Financial Statements

Town of Casco, Maine

June 30, 2010

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Town of Casco, Maine

June 30, 2010

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Independent Auditors' Report

To the Selectboard
Town of Casco
Casco, Maine

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Town of Casco, Maine as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Town of Casco, Maine, as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants & Business Advisors

Marc J. Powers, CPA, CVA **David J. Shorette,** CPA, CVA **Bruce D. Moir,** CPA, JD, MPA
Richard E. Emerson, Jr., CPA, CVA **Dana O. Dakers,** CPA, MST, MBA **James D. Tatham,** CPA

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

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

Purdy Powers & Company
Professional Association

Portland, Maine
March 10, 2011

Management’s Discussion and Analysis

Town of Casco, Maine

As management of the Town of Casco, Maine, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010. The Town’s financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The Town’s assets exceed liabilities by $4,592,451 as of June 30, 2010, compared to $4,915,228 as of June 30, 2009.

The Town’s governmental funds General Fund Balance was $1,478,530 as of June 30, 2010, compared to $1,875,648 as of June 30, 2009.

Overview of the Financial Statements

The Management’s Discussion and Analysis introduces the Town’s basic financial statements. The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report supplemental information to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements provide information about the activities of the Town as a whole and present both a long-term and short-term view of the Town's finances. Financial reporting at this level is similar to the accounting used by most private-sector companies.

The Statement of Net Assets includes all assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. Evaluation of the overall economic health requires other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's roads, as well as many others.

The Statement of Activities reports the current year change in net assets. This statement includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities the following types of activities:

- Governmental activities: Most of the Town's basic services are reported here, including the police, fire, general administration, streets, parks, and ambulance. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

Town of Casco, Maine

Fund Financial Statements

For governmental activities, these statements focus on how 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.

Financial Analysis of the Town as a Whole - Government-wide Financial Statements

The following schedule is a summary of nets assets for the years ended June 30, 2010 and 2009:

	2010	2009	Change
Governmental Activities			
Current and other assets	$ 3,407,385	$ 3,681,128	$ (273,743)
Capital assets	2,059,906	1,709,200	350,706
Total Assets	5,467,291	5,390,328	76,963
Long term-liabilities	560,582	238,188	322,394
Other liabilities	314,258	236,912	77,346
Total Liabilities	874,840	475,100	399,740
Net assets:			
Invested in capital assets, net of related debt	1,314,906	1,394,200	(79,294)
Restricted	19,185	13,310	5,875
Unrestricted	3,258,360	3,507,718	(249,358)
	$ 4,592,451	$ 4,915,228	$ (322,777)

Town of Casco, Maine

The following schedule is a summary of the statement of activities for the years ended June 30, 2010 and 2009:

	2010	2009	Change
Governmental Activities			
Revenues:			
Program revenues:			
Charges for services	$ 122,216	$ 124,126	$ (1,910)
Operating grants and contributions	274,822	264,060	10,762
General revenues			
Property taxes	6,194,658	6,090,685	103,973
Excise taxes	555,814	587,414	(31,600)
Intergovernmental	248,510	545,806	(297,296)
Other	317,534	250,604	66,930
Total Revenues	7,713,554	7,862,695	(149,141)
Expenses:			
General			
General government	$ 698,301	$ 734,065	$ (35,764)
Public safety	497,947	438,289	59,658
Public works	906,810	598,318	308,492
Health and sanitation	529,551	499,178	30,373
Education	4,712,808	4,367,114	345,694
Social services	115,223	66,727	48,496
Unclassified	547,622	561,500	(13,878)
Interest on long-term debt	28,069	15,818	12,251
Total Expenses	8,036,331	7,281,009	755,322
Change in Net Assets	$ (322,777)	$ 581,686	$ (904,463)

