

Financial Statements

Town of York, Maine

June 30, 2004

Contents

Town of York, Maine

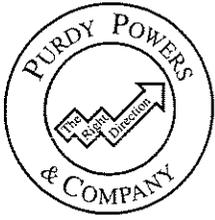
June 30, 2004

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PURDY POWERS & COMPANY

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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, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the York School Department's general fund, other governmental funds (special revenue funds and capital project funds) and fiduciary funds (agency funds). Those financial statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the general fund, other governmental funds and fiduciary funds, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of York, Maine as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, thereof and for the year then ended, in conformity with United States generally accepted accounting principles.

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

In accordance with Government Auditing Standards, we have also issued our report dated February 9, 2005, 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 grants. That report is an integral part of an audit prepared in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Purdy Powers & Company
Professional Association

Portland, Maine
February 9, 2005



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/
Harbor Master
(207)363-1010

Senior Center/
General Assistance
(207)363-1036

Parks and
Recreation
(207)363-1040

Grant House
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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, 2004. Please read it in conjunction with the Town's financial statements, which begin on page 4.

USING THIS ANNUAL REPORT

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

REPORTING THE TOWN AS A WHOLE

The Statement of Net Assets and the Statement of Activities

Our analysis of the Town as a whole begins on page 4. One of the most important questions asked about the Town's finances is, "Is the Town as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS FUND FINANCIAL STATEMENTS

Our analysis of the Town's major funds begins on page 6. 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 a reconciliation at the bottom of the fund financial statements.

- **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, 2004, net assets changed as follows:

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 12,279,846	\$ 12,072,696	\$ 128,844	\$ 184,169	\$ 12,408,690	\$ 12,256,865
Capital Assets	<u>51,452,048</u>	<u>51,418,734</u>			<u>51,452,048</u>	<u>51,418,734</u>
Total Assets	63,731,894	63,491,430	128,844	184,169	63,860,738	63,675,599
Long Term Liabilities	22,026,158	23,606,352			22,026,158	23,606,352
Other Liabilities	<u>2,266,904</u>	<u>2,986,915</u>	<u>12,992</u>	<u>14,681</u>	<u>2,266,904</u>	<u>3,001,596</u>
Total Liabilities	24,293,062	26,593,267	12,992	14,681	24,293,062	26,607,948
Net Assets:						
Invested in capital assets, Net of related debt	30,091,156	28,420,641			30,091,156	28,420,641
Restricted	20,916	20,529			20,916	20,529
Reserved for specific purposes		1,444,969				1,444,969
Unrestricted	<u>9,339,752</u>	<u>7,012,024</u>	<u>115,852</u>	<u>169,488</u>	<u>9,455,604</u>	<u>7,181,512</u>
Total Net Assets	<u>\$ 39,451,824</u>	<u>\$ 36,898,163</u>	<u>\$ 115,852</u>	<u>\$ 169,488</u>	<u>\$ 39,567,676</u>	<u>\$ 37,067,651</u>

These numbers reflect an increase of 6.9 percent for governmental activities and 32.0 percent decrease for business-type activities, largely due to an inventory adjustment reflecting a more accurate count in this year that was not possible in prior years. Principal payments on bonds are responsible for a large portion of the increase in net assets. In addition, we have reclassified Reserved Net Assets as Special Revenues to more accurately and fully disclose the activity in these funds.

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, building permits, plumbing permits, shoreland permits, cable TV franchise fees, gas tax refund, grant for repairs to Town Hall, clerk fees.
Public Safety	Mooring receipts, police reports, dispatching services agreement with Ogunquit, a portion of parking meter and permit receipts, parking ticket receipts, gas tax refund, 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, gas tax refund, parking meter and permit receipts, parking ticket receipts.
Community Services	A portion of the gas tax and General Assistance state reimbursement.

Boards and Commissions An Historic District Commission grant, shellfish licenses, York Athletic Fields funds, Ellis Park/Short Sands funds.

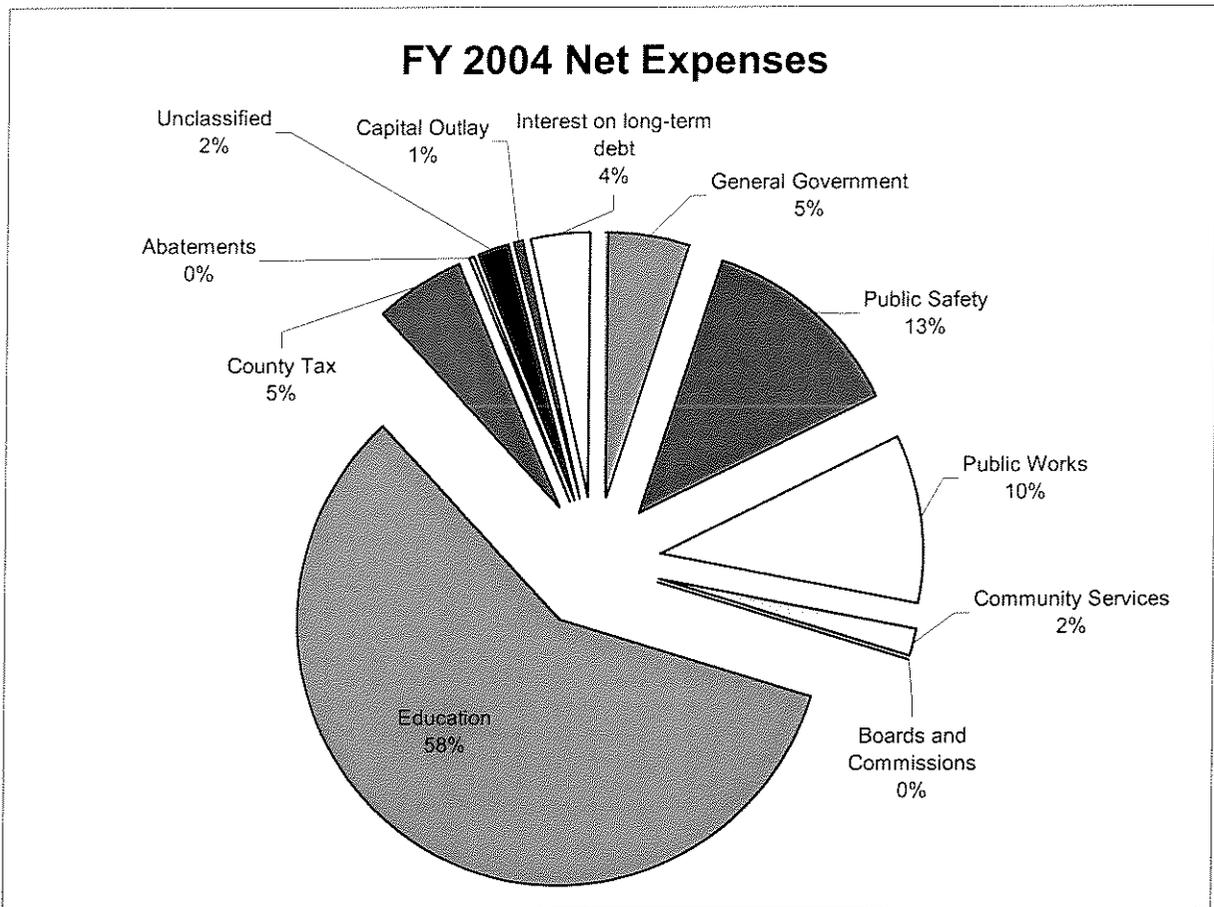
Education Food service, grants, state subsidy.

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.

Business-type Activities

The Town operates a number of Enterprise Funds, designed to be mostly self-sustaining through user fees and grants. The Recreation Department is subsidized by a tax appropriation of \$64,535, which has remained level for about ten years. The Mt. Agamenticus projects are partially funded by \$20,000 from taxpayers to leverage grant contributions. Sohier Park is self-sustaining through sales in its gift shop and donations, while the Grant House at Goodrich Park receives apartment rental revenues to cover some of its maintenance expenses. Police officers are hired out, sometimes with cruisers for 'Outside Duty', the receipts from which cover the administration costs as well as the salary and benefits of the officers and maintenance costs of the cruisers. We have instituted a wonderful transportation program for the Senior Citizens that gives that population more mobility and easy access to shopping, doctor appointments and to the Senior Center itself. It is subsidized by the Town and operates on a fee basis, depending on the mileage involved in the trip. It has been a great addition to the Town.

