fund as a result of GASBS No. 54 implementation:

Airport Drive	22,113
Earned Time	188,633
Fire Truck	2,022
Bog Road	19,435
Building Fund	39,550
Capital Equipment	7,790
Conservation Commission	4,343
Fireworks	41
Fishermen's Memorial	922
Goodrich Park	355
Historic Markers	2,180
350th	5,371
Hoist Repair	328
Nubble Light	14,417
Off Premises Signs	4,528
Open Space	81,830
Public Works Equipment	2,886
Tree Planting	6,318
Unemployment Compensation	(142)
Wheeler Marsh Restoration	12,976
Wheeler Trust	---
Code Enforcement	102,789
Long Sands Bathhouse	468
Animal Welfare	19,590
CMP Spur Road	9,972
Academic Reimbursement	6,011
Heat Fund	6,003
York Land Trust	6,854
Sohier Park Maintenance	287
GIS Mapping	---

Notes to Financial Statements - Continued

Town of York, Maine

Note R - Restatement of General Fund Beginning Fund Balance - Continued

Fishermen's Fund	1,032
Street Openings Reimbursement	- - -
Village Lights	<u>425</u>
General fund beginning balance as restated	<u>\$ 7,617,850</u>

Additionally, the opening balances of governmental activities net assets, other governmental funds balance, and permanent fund balance were restated to decrease the aforementioned balances by \$898 to account for the D'Entremont Scholarship as a fiduciary fund rather than a permanent fund on July 1, 2010. The effect on operations of this adjustment for the year ended June 30, 2010 would have been a reduction of the change in net assets for governmental activities and a reduction of revenues over expenditures for other governmental funds of \$173.

Note S - Prior Period Adjustments

Government-Wide Financial Statements

During the year ended June 30, 2011 a correction was made to the opening balance of governmental activities capital assets to decrease the balance by \$36,611 to correct an error in the calculations performed by the Town's fixed asset software. The effect on operations of this adjustment for the year ended June 30, 2010 would have been a reduction of the change in net assets for governmental activities of \$36,611.

Note T - Subsequent Event

Subsequent to year-end, the Town issued \$9,124,421 in general obligation bonds to provide funds for various capital projects and to refund the outstanding balance of the Town's 2001 general obligation bonds. The bonds mature September 2031 and pay interest ranging from 2.0 - 3.3%.

Required Supplementary Information (Unaudited)

Town of York, Maine

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
1/1/2009	\$ -	\$ 875,196	\$ 875,196	\$ -	\$ 5,100,000	17.2%
1/1/2010 *	\$ -	\$ 875,196	\$ 875,196	\$ -	\$ 5,200,000	16.8%
1/1/2011	\$ -	\$ 885,280	\$ 885,280	\$ -	\$ 6,000,000	14.8%

* An actuarial valuation of liabilities was not performed during the fiscal year ended June 30, 2010.

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

Town of York, Maine

As of June 30, 2011

	Special Revenue	Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash	\$ 529,574	\$ 4,469,180	\$ 23,685	\$ 5,022,439
Due from other funds	547,182	461,258	-	1,008,440
Accounts receivable	595,634	-	-	595,634
Inventory	18,607	-	-	18,607
	<u>1,690,997</u>	<u>4,930,438</u>	<u>23,685</u>	<u>6,645,120</u>
Total Assets	\$ 1,690,997	\$ 4,930,438	\$ 23,685	\$ 6,645,120
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 76,673	\$ 345,061	\$ -	\$ 421,734
Accrued liabilities	45,581	-	-	45,581
Deferred revenue	317,695	-	-	317,695
Due to other funds	253,272	69,863	3,155	326,290
	<u>693,221</u>	<u>414,924</u>	<u>3,155</u>	<u>1,111,300</u>
Total Liabilities	693,221	414,924	3,155	1,111,300
Fund Balances				
Nonspendable:				
Permanent	-	-	20,530	20,530
Special revenues	18,607	-	-	18,607
Restricted:				
Special revenues	466,539	-	-	466,539
Committed:				
Capital projects	-	4,526,256	-	4,526,256
Special revenues	651,041	-	-	651,041
Assigned:				
Special revenues	14,988	-	-	14,988
Unassigned:				
Capital projects	-	(10,742)	-	(10,742)
Special revenues	(153,399)	-	-	(153,399)
	<u>997,776</u>	<u>4,515,514</u>	<u>20,530</u>	<u>5,533,820</u>
Total Fund Balances	997,776	4,515,514	20,530	5,533,820
Total Liabilities and Fund Balances	\$ 1,690,997	\$ 4,930,438	\$ 23,685	\$ 6,645,120

See accompanying independent auditors' report.