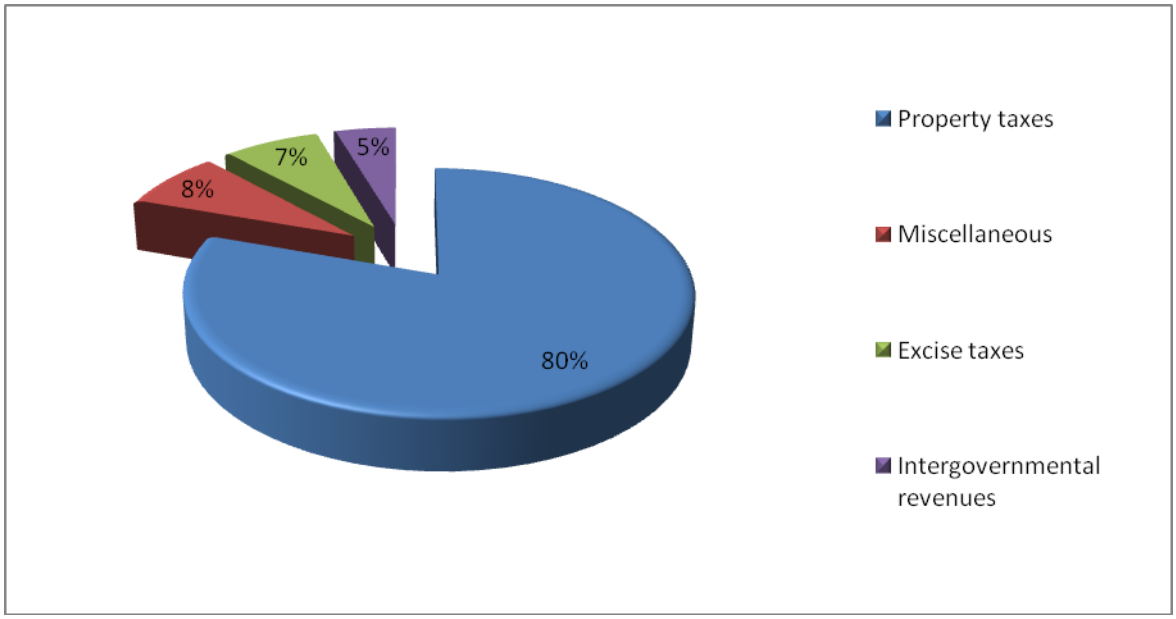
Town of Casco, Maine

Financial Analysis of the Town's Funds - Fund Financial Statements

Our analysis of the Town's major funds begins with the fund financial statements and provides detailed information about the most significant funds-not the Town as a whole. Some funds are required to be established by State law. However, many other funds are established to help control and manage money for particular purposes or to show the Town is meeting legal responsibilities for using certain taxes, grants, and other money.

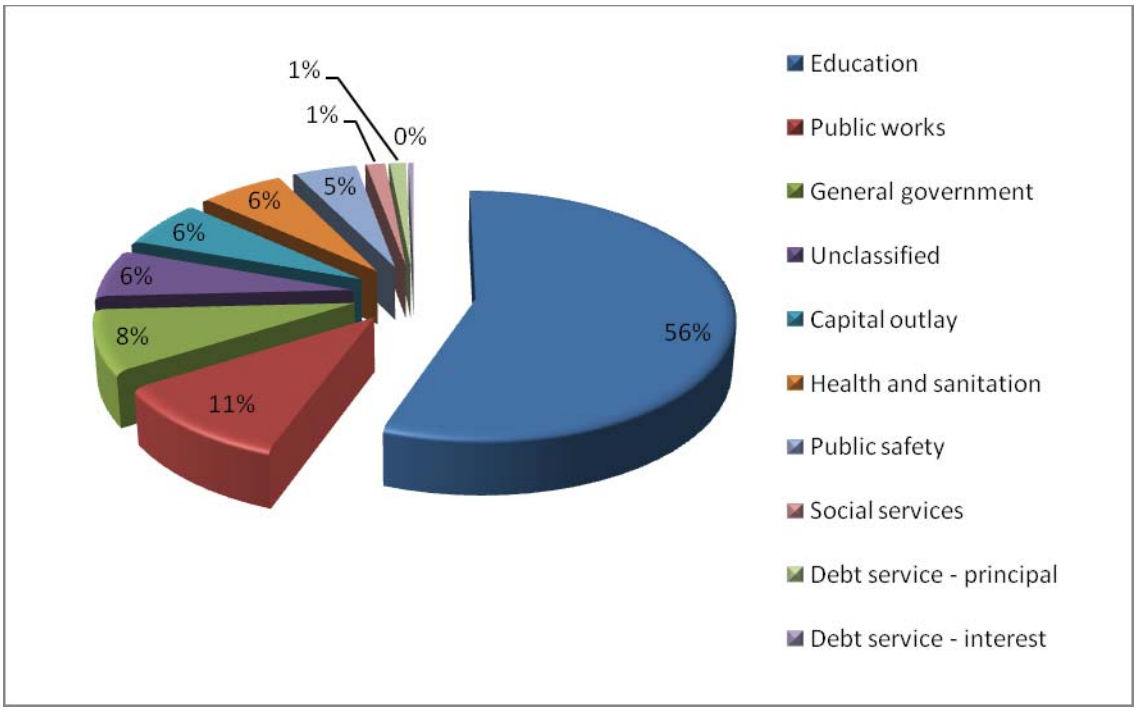
- Governmental funds - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, 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.