Function/ Program	Expenses		Revenues		Net Expense	
	2004	2003	2004	2003	2004	2003
General government	1,757,075	\$ 1,666,570	\$ 263,000	\$ 451,803	\$ 1,494,075	\$ 1,214,767
Public Safety	4,505,231	3,972,815	718,227	497,197	3,787,004	3,475,618
Public Works	3,452,377	3,527,170	364,714	383,727	3,087,663	3,143,443
Community Services	479,395	441,949	7,261	3,906	472,134	438,043
Boards and Commissions	30,318	253,365	27,717	89,007	2,601	164,358
Education	19,776,997	19,413,712	2,345,350	2,373,417	17,431,647	17,040,295
Maine State Retirement on behalf payments	1,802,787	1,834,893	1,802,787	1,834,893		-
County Tax	1,581,837	1,559,837			1,581,837	1,559,837
Abatements	131,051	479,833			131,051	479,833
Unclassified	589,769		65,150		524,619	
Capital Outlay	194,634	155,863	8,117		186,517	155,863
Interest on long-term debt	1,095,266	1,147,252			1,095,266	1,147,252
Total Governmental Activities	<u>\$ 35,294,846</u>	<u>34,453,259</u>	<u>5,602,323</u>	<u>5,633,950</u>	<u>\$ 29,794,414</u>	<u>\$ 28,819,309</u>



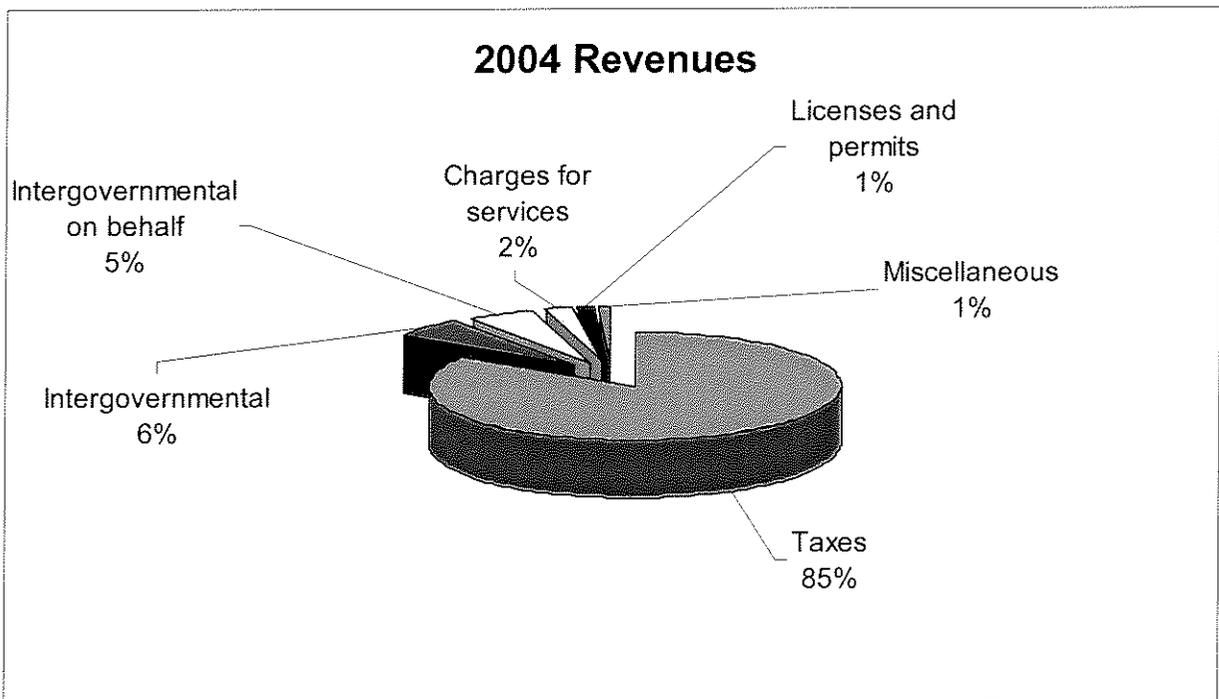
The Net Expense is the financial burden that was placed on the taxpayers by each of these functions. Over \$5.6 million dollars worth of activity was paid by grants, user fees, parking tickets and meter revenues and fees other than taxes. There is not a significant difference in allocation from FY2003 to FY2004. A small portion of resources has shifted from Public Works to Public Safety and Administration. In addition, Boards and Commissions showed a significant reduction in activity, due mainly to the fact that the Town of York 350th Celebration took place in FY2003 and there was little or no activity in that account in FY2004. That committee raised and spent more than \$400,000 over a five-year time period.

THE TOWN'S FUNDS

The following schedule presents a summary of General Fund revenues for the fiscal year ended June 30, 2004 with a comparison to 2003:

<u>Revenues:</u>	<u>FY 2004 Amount</u>	<u>Percent of Total</u>	<u>FY 2003 Amount</u>	<u>Percent of Total</u>
Taxes	29,838,707	84.45%	\$ 29,203,252	83.46%
Intergovernmental	2,107,360	5.96%	2,169,516	6.20%
Intergovernmental on behalf payments	1,802,787	5.10%	1,834,893	5.25%
Charges for services	778,764	2.20%	360,297	1.03%
Fines and forfeitures			229,973	0.66%
Licenses and permits	506,810	1.43%	514,598	1.47%
Departmental			154,783	0.44%
Miscellaneous	299,820	.85%	522,229	1.49%
Total Revenues	<u>35,334,248</u>	<u>100.00%</u>	<u>\$ 34,989,541</u>	<u>100.00%</u>

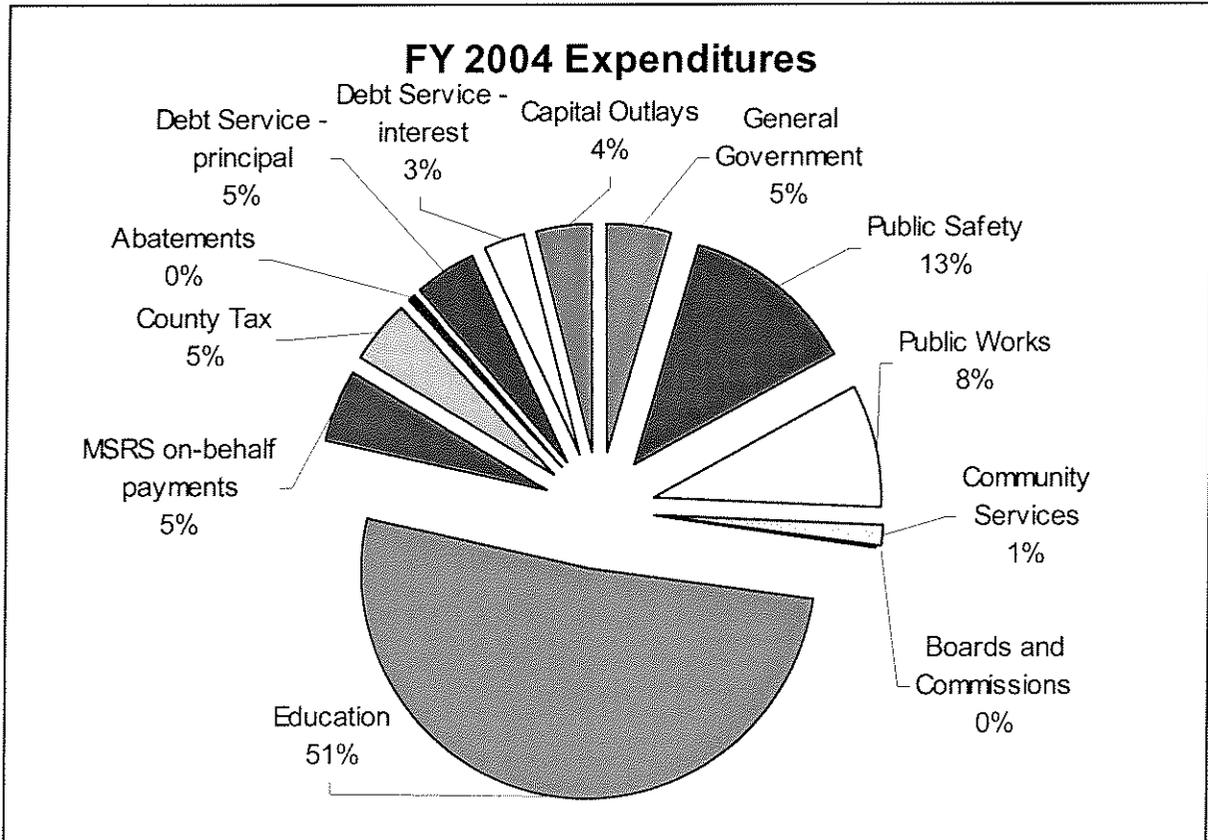
Revenues from all sources increased less than 1% from the previous year. Auto excise taxes collected increased about 3.9% from last year to this. All revenues related to parking (beach parking stickers, meter collections and parking tickets) are somewhat dependent on the summer weather and sufficient staffing to collect the revenues and monitor the parking. Taxes in total are up 2.1% from the previous year and make up the large majority of revenues.