**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, 2011

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues				
Intergovernmental	\$ 1,341,616	\$ -	\$ -	\$ 1,341,616
Charges for services	703,447	-	-	703,447
Miscellaneous	<u>189,868</u>	<u>22,399</u>	<u>20</u>	<u>212,287</u>
Total Revenues	2,234,931	22,399	20	2,257,350
Expenditures				
Designated purpose	<u>2,266,750</u>	<u>2,868,830</u>	<u>20</u>	<u>5,135,600</u>
Total Expenditures	<u>2,266,750</u>	<u>2,868,830</u>	<u>20</u>	<u>5,135,600</u>
Revenues Over (Under) Expenditures	(31,819)	(2,846,431)	-	(2,878,250)
Other Financing Sources (Uses)				
Proceeds from borrowing	-	8,624,500	-	8,624,500
Operating transfers in	159,307	-	-	159,307
Operating transfers out	<u>(98,377)</u>	<u>-</u>	<u>-</u>	<u>(98,377)</u>
Total Other Sources (Uses)	<u>60,930</u>	<u>8,624,500</u>	<u>-</u>	<u>8,685,430</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	29,111	5,778,069	-	5,807,180
Fund balances at beginning of year	<u>968,665</u>	<u>(1,262,555)</u>	<u>20,530</u>	<u>(273,360)</u>
Fund Balances at End of Year	<u>\$ 997,776</u>	<u>\$ 4,515,514</u>	<u>\$ 20,530</u>	<u>\$ 5,533,820</u>

See accompanying independent auditors' report.

Combining Balance Sheet - Special Revenue Funds

Town of York, Maine

As of June 30, 2011

	Assets				Liabilities					Fund Balance (Deficit)	
	Cash	Due from Other Funds	Accounts Receivable	Inventory	Total Assets	Accounts Payable	Accrued Liabilities	Deferred Revenue	Due to Other Funds		Total Liabilities
Beach Reserve	\$ 73,601	\$ 56,177	\$ -	\$ -	\$ 129,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,778
COPS Funds	-	-	-	-	-	-	-	-	-	-	-
Harbor & Wharf	102,580	45,230	-	-	147,810	1,795	-	-	-	1,795	146,015
Harbor Beach Bathhouse	-	15,981	-	-	15,981	130	-	-	-	130	15,851
Harbor Dredge	277,877	40,070	-	-	317,947	-	-	-	-	-	317,947
Impact Fees	57,498	-	-	-	57,498	-	-	-	16,048	16,048	41,450
MMA Wellness Program	-	263	-	-	263	-	-	-	-	-	263
Mt. Agamenticus Coordinator	-	14,988	-	-	14,988	-	-	-	-	-	14,988
Mt. Agamenticus Education Grant	-	-	-	-	-	-	-	-	4,125	4,125	(4,125)
Performance Accounts	-	153,607	-	-	153,607	770	-	-	-	770	152,837
School Categoricals	-	155,674	580,455	-	736,129	60,170	45,581	317,695	64,436	487,882	248,247
School Lunch Program	18,018	-	15,179	18,607	51,804	13,808	-	-	159,503	173,311	(121,507)
TIF York Beach	-	65,192	-	-	65,192	-	-	-	-	-	65,192
Trails Remediation	-	-	-	-	-	-	-	-	9,160	9,160	(9,160)
	<u>\$ 529,574</u>	<u>\$ 547,182</u>	<u>\$ 595,634</u>	<u>\$ 18,607</u>	<u>\$ 1,690,997</u>	<u>\$ 76,673</u>	<u>\$ 45,581</u>	<u>\$ 317,695</u>	<u>\$ 253,272</u>	<u>\$ 693,221</u>	<u>\$ 997,776</u>

See accompanying independent auditors' report.