Current year revenues in the general fund were made up of the following:



Town of Casco, Maine

Current year expenditures in the general fund were made up of the following:



Capital Assets

At year-end, the Town had $2,059,906 in net capital assets compared to $1,708,200 last year.

Long-term Debt

At year-end, the Town had $795,797 in long-term debt compared to $363,418 last year. The change in accumulated debt is a result of debt incurred for the reconstruction of the Casco Community center. The Community Center debt is scheduled to be retired in the next four years.

Economic Factors and Next Year's Budgets and Rates

The Town is grappling with the future disposition of the former Casco Memorial School building which the School District turned back to the Town. Ideas being explored include using the site and possibly the structure for a future town office.

Changes in educational costs continue to drive the Town tax rate. SAD 61 has particularly been disadvantaged by the State of Maine changes in school funding law. In addition to district reductions in State aid to education the cost sharing formula for SAD 61 was changed by the State aid to education funding law and worked to the distinct disadvantage of the Town of Casco.

Town of Casco, Maine

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, visit the Town Office or call 627-4515.

Statement of Net Assets

Town of Casco, Maine

As of June 30, 2010

	Governmental Activities
Assets	
Cash	$ 2,477,821
Taxes receivable	521,715
Tax liens receivable	258,630
Accounts receivable	104,979
Tax acquired property	37,995
Prepaid expenses	6,245
Capital assets, net of accumulated depreciation	2,059,906
Total Assets	5,467,291
Liabilities	
Accounts payable	62,498
Escrow accounts payable	2,735
Due to other governments	8,793
Taxes paid in advance	762
Accrued interest payable	4,255
Long-term liabilities:	
Portion due or payable within one year:	
Bond payable	211,000
Accrued compensated absences	24,215
Portion due or payable after one year:	
Bond payable	534,000
Accrued compensated absences	26,582
Total Liabilities	874,840
Net Assets	
Invested in capital assets, net of related debt	1,314,906
Restricted	19,185
Unrestricted	3,258,360
Total Net Assets	$ 4,592,451

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

Statement of Activities

Town of Casco, Maine

For the Year Ended June 30, 2010

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities:				
General government	$ 698,301	$ 120,590	$ -	$ (577,711)
Public safety	497,947	-	-	(497,947)
Public works	906,810	-	52,272	(854,538)
Health and sanitation	529,551	-	171,397	(358,154)
Education	4,712,808	-	-	(4,712,808)
Social services	115,223	-	51,153	(64,070)
Unclassified	547,622	1,626	-	(545,996)
Interest on long-term debt	28,069	-	-	(28,069)
Total Governmental Activities	$ 8,036,331	$ 122,216	$ 274,822	(7,639,293)

General revenues:	
Taxes:	
Property	6,194,658
Excise	555,814
Intergovernmental	248,510
Interest income	56,812
Miscellaneous	260,722
Total General Revenues	7,316,516
Change in Net Assets	(322,777)
Net assets at beginning of year	4,915,228
Net Assets at End of Year	$ 4,592,451