The following schedule presents a summary of expenditures for the fiscal year ended June 30, 2004:

<u>Expenditures:</u>	<u>FYE 2004</u>	<u>Percent</u>	<u>FYE 2003</u>	<u>Percent</u>
	<u>Amount</u>	<u>Of Total</u>	<u>Amount</u>	<u>of Total</u>
General Government	1,673,316	4.80%	1,595,807	4.62%
Public Safety	4,362,219	12.52%	3,849,937	11.15%
Public Works	2,949,064	8.47%	3,106,972	9.00%
Community services	453,133	1.30%	443,646	1.29%
Boards and Commissions	22,566	.07%	245,613	.71%
Education	17,853,266	51.25%	17,462,940	50.60%
Maine State Retirement on behalf	1,802,787	5.18%	1,834,893	5.32%
County Tax	1,581,837	4.54%	1,559,837	4.52%
Abatements	131,051	.38%	479,833	1.39%
Capital Outlays	1,314,010	3.77%	1,182,839	3.43%
Interest on Long-Term Debt	1,113,347	3.20%	1,167,033	3.38%
Principal Payment on Long-Term Debt	1,575,858	4.52%	1,585,858	4.59%
<u>Total Expenditures</u>	<u>\$34,832,454</u>	<u>100.00%</u>	<u>\$ 34,515,208</u>	<u>100.00%</u>

Into the third year of keeping assessments current, we saw a dramatic decrease in abatements. Public safety saw an increase in activity due to active grants and a significant contract with York Hospital. Our boards and committees saw a decrease in activity due to the wrap up of 350th celebrations in 2003.



GENERAL FUND BUDGETARY HIGHLIGHTS

The most significant change to the general fund is the reclassification of Special Revenue Funds. These funds have been designated for specific purposes over the years and for FY 2004 we have moved them from the General Fund to the Special Revenue Funds. What this allows is a more detailed accounting of the activity in these funds, whether the activity represents a few dollars in interest earned or many transfers in and out of the fund. These funds represent almost two million dollars and deserve more attention.

Although a \$500,000 utilization of fund balance was approved by voters, not only was that fund balance not used in the municipal functions, but \$218,471 was added to the fund balance after operations, keeping York in a very healthy fund balance position. Public Safety, Public Works and the Parks department make good use of grant funds, making the most of matching tax appropriations.

With taxes receivable of only \$590,340 on total tax bills of \$2.7 million, the Town of York enjoys a remarkable tax collection rate. 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 continues to maintain its Standard and Poor's AA rating.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2004, the Town had \$51.4 million invested in capital assets including substantial funding for paving and construction of town roads. Funds were earmarked for replacement fire vehicles, police vehicles, plow and pickup trucks. Municipal buildings are decades and centuries old requiring some updating of heating systems and roof replacements.

	Capital Assets	Accumulated Depreciation at June 30, 2004	Capital Assets Net of Depreciation
Land	\$ 6,722,048	\$ -	\$ 6,722,048
Buildings & Improvements	35,746,869	9,299,294	26,447,575
Land Improvements	27,387,438	11,178,049	16,209,389
Equipment	1,989,654	1,417,850	571,804
Vehicles	5,100,659	3,599,427	1,501,232
TOTALS	<u>\$ 76,946,668</u>	<u>\$ 25,494,620</u>	<u>\$ 51,452,048</u>

This year's major additions included:

Repair of Town Dock Culvert	\$ 121,263
Paving of Town Roads	570,327
Heavy Plow Truck	93,707
Heating System/Chimney at York Beach Fire Station	48,511
Construction of Town Roads	137,997
Other Additions	<u>482,496</u>
	<u>\$ 1,454,301</u>

Debt

At year-end, the Town had \$21,206,006 in outstanding notes representing a reduction of \$1,585,858:

	Governmental Activities		Business-type Activities		Totals	
	2004	2003	2004	2003	2004	2003
General Obligation Bonds	\$ 21,206,006	\$ 22,781,864	\$ -	\$ -	\$ 21,206,006	\$ 22,781,864
Capital Lease obligations	154,886	216,229			154,886	216,229
Compensated absences	665,266	608,259			665,266	608,259
Totals	<u>\$ 22,026,158</u>	<u>\$ 23,606,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,026,158</u>	<u>\$ 23,606,352</u>

There was no new debt issued in 2004. Other obligations of the Town include accrued compensated absences in the amount of \$665,266.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

FY 2004 included discussion of the implementation of some of recommendations made in the pavement management study. Future capital planning will attempt to address some of these concerns as well as drainage issues that continue to be evident as development increases and puts pressure on the existing system. Roads slated for reclaiming have been prioritized and funds will be sought to incrementally address the problems.

The assessor continues to use his extensive resources to keep values within the 90-100% range as dictated by state statute. As more property owners become educated as to how assessments are calculated, the citizens become more comfortable with the process. Waterfront land values show the most marked increases. The growth cap imposed several years ago exerts a tremendous political pressure on the system while causing a three- to four-year wait for a growth permit. Many new citizens are moving into town from states to the south, for retirement, or in anticipation of a long commute. York is still a very desirable place to live, although it has changed and grown significantly in the last few decades. Tourism still continues to be a major industry here in the Town.

With rising values and extensive new building, York's valuation increases each year enough to reduce tax rates and keep tax bills almost flat for a large percentage of the property owners. Those closest to the water see that property valuation translate to larger tax bills, yet there are segments of the population for whom tax bills decrease each year. The tax rate for FY 2003 was \$10.25/thousand and for FY 2004 was \$9.70/thousand and fell to \$8.75/thousand for FY 2005.

Affordable housing is a major concern as property values cause more and more municipal employees and first-time homebuyers to look elsewhere for housing. An active York Housing Authority has successfully secured the funding and subsequent construction of a large number of senior housing units, making housing available to those previously unable to live in York. More discussion ensues as concern for 'workforce' housing becomes more of an issue.

The Public Safety department has set aside some funds for the needs assessment and design of a public safety building, the highest facility priority on the municipal side. The citizenry enjoys a significant participation in the design and location process, culminating in a vote at a budget referendum, which hopefully will be put before them in May of 2006 for consideration.

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, 2004

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,432,424	\$ -	\$ 9,432,424
Investments	1,522,917	31,071	1,553,988
Taxes receivable	602,638	-	602,638
Tax liens receivable	194,427	-	194,427
Accounts receivable	475,256	44,227	519,483
Inventory	17,754	61,965	79,719
Internal balances	8,419	(8,419)	-
Tax acquired property	22,194	-	22,194
Prepaid expenses	3,817	-	3,817
Capital assets, net of accumulated depreciation	<u>51,452,048</u>	<u>-</u>	<u>51,452,048</u>
Total Assets	63,731,894	128,844	63,860,738
Liabilities			
Accounts payable	354,425	12,992	367,417
Other accrued liabilities	41,052	-	41,052
Accrued payroll	1,364,970	-	1,364,970
Accrued interest payable	268,861	-	268,861
Lease payable	1,902	-	1,902
Deferred revenues	2,000	-	2,000
Escrow payable	218,605	-	218,605
Security deposits	2,097	-	2,097
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	1,565,858	-	1,565,858
Capital lease obligations	55,507	-	55,507
Accrued vacation	237,500	-	237,500
Accrued sick leave	170,600	-	170,600
Portion due or payable after one year:			
Bonds payable	19,640,148	-	19,640,148
Capital lease obligations	99,379	-	99,379
Accrued vacation	48,677	-	48,677
Accrued sick leave	<u>208,489</u>	<u>-</u>	<u>208,489</u>
Total Liabilities	<u>24,280,070</u>	<u>12,992</u>	<u>24,293,062</u>
Net Assets			
Invested in capital assets, net of related debt	30,091,156	-	30,091,156
Restricted for endowments	20,916	-	20,916
Unrestricted	<u>9,339,752</u>	<u>115,852</u>	<u>9,455,604</u>
Total Net Assets	<u>\$ 39,451,824</u>	<u>\$ 115,852</u>	<u>\$ 39,567,676</u>

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

Statement of Activities Town of York, Maine For the Year Ended June 30, 2004

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:							
General government	\$ 1,757,075	\$ 263,000	\$ -	\$ -	\$ (1,494,075)		\$ (1,494,075)
Public safety	4,505,231	534,347	181,399	2,481	(3,787,004)		(3,787,004)
Public works and sanitation	3,452,377	153,682	211,032	-	(3,087,663)		(3,087,663)
Community services	479,395	112	7,149	-	(472,134)		(472,134)
Boards and commissions	30,318	27,717	-	-	(2,601)		(2,601)
Education	19,776,997	1,491,028	854,322	-	(17,431,647)		(17,431,647)
Maine State Retirement on-behalf payments	1,802,787	-	1,802,787	-	-		-
County tax	1,581,837	-	-	-	(1,581,837)		(1,581,837)
Abatements	131,051	-	-	-	(131,051)		(131,051)
Unclassified	589,769	65,150	-	-	(524,619)		(524,619)
Capital outlay	194,634	-	-	8,117	(186,517)		(186,517)
Interest on long-term debt	1,095,266	-	-	-	(1,095,266)		(1,095,266)
Total Governmental Activities	35,396,737	2,535,036	3,056,689	10,598	(29,794,414)		(29,794,414)
Business-type Activities:							
Recreation	403,174	311,462	29,434	-	-	\$ (62,278)	(62,278)
Mt. Agamenticus	103,419	35,928	-	-	-	(67,491)	(67,491)
Sohier Park	224,570	110,600	-	-	-	(113,970)	(113,970)
Goodrich Park	5,485	5,500	-	-	-	15	15
Outside duty	161,209	188,819	-	-	-	27,610	27,610
Printing	-	70	-	-	-	70	70
Senior transportation	252	7,395	-	-	-	7,143	7,143
Total Business-type Activities	898,109	659,774	29,434	-	(208,901)		(208,901)
Total Primary Government	\$ 36,294,846	\$ 3,194,810	\$ 3,086,123	\$ 10,598	(29,794,414)	(208,901)	(30,003,315)
General revenues:							
Taxes							
Intergovernmental					29,895,707	-	29,895,707
Miscellaneous					842,860	-	842,860
Transfers					967,982	73,988	1,041,970
Special item - net gain on sale of capital assets					(81,277)	81,277	-
					149,050	-	149,050
Total General Revenues, Transfers and Special Items					31,774,322	155,265	31,929,587
Change in Net Assets							
Net assets at beginning of year, as reported					1,979,908	(53,636)	1,926,272
Prior period adjustment					36,898,163	169,488	37,067,651
Net assets at beginning of year, as restated					573,753	-	573,753
					37,471,916	169,488	37,641,404
Net Assets at End of Year					\$ 39,451,824	\$ 115,852	\$ 39,567,676