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

Town of York, Maine

For the Year Ended June 30, 2011

	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
Beach Reserve	\$ -	\$ -	\$ 42,135	\$ 42,135	\$ -	\$ -	\$ -	\$ -	\$ 42,135	\$ 87,643	\$ 129,778
COPS Funds	-	-	-	-	-	-	(9,977)	(9,977)	9,977	-	-
Harbor & Wharf	-	50,490	85	50,575	(16,462)	-	(16,462)	-	34,113	111,902	146,015
Harbor Beach Bathhouse	-	8,000	23,381	31,381	(20,639)	-	(20,639)	-	10,742	5,109	15,851
Harbor Dredge	-	26,475	230	26,705	-	-	-	-	26,705	291,242	317,947
Impact Fees	-	88,400	48	88,448	-	-	-	(88,400)	48	41,402	41,450
MMA Wellness Program	-	-	1,688	1,688	(1,990)	-	(1,990)	-	(302)	565	263
Mt. Agamenticus Coordinator	-	-	42,796	42,796	(57,632)	-	(57,632)	25,250	10,414	4,574	14,988
Mt. Agamenticus Education Grant	-	-	-	-	(4,125)	-	(4,125)	-	(4,125)	-	(4,125)
Performance Accounts	-	4,852	-	4,852	(6,336)	-	(6,336)	-	(1,484)	154,321	152,837
School Categoryals	1,162,127	-	77,378	1,239,505	(1,266,260)	-	(1,266,260)	-	(26,755)	275,002	248,247
School Lunch Program	147,489	525,230	-	672,719	(826,048)	-	(826,048)	134,057	(19,272)	(102,235)	(121,507)
TIF York Beach	-	-	-	-	(33,736)	-	(33,736)	-	(33,736)	98,928	65,192
Trails Remediation	32,000	-	2,127	34,127	(33,522)	-	(33,522)	-	605	(9,765)	(9,160)
	<u>\$ 1,341,616</u>	<u>\$ 703,447</u>	<u>\$ 189,868</u>	<u>\$ 2,234,931</u>	<u>\$ (2,266,750)</u>	<u>\$ -</u>	<u>\$ (2,266,750)</u>	<u>\$ 60,930</u>	<u>\$ 29,111</u>	<u>\$ 968,665</u>	<u>\$ 997,776</u>

See accompanying independent auditors' report.

**Combining Balance Sheet
Capital Projects Funds**

Town of York, Maine

As of June 30, 2011

	Assets			Liabilities			Fund Balance (Deficit) at End of Year
	Cash	Due from other funds	Total Assets	Accounts Payable	Due to other funds	Total Liabilities	
Highland Farm	\$ 1,557	\$ -	\$ 1,557	\$ -	\$ 1,554	\$ 1,554	\$ 3
Mitchell/Airport	1,191,874	-	1,191,874	-	6,862	6,862	1,185,012
Roaring Rock Road	29,542	-	29,542	-	16,930	16,930	12,612
York St./Raydon St.	33,618	-	33,618	-	33,548	33,548	70
Town Hall Renovation	3,861	-	3,861	-	-	-	3,861
Fire Truck	3,281	-	3,281	-	-	-	3,281
Energy Efficiency	56,020	-	56,020	-	2,401	2,401	53,619
Land for Public Safety	-	-	-	-	-	-	-
Short Sands Drainage	282,011	330,783	612,794	179,748	-	179,748	433,046
Long Sands Drainage	384,016	-	384,016	-	-	-	384,016
Town Dock #1	450,947	-	450,947	112,649	6,377	119,026	331,921
Lake Carolyn Dam	110,408	-	110,408	-	-	-	110,408
Ridge/Old Post Road	95,353	-	95,353	-	2,191	2,191	93,162
York Beach Infrastructure	-	33,114	33,114	21,046	-	21,046	12,068
York Street Reconstruction	963,040	-	963,040	19,832	-	19,832	943,208
North Village Road	236,831	-	236,831	1,044	-	1,044	235,787
Barlett Road	150,557	-	150,557	-	-	-	150,557
Josiah Norton	604	-	604	-	-	-	604
Open Space Land	870	-	870	-	-	-	870
Route 103 Causeway	143,857	-	143,857	-	-	-	143,857
Ridge Road	17,828	-	17,828	-	-	-	17,828
Lake Carolyn	158	-	158	-	-	-	158
SCBA	301,113	-	301,113	-	-	-	301,113
Plow Truck	3,936	-	3,936	-	-	-	3,936
Grader	7,898	-	7,898	-	-	-	7,898
PS Building	-	-	-	9,870	-	9,870	(9,870)
Connector Road	-	-	-	872	-	872	(872)
Middle School Renovations	-	143	143	-	-	-	143
School Minor Capital Projects	-	70,689	70,689	-	-	-	70,689
High School Music Wing	-	26,529	26,529	-	-	-	26,529
	<u>\$ 4,469,180</u>	<u>\$ 461,258</u>	<u>\$ 4,930,438</u>	<u>\$ 345,061</u>	<u>\$ 69,863</u>	<u>\$ 414,924</u>	<u>\$ 4,515,514</u>

See accompanying independent auditors' report.