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

Balance Sheet - Governmental Funds

Town of Casco, Maine

As of June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	$ 2,292,690	$ 185,131	$ 2,477,821
Taxes receivable	521,715	-	521,715
Tax liens receivable	258,630	-	258,630
Accounts receivable	104,979	-	104,979
Tax acquired property	37,995	-	37,995
Prepaid expenses	6,245	-	6,245
Due from other funds	9,718	1,043,654	1,053,372
Total Assets	$ 3,231,972	$ 1,228,785	$ 4,460,757
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 62,498	$ -	$ 62,498
Escrow accounts payable	2,735	-	2,735
Due to other governments	8,793	-	8,793
Taxes paid in advance	762	-	762
Deferred revenues	635,000	-	635,000
Due to other funds	1,043,654	9,718	1,053,372
Total Liabilities	1,753,442	9,718	1,763,160
Fund Balances			
Reserved for:			
Endowments	-	19,185	19,185
Unreserved:			
Designated for subsequent expenditures	362,923	1,199,882	1,562,805
Undesignated	1,115,607	-	1,115,607
Total Fund Balances	1,478,530	1,219,067	2,697,597
Total Liabilities and Fund Balances	$ 3,231,972	$ 1,228,785	$ 4,460,757

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

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

Town of Casco, Maine

As of June 30, 2010

Total Fund Balances - Governmental Funds		$ 2,697,597
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:		2,059,906
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:		635,000
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:		
Bond payable	$ (745,000)	
Accrued interest payable	(4,255)	
Accrued compensated absences	(50,797)	
		(800,052)
Total Net Assets - Governmental Activities		$ 4,592,451

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

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

Town of Casco, Maine

For the Year Ended June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Property	$ 6,144,658	$ -	$ 6,144,658
Excise	555,814	-	555,814
Intergovernmental	351,935	-	351,935
Miscellaneous	603,236	7,911	611,147
Total Revenues	7,655,643	7,911	7,663,554
Expenditures			
Current			
General government	678,040	-	678,040
Public safety	383,443	-	383,443
Public works	896,225	-	896,225
Health and sanitation	509,310	-	509,310
Education	4,712,808	-	4,712,808
Social services	115,223	-	115,223
Unclassified	536,858	3,333	540,191
Debt service - principal	100,000	-	100,000
- interest	30,048	-	30,048
Capital outlay	521,349	-	521,349
Total Expenditures	8,483,304	3,333	8,486,637
Revenues Over (Under) Expenditures	(827,661)	4,578	(823,083)
Other Financing Sources (Uses)			
Operating transfers in	5,543	105,000	110,543
Operating transfers out	(105,000)	(5,543)	(110,543)
Proceeds from debt obligations	530,000	-	530,000
Total Other Financing Sources (Uses)	430,543	99,457	530,000
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(397,118)	104,035	(293,083)
Fund balances at beginning of year	1,875,648	1,115,032	2,990,680
Fund Balances at End of Year	$ 1,478,530	$ 1,219,067	$ 2,697,597

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 Casco, Maine

As of June 30, 2010

Net Change in Fund Balances - Total Governmental Funds		$ (293,083)
Amounts reported for governmental activities in the Statement of Activities are different because:		
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:		50,000
Governmental funds report capital asset additions 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 depreciation expense differed from capital asset additions in the current period:		
Capital asset additions	$ 521,349	
Depreciation expense	(170,643)	
		350,706
Proceeds from debt obligations and repayment of debt principal are reported as revenue sources and expenditures, respectivelty, in the governmental funds, however these are reported as increases and decreases of debt obligation liabilites in the government wide financials.		
Proceeds from debt obligations	(530,000)	
Principal portion of debt service payments	100,000	
		(430,000)
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		1,979
Change in accrued compensated absences		(2,379)
Change in Net Assets of Governmental Activities		$ (322,777)