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

Balance Sheet - Governmental Funds

Town of York, Maine

As of June 30, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 9,399,545	\$ 32,879	\$ 9,432,424
Investments	-	1,522,917	1,522,917
Taxes receivable	602,638	-	602,638
Tax liens receivable	194,427	-	194,427
Accounts receivable	256,058	219,198	475,256
Due from other funds	519,028	1,948,004	2,467,032
Inventory	-	17,754	17,754
Prepaid expenses	3,817	-	3,817
Tax acquired property	22,194	-	22,194
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 10,997,707	\$ 3,740,752	\$ 14,738,459
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 339,952	\$ 14,473	\$ 354,425
Other accrued liabilities	41,052	-	41,052
Accrued payroll	1,353,679	11,291	1,364,970
Due to other funds	1,990,093	468,520	2,458,613
Lease payable	-	1,902	1,902
Deferred revenues	433,000	-	433,000
Escrow payable	218,605	-	218,605
Security deposits	2,097	-	2,097
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	4,378,478	496,186	4,874,664
Fund Balances			
Reserved for:			
Endowments	-	20,916	20,916
Unreserved:			
Designated for subsequent year's expenditures	1,892,970	3,223,650	5,116,620
Undesignated	4,726,259	-	4,726,259
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	6,619,229	3,244,566	9,863,795
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ 10,997,707	\$ 3,740,752	\$ 14,738,459

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, 2004

Total Fund Balances - Governmental Funds \$ 9,863,795

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: 51,452,048

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: 431,000

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	\$ (21,206,006)	
Capital lease obligations	(154,886)	
Accrued interest payable	(268,861)	
Accrued vacation and sick leave	<u>(665,266)</u>	
		<u>(22,295,019)</u>

Total Net Assets - Governmental Activities \$ 39,451,824

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, 2004

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 29,838,707	\$ -	\$ 29,838,707
Intergovernmental	2,107,360	711,106	2,818,466
Intergovernmental on-behalf payments	1,802,787	-	1,802,787
Charges for services	778,764	538,356	1,317,120
Licenses, permits, and fees	506,810	-	506,810
Miscellaneous	299,820	868,162	1,167,982
Total Revenues	35,334,248	2,117,624	37,451,872
Expenditures			
Current			
General government	1,673,316	-	1,673,316
Public safety	4,362,219	-	4,362,219
Public works and sanitation	2,949,064	-	2,949,064
Community services	453,133	-	453,133
Boards and commissions	22,566	-	22,566
Education	17,853,266	1,322,128	19,175,394
MSRS on-behalf payments	1,802,787	-	1,802,787
County tax	1,581,837	-	1,581,837
Abatements	131,051	-	131,051
Unclassified	-	589,769	589,769
Debt service - principal	1,575,858	-	1,575,858
- interest	1,113,347	-	1,113,347
Capital outlays	1,314,010	334,925	1,648,935
Total Expenditures	34,832,454	2,246,822	37,079,276
Revenues Over (Under) Expenditures	501,794	(129,198)	372,596
Other Financing Sources (Uses)			
Operating transfers in	3,258	202,046	205,304
Operating transfers out	(286,581)	-	(286,581)
Total Other Financing Sources (Uses)	(283,323)	202,046	(81,277)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	218,471	72,848	291,319
Fund balances at beginning of year	6,400,758	3,171,718	9,572,476
Fund Balances at End of Year	\$ 6,619,229	\$ 3,244,566	\$ 9,863,795

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, 2004

Net Change in Fund Balances - Total Governmental Funds \$ 291,319

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

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

Capital outlays	\$ 1,648,935	
Expenditures included in capital outlays that were not capitalized as additions to capital assets	<u>(194,634)</u>	
Additions to capital assets	1,454,301	
Depreciation expense	<u>(1,353,237)</u>	
		101,064

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:

57,000

In the Statement of Activities, only the net gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold, net of accumulated depreciation.

(67,750)

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 of long-term debt and capital lease obligations payments in the current period:

Principal portion of debt service payments	1,575,858	
Reductions in capital lease obligations	<u>61,343</u>	
		1,637,201

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

Change in accrued interest payable	18,081	
Change in accrued vacation and sick leave	<u>(57,007)</u>	
		<u>(38,926)</u>

Change in Net Assets of Governmental Activities \$ 1,979,908

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 29,530,181	\$ 29,530,181	\$ 29,838,707	\$ 308,526
Intergovernmental	935,175	1,127,172	2,107,360	980,188
Intergovernmental on-behalf payments	-	-	1,802,787	1,802,787
Charges for services	567,083	839,158	778,764	(60,394)
Licenses, permits, and fees	218,500	218,500	506,810	288,310
Miscellaneous	280,000	280,000	299,820	19,820
Total Revenues	31,530,939	31,995,011	35,334,248	3,339,237
Expenditures				
Current				
General government	1,711,727	1,711,727	1,673,316	38,411
Public safety	4,067,179	4,484,050	4,362,219	121,831
Public works and sanitation	2,949,577	2,988,661	2,949,064	39,597
Community services	456,745	456,745	453,133	3,612
Boards and commissions	29,865	29,865	22,566	7,299
Education	18,087,103	18,087,103	17,853,266	233,837
MSRS on-behalf payments	-	-	1,802,787	(1,802,787)
County tax	1,581,837	1,581,837	1,581,837	-
Abatements	-	-	131,051	(131,051)
Debt service - principal	1,575,858	1,575,858	1,575,858	-
- interest	1,132,808	1,132,808	1,113,347	19,461
Capital outlays	1,475,817	1,483,934	1,314,010	169,924
Total Expenditures	33,068,516	33,532,588	34,832,454	(1,299,866)
Revenues Over (Under) Expenditures	(1,537,577)	(1,537,577)	501,794	2,039,371
Other Financing Sources (Uses)				
Operating transfers in	3,258	3,258	3,258	-
Operating transfers out	(265,535)	(265,535)	(286,581)	(21,046)
Utilization of designated surplus	1,820,878	1,820,878	-	(1,820,878)
Utilization of undesignated surplus	500,000	500,000	-	(500,000)
Total Other Financing Sources (Uses)	2,058,601	2,058,601	(283,323)	(2,341,924)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 521,024	\$ 521,024	218,471	\$ (302,553)
Fund balance at beginning of year			<u>6,400,758</u>	
Fund Balance at End of Year			<u>\$ 6,619,229</u>	

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, 2004

Assets

Investments	\$	31,071
Accounts receivable		44,227
Due from other funds		42,089
Inventory		<u>61,965</u>
Total Assets		179,352

Liabilities

Accounts payable		12,992
Due to other funds		<u>50,508</u>
Total Liabilities		<u>63,500</u>

Net Assets

Unrestricted		<u>115,852</u>
Total Net Assets	\$	<u><u>115,852</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, 2004

Operating Revenues	
Charges for services	\$ 659,774
Intergovernmental	29,434
Other	<u>73,988</u>
Total Operating Revenues	763,196
Operating Expenses	
Designated purposes	<u>898,109</u>
Total Operating Expenses	<u>898,109</u>
	Operating Loss (134,913)
Other Financing Sources (Uses)	
Operating transfers in	84,535
Operating transfers out	<u>(3,258)</u>
Total Other Financing Sources	<u>81,277</u>
	Decrease in Net Assets (53,636)
Net assets at beginning of year	<u>169,488</u>
Net Assets at End of Year	<u><u>\$ 115,852</u></u>

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

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

Town of York, Maine

For the Year Ended June 30, 2004

Cash Flows from Operating Activities

Receipts from customers and users	\$ 649,411
Receipts from intergovernmental sources	29,434
Other operating receipts	73,988
Payments to and on behalf of employees	(508,349)
Payments to suppliers and vendors	<u>(295,610)</u>
Net Cash Used by Operating Activities	(51,126)

Cash Flows from Noncapital Financing Activities

Transfers in from other funds	84,535
Transfers out to other funds	<u>(3,258)</u>
Net Cash Provided by Noncapital Financing Activities	81,277

Cash Flows from Investing Activities

Purchase of investments	<u>(30,151)</u>
Net Cash Used by Investing Activities	<u>(30,151)</u>

Increase (Decrease) in Cash -

Cash at beginning of year

-

Cash at End of Year \$ -

Reconciliation of Operating Income (Loss) to

Net Cash Provided (Used) by Operating Activities:

Operating income (loss)	\$ (134,913)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	(10,363)
Due from other funds	(32,902)
Inventory	127,183
Increase (decrease) in operating liabilities:	
Accounts payable	(1,689)
Due to other funds	<u>1,558</u>
Net Cash Used by Operating Activities	\$ <u><u>(51,126)</u></u>

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

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

Town of York, Maine

As of June 30, 2004

	<u>Student Activity Accounts</u>
Assets	
Cash	\$ 47,174
Accounts receivable	<u>3,837</u>
Total Assets	51,011
Liabilities	
Held for student activities and other purposes	<u>51,011</u>
Total Liabilities	<u>51,011</u>
Net Assets	<u><u>\$ -</u></u>

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

Notes to Financial Statements

Town of York, Maine

Note A - Summary of Significant Accounting Policies

The Town of York, Maine was incorporated in 1652 and currently operates under a Selectboard -Town Manager-Town Meeting form of government. The accounting policies of the Town of York conform to generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

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

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

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

Basis of Presentation

Government-wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities.