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

Town of York, Maine

For the Year Ended June 30, 2011

	Revenues	Expenditures	Bond proceeds	Transfers In (Out)	Revenues and Other Sources Over (Under) Expenditures and Other Uses	Fund Balance (Deficit) at Beginning of Year	Fund Balance (Deficit) at End of Year
Highland Farm	\$ 3	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ 3
Mitchell/Airport	2,496	-	-	-	2,496	1,182,516	1,185,012
Roaring Rock Road	62	-	-	-	62	12,550	12,612
York St./Raydon St.	70	-	-	-	70	-	70
Town Hall Renovation	70	(28,166)	95,000	-	66,904	(63,043)	3,861
Fire Truck	5	-	426,000	-	426,005	(422,724)	3,281
Energy Efficiency	320	(44,300)	100,000	-	56,020	(2,401)	53,619
Land for Public Safety	-	-	2,000,000	-	2,000,000	(2,000,000)	-
Short Sands Drainage	2,389	(369,343)	800,000	-	433,046	-	433,046
Long Sands Drainage	1,460	(17,444)	400,000	-	384,016	-	384,016
Town Dock #1	3,133	(621,212)	950,000	-	331,921	-	331,921
Lake Carolyn Dam	408	-	110,000	-	110,408	-	110,408
Ridge/Old Post Road	353	(2,191)	95,000	-	93,162	-	93,162
York Beach Infrastructure	320	(88,252)	100,000	-	12,068	-	12,068
York Street Reconstruction	3,680	(60,472)	1,000,000	-	943,208	-	943,208
North Village Road	924	(15,137)	250,000	-	235,787	-	235,787
Barlett Road	557	-	150,000	-	150,557	-	150,557
Josiah Norton	604	(250,000)	250,000	-	604	-	604
Open Space Land	870	(250,000)	250,000	-	870	-	870
Route 103 Causeway	546	(6,689)	150,000	-	143,857	-	143,857
Ridge Road	345	(132,517)	150,000	-	17,828	-	17,828
Lake Carolyn	158	(75,000)	75,000	-	158	-	158
SCBA	1,113	-	300,000	-	301,113	-	301,113
Plow Truck	465	(130,029)	133,500	-	3,936	-	3,936
Grader	65	(212,167)	220,000	-	7,898	-	7,898
PS Building	-	(9,870)	-	-	(9,870)	-	(9,870)
Connector Road	-	(872)	-	-	(872)	-	(872)
Middle School Renovations	-	-	-	-	-	143	143
School Minor Capital Projects	1,983	(551,294)	620,000	-	70,689	-	70,689
High School Music Wing	-	(3,875)	-	-	(3,875)	30,404	26,529
	<u>\$ 22,399</u>	<u>\$ (2,868,830)</u>	<u>\$ 8,624,500</u>	<u>\$ -</u>	<u>\$ 5,778,069</u>	<u>\$ (1,262,555)</u>	<u>\$ 4,515,514</u>

See accompanying independent auditors' report.

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

Town of York, Maine

As of June 30, 2011

	<u>Clark/ Emerson</u>
Assets	
Cash	\$ 23,685
Total Assets	<u>\$ 23,685</u>
Liabilities and Fund Balances	
Liabilities	
Due to other funds	\$ 3,155
Total Liabilities	3,155
Fund Balances	
Nonspendable	20,530
Restricted	-
Total Fund Balances	<u>20,530</u>
Total Liabilities and Fund Balances	<u>\$ 23,685</u>

See accompanying independent auditors' report.

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

Town of York, Maine

For the Year Ended June 30, 2011

	<u>Clark/ Emerson</u>
Revenues	
Investment return	\$ 20
Total Revenues	<u>20</u>
Expenditures	
Current	20
Total Expenditures	<u>20</u>
Revenues Over Expenditures	-
Fund balances at beginning of year	<u>20,530</u>
Fund Balances at End of Year	<u><u>\$ 20,530</u></u>

See accompanying independent auditors' report.