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies-Continued

Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

Fund Financial Statements

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

Governmental Activities

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

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

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

Proprietary (Business-type) Activities

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

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that cost 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Town's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Fiduciary Funds (not included in Government-wide statements)

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

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

Basis of Accounting

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

Accrual

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

Modified Accrual

Governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Cash and Cash Equivalents

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

Investments

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

Inventories

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

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

Capital Assets

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

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

Vacation and Sick Leave

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

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

Budget

The Town of York's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

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

The Town does not adopt budgets for special revenue funds.

Estimates

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

Interfund Activity

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

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.

Notes to Financial Statements - Continued

Town of York, Maine

Note A - Summary of Significant Accounting Policies - Continued

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 5, 2003, on the assessed value listed as of April 1, 2003, for all real and personal property located in the Town. Taxes were due September 19, 2003 and February 7, 2004. Interest on unpaid taxes commenced on September 20, 2003 and February 8, 2004, 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 \$521,024 (2%) for the year ended June 30, 2004.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Notes to Financial Statements - Continued

Town of York, Maine

Note B - Cash and Investments

The Town conducts all its banking and investment transactions with depository banks and investment firms.

Deposits

At June 30, 2004, the carrying amount of the Town's deposits was \$9,479,598 and the bank balance was \$9,925,938. The difference between these balances relates to deposits in transit, outstanding checks and cash on hand at year-end.

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

Category # 1 - Insured or collateralized with securities held by the Town or by its agent in The Town's name.

Category # 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category # 3 - Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name.)

<u>Financial Institution</u>	<u>Bank Balance</u>	<u>Category</u>		
		<u># 1</u>	<u># 2</u>	<u># 3</u>
Various banks	<u>\$ 9,925,938</u>	<u>\$ 562,199</u>	<u>\$ 9,262,106</u>	<u>\$ 101,633</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note B - Cash and Investments - Continued

Investments

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

At June 30, 2004, the Town's investment portfolio consisted of stocks and U.S. Government Securities. The carrying amount of the Town's investments was \$1,553,988 (market).

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

Category # 1 - Includes investments that are insured or registered, or securities held by The Town or its agent in the Town's name.

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

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

<u>Investment vehicle</u>	<u>Balance</u>	<u>#1</u>	<u>Category #2</u>	<u>#3</u>
Mutual funds	<u>\$ 1,553,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investments in mutual funds are not subject to categorization.

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, 2004, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 6,788,632	\$ -	\$ 66,584	\$ 6,722,048
Depreciable Assets:				
Buildings and improvements	35,603,093	143,776	-	35,746,869
Land improvements	26,530,880	856,558	-	27,387,438
Equipment	1,955,983	33,671	-	1,989,654
Vehicles	<u>4,758,687</u>	<u>420,296</u>	<u>78,324</u>	<u>5,100,659</u>
Totals at historical cost	75,637,275	1,454,301	144,908	76,946,668
Less accumulated depreciation:				
Buildings and improvements	8,613,521	685,773	-	9,299,294
Land improvements	10,856,914	321,135	-	11,178,049
Equipment	1,289,724	128,126	-	1,417,850
Vehicles	<u>3,458,382</u>	<u>218,203</u>	<u>77,158</u>	<u>3,599,427</u>
Total accumulated depreciation	<u>24,218,541</u>	<u>1,353,237</u>	<u>77,158</u>	<u>25,494,620</u>
Net Capital Assets	<u>\$ 51,418,734</u>	<u>\$ 101,064</u>	<u>\$ 67,750</u>	<u>\$ 51,452,048</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 63,021
Public safety	145,988
Public works and sanitation	471,053
Community services	2,477
Boards and commissions	7,752
Education	<u>662,946</u>
Total governmental activities depreciation expense	<u>\$ 1,353,237</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note D - Interfund Receivables and Payables

Interfund balances at June 30, 2004 consisted of the following individual fund receivables and payables:

	Receivables <u>Due from</u>	Payables <u>(Due to)</u>	Net <u>Internal Balances</u>
Governmental Activities			
<u>General Fund:</u>			
<i>Other Governmental Funds:</i>			
Special Revenue:			
Airport Drive	\$ -	\$ (27,506)	
Earned Time	-	(20,000)	
Beach Fire Truck	-	(5,216)	
Bog Road	8,000	-	
Fireworks	-	(3,500)	
Fisherman's Memorial	-	(205)	
Goodrich Park	3,786	-	
Harbor & Wharf	-	(24,336)	
Harbor Dredge	-	(21,113)	
Historic Markers	24	-	
350 th Committee	-	(2,338)	
Hoist Repair	-	(1,000)	
Impact Fees	321,800	-	
Nubble Light	-	(27)	
Open Space	-	(11,809)	
Public Works Equipment	14,459	-	
Unemployment Compensation	3,637	-	
Wheeler Marsh Restoration	-	(18,329)	
Code Enforcement	-	(76,854)	
Long Sands Bathhouse	-	(468)	
Harbor Beach Bathhouse	-	(1,989)	
MMA Wellness	123	-	
Athletic Fields	-	(129,782)	
GIS Mapping	-	(100,690)	
Performance Accounts	-	(159,095)	
Beach Reserve	437	-	
School categorical programs	7,695	(202,648)	
School lunch program	<u>108,435</u>	<u>-</u>	
	\$ 468,396	\$ (806,905)	

Notes to Financial Statements - Continued

Town of York, Maine

Note D - Interfund Receivables and Payables - Continued

	Receivables <u>Due from</u>	Payables <u>(Due to)</u>	Net Internal <u>Balances</u>
Capital Projects:			
Middle School renovations	\$ -	\$(1,090,715)	
High School renovations	<u>-</u>	<u>(50,384)</u>	
	-	(1,141,099)	
Permanent Fund:			
Clark/Emerson Trust Fund	124	-	
<i>Business-type Activities:</i>			
Enterprise Funds:			
Recreation	-	(13,517)	
Mt. Agamenticus	10,052	-	
Sohier Park	39,049	-	
Goodrich Park	-	(75)	
Outside Duty	-	(9,740)	
Printing	1,407	-	
Senior Transportation	<u>-</u>	<u>(18,757)</u>	
	<u>50,508</u>	<u>(42,089)</u>	
General Fund	<u>\$ 519,028</u>	<u>\$(1,990,093)</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:			
Airport Drive	\$ 27,506	\$ -	
Earned Time	20,000	-	
Beach Fire Truck	5,216	-	
Bog Road	-	(8,000)	
Fireworks	3,500	-	
Fisherman's Memorial	205	-	
Goodrich Park	-	(3,786)	
Harbor & Wharf	24,336	-	
Harbor Dredge	21,113	-	
Historic Markers	-	(24)	
350 th Committee	2,338	-	
Hoist Repair	1,000	-	
Impact Fees	-	(321,800)	
Nubble Light	27	-	
Open Space	11,809	-	
Public Works Equipment	-	(14,459)	
Unemployment Compensation	-	(3,637)	
Wheeler Marsh Restoration	18,329	-	
Code Enforcement	76,854	-	
Long Sands Bathhouse	468	-	
Harbor Beach Bathhouse	1,989	-	
MMA Wellness	-	(123)	
Athletic Fields	129,782	-	
GIS Mapping	100,690	-	
Performance Accounts	159,095	-	
Beach Reserve	-	(437)	
School categorical programs	202,648	(7,695)	
School lunch program	-	(108,435)	
Special Revenue subtotal	\$ 806,905	\$ (468,396)	

Notes to Financial Statements - Continued

Town of York, Maine

Note D - Interfund Receivables and Payables - Continued

	Receivables <u>Due from</u>	Payables <u>(Due to)</u>	Net Internal <u>Balances</u>
<i>Capital Projects:</i>			
General Fund:			
Middle School renovations	\$ 1,090,715	\$ -	
High School renovations	<u>50,384</u>	<u>-</u>	
Capital Projects subtotal	1,141,099	-	
 <i>Permanent Fund:</i>			
General Fund:			
Clark/Emerson Trust Fund	<u>-</u>	<u>(124)</u>	
Other Governmental Funds	<u>1,948,004</u>	<u>(468,520)</u>	
Total Governmental Funds	<u>\$ 2,467,032</u>	<u>\$(2,458,613)</u>	<u>\$ 8,419</u>
 Business-type Activities:			
<u>Enterprise Funds:</u>			
<i>General Fund:</i>			
Recreation	\$ 13,517	\$ -	
Mt. Agamenticus	-	(10,052)	
Sohier Park	-	(39,049)	
Goodrich Park	75	-	
Outside Duty	9,740	-	
Printing	-	(1,407)	
Senior Transportation	<u>18,757</u>	<u>-</u>	
Total Business-type Activities	<u>\$ 42,089</u>	<u>\$(50,508)</u>	<u>\$ (8,419)</u>

Note E - Deferred Revenue

At June 30, 2004 deferred revenues consisted of the following:

Deferred property taxes	\$ 431,000
Reimbursement	<u>2,000</u>
	<u>\$ 433,000</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note F - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2004, 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	\$ 22,781,864	\$ -	\$ 1,575,858	\$ 21,206,006	\$ 1,565,858
Capital lease obligations	216,229	-	61,343	154,886	55,507
Compensated absences	<u>608,259</u>	<u>280,980</u>	<u>223,973</u>	<u>665,266</u>	<u>408,100</u>
Total Governmental	<u>\$ 23,606,352</u>	<u>\$ 280,980</u>	<u>\$ 1,861,174</u>	<u>\$ 22,026,158</u>	<u>\$ 2,029,465</u>

Long-Term Debt:

At June 30, 2004 long-term debt consisted of the following individual issues:

1998 General Obligation Refunding Bond maturing March 1, 2011, annual payment ranging from \$330,000 to \$390,000, variable interest rate from 4.1% to 4.6%.	\$ 2,465,000
1999 General Obligation Bond maturing April 1, 2019, annual payments of \$230,000 each to 2003, and \$275,000 each to 2019 with annual rate of interest from 4.2% to 4.8%.	4,125,000
2000 General Obligation Bond maturing April 1, 2020, annual payments of \$800,000 to 2019, and one payment of \$780,000, with annual rate of interest from 5% to 5.5%.	12,780,000
2001 General Obligation Bond maturing September 1, 2021, annual payments of \$90,000 to 2021, with annual rate of interest from 3.5% to 4.8%.	1,620,000
Revolving Renovation Fund Loan, maturing November, 2011, annual payments of \$30,858 each. This loan is interest free.	<u>216,006</u>
	<u>\$21,206,006</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>
2005	\$ 1,565,858	\$ 1,013,430	\$ 2,579,288
2006	1,560,858	943,375	2,504,233
2007	1,555,858	873,345	2,429,203
2008	1,550,858	803,120	2,353,978
2009-2013	6,932,574	2,970,443	9,903,017
2014-2018	5,825,000	1,459,937	7,284,937
2019-2022	<u>2,215,000</u>	<u>175,898</u>	<u>2,390,898</u>
Total	<u>\$ 21,206,006</u>	<u>\$ 8,239,548</u>	<u>\$ 29,445,554</u>

Capital Lease Obligations:

The School Department has entered into lease agreements as lessee for financing the acquisition of equipment and vehicles. These agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and, therefore have been recorded at the present value of the future minimum lease payments as of the date of inception.

The following is a schedule of future minimum payments required under the leases as of June 30, 2004:

Year ending <u>June 30,</u>	
2005	\$ 62,191
2006	62,191
2007	<u>43,564</u>
Total minimum lease payments	167,946
Less amount representing interest	<u>13,060</u>
Present value of minimum lease payments	<u>\$ 154,886</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 - Designated Fund Balance

At June 30, 2004 the designated fund balance applicable to future periods was as follows:

First Parish Cemetery	\$	8,000
Tree removal		3,070
Waste pickup		4,000
Police vehicles		47,235
Police radios		5,903
Hot top		8,226
Fisherman's Walk renovations		34,155
Fire truck reserve		18,941
Dispatch software		5,760
Town dock culvert		9,960
Bell Marsh Road		(6,373)
York Corner traffic signals		7,646
Fall Mill culvert		22,768
Printing/Records management		19,279
Accounting software		7,850
Route 1/Route 91 redesign		39,119
E911		18,103
York Beach Fire renovations		30,000
York Beach Fire heating system		1,317
Septic system at York Beach garage		10,000
Police Dept facility plan		40,000
Maine State Retirement debt service		20,000
COPS funds		63,424
Conservation Commission		270
Recycling Committee		3,939
Athletic fields		116,500
Voter registration		4,000
Town Hall heating system		30,000
Long Sands Road rebuild		30,000
Sidewalk snowblower		6,600
Education		<u>1,283,278</u>
	\$	<u>1,892,970</u>

Notes to Financial Statements - Continued

Town of York, Maine

Note I - Commitment and Contingencies

Grant Funds

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

Note J - Retirement Plan

Maine State Retirement - Consolidated Plan

Description of the Plan - The Town contributes to Maine State Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine State Retirement System provided 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 Maine State Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. A complete report is available from the Maine State Retirement System.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. The contribution rates of plan members and the Town of York are established and may be amended by the Maine State retirement System Board of Trustees. The Town's contributions to the Maine State Retirement System Consolidated Plan for the year ended June 30, 2004 was \$5,324, equal to the required contribution.

Teacher Group - Description of the Plan - All school teachers, plus other qualified educators, participate in the Maine State Retirement 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 Maine State Retirement 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 Maine State Retirement 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 Maine State Retirement 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 \$1,802,787 (17.62%) for the fiscal year 2004. 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 17.62% of their compensation. This cost of charged to the applicable grant.

In addition, the Town offers its employees a deferred compensation plan created in accordance the Internal Revenue Code Section 457 through the International City Management Association Retirement Corporation. The deferred compensation plan is available to all employees of the Town. Under the plan, employees may elect to defer a portion of their salary and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Town's computed contribution to this plan for the year ended June 30, 2004 was approximately \$123,524. 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, 2004 were approximately \$44,769.

Note K - Prior Period Adjustment

The Town's beginning net asset balance includes two adjustments. The first adjustment corrects for the inclusion of deferred property taxes as a liability in the government-wide Statement of Net Assets. Deferred property tax revenue should have been reported under the accrual method rather than the modified accrual method. The effect of this first adjustment increases beginning net assets by \$374,000; the balance of deferred property tax revenue as of July 1, 2003. The second adjustment reconciles the treatment of a receivable recorded by the School Department in the prior year that was not recorded by the Town. The effect of this adjustment increases beginning net assets by \$199,753. The total prior period adjustment as a result of these two items increases beginning net assets by \$573,753.

Notes to Financial Statements - Continued

Town of York, Maine

Note L - Fund Balance Transfer

The Town transferred fund balance from the General Fund to separate individual special revenue funds to improve the financial reporting for designated and reserved projects. The balances transferred had previously been commingled in General Fund activity and the unexpended balances were designated and carried forward each year. The following special revenue accounts include a beginning balance transferred from General Fund:

Beach Fire Truck	\$ 761
Bog Road	68,946
Building Fund	616,066
Capital Equipment	6,477
Conservation Commission	3,758
Fireworks	8,311
Fisherman's Memorial	380
Goodrich Park	5,936
Harbor & Wharf	163,972
Harbor Dredge	98,095
Historic Markers	3,871
Hoist Repair	394
Ice Pond	8,133
Impact Fees	125,082
Nubble Light	19,459
Off Premises Signs	14,029
Open Space	57,840
Park Commission	7
Public Works Equipment	30,913
Tree Planting	5,467
Unemployment Compensation	13,698
Fire Prevention	46,781
Village Fire Truck	3,192
Wheeler Marsh Restoration	19,259
Code Enforcement	29,261
Athletic Fields	14,533
GIS Mapping	54,239
Performance Accounts	170,876
	<u>\$ 1,589,736</u>

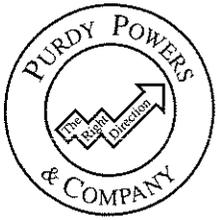
Notes to Financial Statements - Continued

Town of York, Maine

Note M - 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, 2004.

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.