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

Town of York, Maine

As of June 30, 2011

	Recreation Program						Senior Center	Total
	Recreation	Mt. Agamenticus	Sohier Park	Goodrich Park	Outside Duty	Printing		
Assets								
Cash equivalents	\$ -	\$ -	\$ 36,283	\$ -	\$ -	\$ -	\$ 550	\$ 36,833
Accounts receivable	-	10,200	-	-	17,114	-	-	27,314
Due from other funds	63,421	8,863	-	3,056	15,513	-	20,957	111,810
Inventories	-	-	59,467	-	-	-	-	59,467
Total Assets	63,421	19,063	95,750	3,056	32,627	-	21,507	235,424
Liabilities								
Accounts payable	10,158	949	7,607	-	-	-	2,400	21,114
Accrued payroll	-	-	-	-	-	-	2,089	2,089
Due to other funds	-	-	47,458	-	-	872	-	48,330
Total Liabilities	10,158	949	55,065	-	-	872	4,489	71,533
Net Assets (Deficits)								
Unrestricted	53,263	18,114	40,685	3,056	32,627	(872)	17,018	163,891
Total Net Assets (Deficits)	\$ 53,263	\$ 18,114	\$ 40,685	\$ 3,056	\$ 32,627	\$ (872)	\$ 17,018	\$ 163,891

See accompanying independent auditors' report.

**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, 2011

	Recreation Program							Total
	Recreation	Mt. Agamenticus	Sohier Park	Goodrich Park	Outside Duty	Printing	Senior Center	
Operating Revenues								
Charges for services	\$ 371,649	\$ 43,388	\$ 250,614	\$ 7,200	\$ 149,994	\$ 510	\$ 157,497	\$ 980,852
Other	75,675	483	7,011	-	-	-	11,679	94,848
Total Operating Revenues	447,324	43,871	257,625	7,200	149,994	510	169,176	1,075,700
Operating Expenses								
Salaries and benefits	194,799	7,099	49,520	-	118,125	-	50,887	420,430
Cost of goods sold	-	-	113,400	-	-	-	29,476	142,876
Service fees	155,491	7,465	3,693	3,040	-	-	101,300	270,989
Supplies	69,685	7,165	8,674	928	-	-	11,593	98,045
Utilities	2,055	10,232	2,457	1,497	-	-	99	16,340
Total Operating Expenses	422,030	31,961	177,744	5,465	118,125	-	193,355	948,680
Operating Income (Loss)	25,294	11,910	79,881	1,735	31,869	510	(24,179)	127,020
Other Financing Sources (Uses)								
Operating transfers in	-	-	-	-	-	-	32,500	32,500
Operating transfers out	-	-	(65,000)	-	(53,000)	-	-	(118,000)
Total Other Financing Sources (Uses)	-	-	(65,000)	-	(53,000)	-	32,500	(85,500)
Increase (Decrease) in Net Assets	25,294	11,910	14,881	1,735	(21,131)	510	8,321	41,520
Net assets (deficits) at beginning of year	27,969	6,204	25,804	1,321	53,758	(1,382)	8,697	122,371
Net Assets (Deficits) at End of Year	\$ 53,263	\$ 18,114	\$ 40,685	\$ 3,056	\$ 32,627	\$ (872)	\$ 17,018	\$ 163,891

See accompanying independent auditors' report.

**Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency Funds**

Town of York, Maine

For the Year Ended June 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Assets				
Cash	\$ 78,411	\$ 394,818	\$ 415,940	\$ 57,289
Total Assets	<u>\$ 78,411</u>	<u>\$ 394,818</u>	<u>\$ 415,940</u>	<u>\$ 57,289</u>
Liabilities				
Held for student activities and other purposes	\$ 78,411	\$ 394,818	\$ 415,940	\$ 57,289
Total Liabilities	<u>\$ 78,411</u>	<u>\$ 394,818</u>	<u>\$ 415,940</u>	<u>\$ 57,289</u>

See accompanying independent auditors' report.

Schedule of Valuation, Assessment and Collection of Taxes

Town of York, Maine

For the Year Ended June 30, 2011

Valuation

Real estate	\$ 3,928,292,400
Personal property	<u>23,492,240</u>

Total Valuation \$ 3,951,784,640

Assessment

Valuation x Rate - \$3,951,784,640 x .00910	\$ 35,961,240
Supplemental taxes	<u>14,057</u>

Total Assessment Charged to Collector \$ 35,975,297

Collection and Credits

Cash collections	\$ 34,778,541
Tax abatements	<u>28,907</u>

Total Collection and Credits 34,807,448

2011 Taxes Receivable - June 30, 2011 \$ 1,167,849

See accompanying independent auditors' report.

**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, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purdy Powers & Company
Professional Association

Portland, Maine
January 31, 2012