PURDY POWERS & COMPANY

Certified Public Accountants

Stephen H. Purdy, CPA, CMA
Marc J. Powers, CPA, CVA

Raymond G. Hamlin, CPA
Bruce D. Moir, CPA, JD, MPA

Richard E. Emerson, Jr., CPA, CVA
David J. Shorette, CPA, CVA

Independent Auditors' Report on Supplemental Information

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

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information contained in the following schedules for the year ended June 30, 2004, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Purdy Powers, Company
Professional Association

**Portland, Maine
February 9, 2005**

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

Town of York, Maine

As of June 30, 2004

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash	\$ 32,492	\$ -	\$ 387	\$ 32,879
Investments	1,502,264	-	20,653	1,522,917
Due from other funds	806,905	1,141,099	-	1,948,004
Accounts receivable	19,445	199,753	-	219,198
Inventory	17,754	-	-	17,754
	<u>17,754</u>	<u>-</u>	<u>-</u>	<u>17,754</u>
Total Assets	<u>\$ 2,378,860</u>	<u>\$ 1,340,852</u>	<u>\$ 21,040</u>	<u>\$ 3,740,752</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 13,573	\$ 900	\$ -	\$ 14,473
Accrued payroll	11,291	-	-	11,291
Due to other funds	468,396	-	124	468,520
Lease payable	1,902	-	-	1,902
	<u>1,902</u>	<u>-</u>	<u>-</u>	<u>1,902</u>
Total Liabilities	495,162	900	124	496,186
Fund Balances				
Reserved for:				
Endowments	-	-	20,916	20,916
Unreserved:				
Designated	1,883,698	1,339,952	-	3,223,650
	<u>1,883,698</u>	<u>1,339,952</u>	<u>-</u>	<u>3,223,650</u>
Total Fund Balances	<u>1,883,698</u>	<u>1,339,952</u>	<u>20,916</u>	<u>3,244,566</u>
Total Liabilities and Fund Balances	<u>\$ 2,378,860</u>	<u>\$ 1,340,852</u>	<u>\$ 21,040</u>	<u>\$ 3,740,752</u>

See accompanying independent auditors' report on supplemental financial information.

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

Town of York, Maine

For the Year Ended June 30, 2004

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues				
Intergovernmental	\$ 711,106	\$ -	\$ -	\$ 711,106
Charges for services	538,356	-	-	538,356
Miscellaneous	<u>845,553</u>	<u>22,386</u>	<u>223</u>	<u>868,162</u>
Total Revenues	2,095,015	22,386	223	2,117,624
Expenditures				
Designated purpose	1,911,711	-	186	1,911,897
Capital outlay	<u>328,457</u>	<u>6,468</u>	<u>-</u>	<u>334,925</u>
Total Expenditures	2,240,168	6,468	186	2,246,822
Revenues Over (Under) Expenditures	(145,153)	15,918	37	(129,198)
Other Financing Sources (Uses)				
Operating transfers in	202,046	-	-	202,046
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Sources (Uses)	202,046	-	-	202,046
Revenues and Other Sources Over (Under) Expenditures and Other Uses	56,893	15,918	37	72,848
Fund balances at beginning of year	<u>1,826,805</u>	<u>1,324,034</u>	<u>20,879</u>	<u>3,171,718</u>
Fund Balances at End of Year	<u>\$ 1,883,698</u>	<u>\$ 1,339,952</u>	<u>\$ 20,916</u>	<u>\$ 3,244,566</u>

See accompanying independent auditors' report on supplemental financial information.

Combining Balance Sheet - Special Revenue Funds

Town of York, Maine

As of June 30, 2004

	Assets					Liabilities				Fund Balance (Deficit) Designated		
	Cash	Investments	Due from Other Funds	Accounts Receivable	Inventory	Total Assets	Accounts Payable	Accrued Payroll	Due to Other Funds		Lease Payable	Total Liabilities
Airport Drive	\$ -	\$ -	\$ 27,506	\$ -	\$ -	\$ 27,506	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,506
Earned Time	-	77,006	20,000	-	-	97,006	-	-	-	-	-	97,006
Beach Fire Truck	-	768	5,216	-	-	5,984	-	-	-	-	-	5,984
Bog Road	-	33,665	-	-	-	33,665	-	-	-	-	-	33,665
Building Fund	-	548,872	-	-	-	548,872	-	-	8,000	-	8,000	25,665
Capital Equipment	-	6,523	-	-	-	6,523	-	-	-	-	-	548,872
Conservation Commission	-	3,785	-	-	-	3,785	-	-	-	-	-	6,523
Fireworks	-	10,755	3,500	-	-	14,255	-	-	-	-	-	3,785
Fisherman's Memorial	-	463	205	-	-	668	-	-	-	-	-	14,255
Goodrich Park	-	3,966	-	-	-	3,966	-	-	-	-	-	668
Harbor & Wharf	-	166,501	24,336	-	-	190,837	-	-	3,786	-	3,786	180
Harbor Dredge	-	101,906	21,113	-	-	123,019	-	-	-	-	-	190,837
Historic Markers	-	3,547	-	-	-	3,547	-	-	24	-	24	123,019
350th Committee	-	-	2,338	-	-	2,338	-	-	-	-	-	3,523
Hoist Repair	-	166	1,000	-	-	1,166	-	-	-	-	-	2,338
Ice Pond	-	8,191	-	-	-	8,191	-	-	-	-	-	1,166
Impact Fees	-	338,906	-	-	-	338,906	-	-	-	-	-	8,191
Nubble Light	-	19,701	27	-	-	19,728	-	-	321,800	-	321,800	17,106
Off Premises Signs	-	14,129	-	-	-	14,129	-	-	-	-	-	19,728
Open Space	-	58,251	11,809	-	-	70,060	-	-	-	-	-	14,129
Park Commission	-	7	-	-	-	7	-	-	-	-	-	70,060
Public Works Equipment	-	45,695	-	-	-	45,695	-	-	-	-	-	7
Tree Planting	-	5,506	-	-	-	5,506	-	-	14,459	-	14,459	31,236
Unemployment Compensation	-	14,660	-	-	-	14,660	-	-	3,637	-	3,637	5,506
Fire Prevention	-	-	-	-	-	-	-	-	-	-	-	11,023
Village Fire Truck	-	3,215	-	-	-	3,215	-	-	-	-	-	-
Wheeler Marsh Restoration	-	-	18,329	-	-	18,329	-	-	-	-	-	3,215
Code Enforcement	-	-	76,854	-	-	76,854	1,086	-	-	-	-	18,329
Long Sands Bathhouse	-	-	468	-	-	468	-	-	-	-	-	75,768
Harbor Beach Bathhouse	-	-	1,989	-	-	1,989	-	-	-	-	-	468
MMA Wellness	-	-	-	-	-	-	-	-	-	-	-	1,989
Athletic Fields	-	-	129,782	-	-	129,782	-	-	123	-	123	(123)
GHS Mapping	-	-	100,690	-	-	100,690	-	-	-	-	-	129,782
Performance Accounts	-	-	159,095	-	-	159,095	2,343	-	-	-	-	100,690
Beach Reserve	-	16,035	-	-	-	16,035	-	-	-	-	-	156,752
CMP Spur Road	-	20,045	-	-	-	20,045	-	-	437	-	437	15,598
School Categoricals	-	-	202,648	11,877	-	214,525	6,809	11,291	7,695	-	25,795	20,045
School Lunch Program	32,492	-	-	7,568	17,754	57,814	3,335	-	108,435	1,902	113,672	188,730
	\$ 32,492	\$ 1,502,264	\$ 806,905	\$ 19,445	\$ 17,754	\$ 2,378,860	\$ 13,573	\$ 11,291	\$ 468,396	\$ 1,902	\$ 495,162	\$ 1,883,698

See accompanying independent auditor's report on supplemental financial information.

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

Town of York, Maine

For the Year Ended June 30, 2004

	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
	Intergovernmental	Charges for Services	Other	Designated Purpose	Capital Outlay	Total Expenditures				
Airport Drive	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,506	\$ 27,506
Earned Time	-	-	543	-	-	-	20,000	20,543	76,463	97,006
Beach Fire Truck	-	-	5,308	(85)	-	(85)	-	5,223	761	5,984
Bog Road	-	-	387	-	(43,668)	(43,668)	-	(43,281)	68,946	25,665
Building Fund	-	-	209,095	-	(276,289)	(276,289)	-	(67,194)	616,066	548,872
Capital Equipment	-	-	46	-	-	-	-	46	6,477	6,523
Conservation Commission	-	-	27	-	-	-	-	27	3,758	3,785
Fireworks	-	-	5,944	-	-	-	-	5,944	8,311	14,255
Fisherman's Memorial	-	-	638	(350)	-	(350)	-	288	380	668
Goodrich Park	-	-	44	(5,800)	-	(5,800)	-	(5,756)	5,936	180
Harbor & Wharf	-	29,265	1,174	(3,574)	-	(3,574)	-	26,865	163,972	190,837
Harbor Dredge	-	24,218	706	-	-	-	-	24,924	98,095	123,019
Historic Markers	-	-	26	(374)	-	(374)	-	(348)	3,871	3,523
350th Committee	-	-	5,400	(3,062)	-	(3,062)	-	2,338	-	2,338
Hoist Repair	-	1,000	2	(230)	-	(230)	-	772	394	1,166
Ice Pond	-	-	58	-	-	-	-	58	8,133	8,191
Impact Fees	-	-	134,324	(242,300)	-	(242,300)	-	(107,976)	125,082	17,106
Nubble Light	-	-	269	-	-	-	-	269	19,459	19,728
Off Premises Signs	-	-	100	-	-	-	-	100	14,029	14,129
Open Space	-	-	12,220	-	-	-	-	12,220	57,840	70,060
Park Commission	-	-	-	-	-	-	-	-	7	7
Public Works Equipment	-	-	323	-	-	-	-	323	30,913	31,236
Tree Planting	-	-	39	-	-	-	-	39	5,467	5,506
Unemployment Compensation	-	-	104	(2,779)	-	(2,779)	-	(2,675)	13,698	11,023
Fire Prevention	667	-	-	(47,448)	-	(47,448)	-	(46,781)	46,781	-
Village Fire Truck	-	-	23	-	-	-	-	23	3,192	3,215
Wheeler Marsh Restoration	10,000	-	-	(10,930)	-	(10,930)	-	(930)	19,259	18,329
Code Enforcement	-	-	160,198	(113,691)	-	(113,691)	-	46,507	29,261	75,768
Long Sands Bathhouse	-	-	-	(12,282)	-	(12,282)	12,750	468	-	468
Harbor Beach Bathhouse	-	-	-	(9,320)	-	(9,320)	-	1,989	-	1,989
MMA Wellness	-	-	11,309	(1,994)	-	(1,994)	-	(123)	-	(123)
Athletic Fields	-	-	1,871	(16,938)	-	(16,938)	125,000	115,249	14,533	129,782
GIS Mapping	-	-	15,687	(90,302)	(8,500)	(90,302)	-	46,451	54,239	100,690
Performance Accounts	-	-	136,753	(28,124)	-	(28,124)	-	(14,124)	170,876	156,752
Beach Reserve	-	-	14,000	-	-	-	-	15,598	-	15,598
Beach Reserve	-	-	28,348	-	-	-	-	20,045	-	20,045
CMP Spur Road	-	-	20,045	-	-	-	-	826	187,904	188,730
School Categoricals	601,892	-	80,514	(681,580)	-	(681,580)	-	-	-	-
School Lunch Program	98,547	483,873	28	(640,548)	-	(640,548)	57,046	(1,054)	(54,804)	(55,858)
Total	\$ 711,106	\$ 538,356	\$ 845,553	\$ (1,911,711)	\$ (328,457)	\$ (2,240,168)	\$ 202,046	\$ 56,893	\$ 1,826,805	\$ 1,883,698

See accompanying independent auditors' report on supplemental financial information.

**Combining Balance Sheet
Capital Projects Funds**

Town of York, Maine

As of June 30, 2004

	<u>Middle School Renovations</u>	<u>High School Renovations</u>	<u>Total</u>
Assets			
Due from other funds	\$ 1,090,715	\$ 50,384	\$ 1,141,099
Accounts receivable	<u>199,753</u>	<u>-</u>	<u>199,753</u>
Total Assets	<u>\$ 1,290,468</u>	<u>\$ 50,384</u>	<u>\$ 1,340,852</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ 900</u>
Total Liabilities	900	-	900
Fund Balances			
Unreserved - Designated	<u>1,289,568</u>	<u>50,384</u>	<u>1,339,952</u>
Total Fund Balances	<u>1,289,568</u>	<u>50,384</u>	<u>1,339,952</u>
Total Liabilities and Fund Balances	<u>\$ 1,290,468</u>	<u>\$ 50,384</u>	<u>\$ 1,340,852</u>

See accompanying independent auditors' report on supplemental financial information.

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

Town of York, Maine

For the Year Ended June 30, 2004

	Middle School Renovations	High School Renovations	Total
Revenues	\$ 16,468	\$ 5,918	\$ 22,386
Expenditures	<u>6,468</u>	<u>-</u>	<u>6,468</u>
Revenues Over Expenditures	10,000	5,918	15,918
Fund balances at beginning of year	<u>1,279,568</u>	<u>44,466</u>	<u>1,324,034</u>
Fund Balances at End of Year	<u>\$ 1,289,568</u>	<u>\$ 50,384</u>	<u>\$ 1,339,952</u>

See accompanying independent auditors' report on supplemental financial information.

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

Town of York, Maine

As of June 30, 2004

	Clark/ Emerson	D'Entremont Scholarship	Total
Assets			
Cash	\$ -	\$ 387	\$ 387
Investments	<u>20,653</u>	<u>-</u>	<u>20,653</u>
Total Assets	<u>\$ 20,653</u>	<u>\$ 387</u>	<u>\$ 21,040</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ 124</u>
Total Liabilities	124	-	124
Fund Balances			
Reserved for endowments	<u>20,529</u>	<u>387</u>	<u>20,916</u>
Total Fund Balances	<u>20,529</u>	<u>387</u>	<u>20,916</u>
Total Liabilities and Fund Balances	<u>\$ 20,653</u>	<u>\$ 387</u>	<u>\$ 21,040</u>

See accompanying independent auditors' report on supplemental financial information.

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

Town of York, Maine

For the Year Ended June 30, 2004

	<u>Clark/ Emerson</u>	<u>D'Entremont Scholarship</u>	<u>Total</u>
Revenues			
Investment return	\$ 138	\$ 85	\$ 223
Total Revenues	<u>138</u>	<u>85</u>	<u>223</u>
Expenditures			
Current	138	48	186
Total Expenditures	<u>138</u>	<u>48</u>	<u>186</u>
Revenues Over Expenditures	-	37	37
Fund balances at beginning of year	<u>20,529</u>	<u>350</u>	<u>20,879</u>
Fund Balances at End of Year	<u>\$ 20,529</u>	<u>\$ 387</u>	<u>\$ 20,916</u>

See accompanying independent auditors' report on supplemental financial information.

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

Town of York, Maine

As of June 30, 2004

	Recreation Program							Total
	Recreation	Mt. Agamenticus	Sohier Park	Goodrich Park	Outside Duty	Printing	Senior Transportation	
Assets								
Investments	\$ -	\$ -	\$ 31,071	\$ -	\$ -	\$ -	\$ -	\$ 31,071
Accounts receivable	-	13,457	-	-	30,770	-	-	44,227
Due from other funds	13,517	-	-	75	9,740	-	18,757	42,089
Inventories	-	-	61,965	-	-	-	-	61,965
Total Assets	13,517	13,457	93,036	75	40,510	-	18,757	179,352
Liabilities								
Accounts payable	7,872	894	3,489	508	-	-	229	12,992
Due to other funds	-	10,052	39,049	-	-	1,407	-	50,508
Total Liabilities	7,872	10,946	42,538	508	-	1,407	229	63,500
Net Assets (Deficits)								
Unrestricted	5,645	2,511	50,498	(433)	40,510	(1,407)	18,528	115,852
Total Net Assets (Deficits)	\$ 5,645	\$ 2,511	\$ 50,498	\$ (433)	\$ 40,510	\$ (1,407)	\$ 18,528	\$ 115,852

See accompanying independent auditors' report on supplemental financial information.

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

Town of York, Maine

For the Year Ended June 30, 2004

	Recreation Program							Total
	Recreation	Mt. Agamenticus	Sohier Park	Goodrich Park	Outside Duty	Printing	Senior Transportation	
Operating Revenues								
Charges for services	\$ 311,462	\$ 35,928	\$ 110,600	\$ 5,500	\$ 188,819	\$ 70	\$ 7,395	\$ 659,774
Intergovernmental	-	29,434	-	-	-	-	-	29,434
Other	38,324	21,216	3,063	-	-	-	11,385	73,988
Total Operating Revenues	349,786	86,578	113,663	5,500	188,819	70	18,780	763,196
Operating Expenses								
Salaries and benefits	225,137	91,974	30,029	-	161,209	-	-	508,349
Cost of goods sold	-	-	162,048	-	-	-	-	162,048
Service fees	131,193	1,445	14,740	1,070	-	-	23	148,471
Supplies	43,237	6,894	11,255	1,409	-	-	229	63,024
Utilities	3,607	3,106	6,498	3,006	-	-	-	16,217
Total Operating Expenses	403,174	103,419	224,570	5,485	161,209	-	252	898,109
Operating Income (Loss)	(53,388)	(16,841)	(110,907)	15	27,610	70	18,528	(134,913)
Other Financing Sources (Uses)								
Operating transfers in	64,535	20,000	-	-	-	-	-	84,535
Operating transfers out	-	(3,258)	-	-	-	-	-	(3,258)
Total Other Financing Sources (Uses)	64,535	16,742	-	-	-	-	-	81,277
Increase (Decrease) in Net Assets	11,147	(99)	(110,907)	15	27,610	70	18,528	(53,636)
Net assets (deficits) at beginning of year	(5,502)	2,610	161,405	(448)	12,900	(1,477)	-	169,488
Net Assets (Deficits) at End of Year	\$ 5,645	\$ 2,511	\$ 50,498	\$ (433)	\$ 40,510	\$ (1,407)	\$ 18,528	\$ 115,852

See accompanying independent auditors' report on supplemental financial information.

Schedule of Valuation, Assessment and Collection of Taxes

Town of York, Maine

For the Year Ended June 30, 2004

Valuation

Real estate	\$ 2,774,707,190
Personal property	<u>19,435,160</u>

Total Valuation \$ 2,794,142,350

Assessment

Valuation x Rate - \$2,794,142,350 x .0097	27,103,181
Supplemental taxes	<u>51,401</u>

Total Assessment Charged to Collector \$ 27,154,582

Collection and Credits

Cash collections	26,441,292
Tax abatements	<u>122,950</u>

Total Collection and Credits 26,564,242

2004 Taxes Receivable - June 30, 2004 \$ 590,340

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