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 Casco, Maine

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues				
Taxes				
Property	$ 6,193,928	$ 6,193,928	$ 6,144,658	$ (49,270)
Excise	597,500	597,500	555,814	(41,686)
Intergovernmental	383,462	379,234	351,935	(27,299)
Miscellaneous	434,130	434,130	603,236	169,106
Total Revenues	7,609,020	7,604,792	7,655,643	50,851
Expenditures				
Current				
General government	893,310	893,310	678,040	215,270
Public safety	472,452	472,452	383,443	89,009
Public works	1,078,847	1,103,847	896,225	207,622
Health and sanitation	382,220	382,220	509,310	(127,090)
Education	4,712,808	4,712,808	4,712,808	-
Social services	76,065	76,065	115,223	(39,158)
Unclassified	562,017	562,017	536,858	25,159
Debt service - principal	100,000	100,000	100,000	-
- interest	33,219	34,534	30,048	4,486
Capital outlay	20,000	550,000	521,349	28,651
Total Expenditures	8,330,938	8,887,253	8,483,304	403,949
Revenues Over (Under) Expenditures	(721,918)	(1,282,461)	(827,661)	454,800
Other Financing Sources (Uses)				
Operating transfers in	-	5,543	5,543	-
Operating transfers out	(105,000)	(105,000)	(105,000)	-
Proceeds from bonds	-	530,000	530,000	-
Utilization of designated surplus	700,969	700,969	-	(700,969)
Utilization of undesignated surplus	245,694	270,694	-	(270,694)
Total Other Financing Sources (Uses)	841,663	1,402,206	430,543	(971,663)
Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	$ 119,745	$ 119,745	(397,118)	$ (516,863)
Fund balance at beginning of year			1,875,648	
Fund Balance at End of Year			$ 1,478,530	

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

Notes to Financial Statements

Town of Casco, Maine

Note A - Summary of Significant Accounting Policies

The Town of Casco, Maine was incorporated in 1841 and operates under a Selectboard -Town Manager form of government. The accounting policies of the Town of Casco 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. 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 their 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 Casco 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. Governmental activities are normally supported by taxes and intergovernmental revenues.

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. 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 are reported as separate columns in the fund financial statements.

Town of Casco, Maine

Note A - Summary of Significant Accounting Policies - Continued

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.

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.

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

Governmental activities in the government-wide financial statements and the 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 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.

Town of Casco, Maine

Note A - Summary of Significant Accounting Policies - Continued

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.

Inventories

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

Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of $10,000 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, 20 years; buildings and improvements, 20 to 50 years; infrastructure, 40 to 50 years; and vehicles and equipment, 10 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, vacation and sick leave are granted in varying amounts. Accumulated unused sick leave is not payable upon separation and therefore is not included as part of compensated absences. The Town accrues unpaid vacation when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentation.

Budget

The Town of Casco'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.

Town of Casco, Maine

Note A - Summary of Significant Accounting Policies - Continued

- 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.

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.

Town of Casco, Maine

Note A - Summary of Significant Accounting Policies - Continued

Revenue Recognition - Property Taxes

The Town's property tax for the current year was levied September 1, 2009, on the assessed value listed as of April 1, 2009, for all real and personal property located in the Town. Taxes were due October 8, 2009 and April 8, 2010. Interest on unpaid taxes commenced on October 22, 2009 and April 22, 2010, at 9.0% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to $119,745 for the year ended June 30, 2010.

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

Note B - Cash

The Town conducts all its banking transactions with its depository banks.

Custodial Credit Risk - Deposits

At June 30, 2010, the carrying amount of the Town's deposits was $2,477,821, and the bank balance was $2,519,528. The difference between these balances relates to deposits in transit, outstanding checks and cash on hand at year-end. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy on custodial credit risk. As of June 30, 2010 the Town's bank balance of $2,200,444 was exposed to credit risk as follows:

Collateralized with securities held by the pledging financial institution	$ 2,200,444

Town of Casco, Maine

Note C - Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Non-Depreciable Assets:				
Land and improvements	$ 219,000	$ -	$ -	$ 219,000
Depreciable Assets:				
Buildings and improvements	1,534,499	521,349	-	2,055,848
Vehicles and equipment	2,467,400	-	-	2,467,400
Intellectual property	120,000	-	-	120,000
Totals at historical cost	4,340,899	521,349	-	4,862,248
Less accumulated depreciation:				
Buildings and improvements	672,351	45,043	-	717,394
Vehicles and equipment	1,887,348	113,600	-	2,000,948
Intellectual property	72,000	12,000	-	84,000
Total accumulated depreciation	2,631,699	170,643	-	2,802,342
Capital Assets, Net	$ 1,709,200	$ 350,706	$ -	$ 2,059,906

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	$ 17,623
Public safety	114,504
Public works	10,585
Health and sanitation	20,500
Parks and recreation	7,431
Total governmental activities depreciation expense	$ 170,643

Town of Casco, Maine

Note D - Interfund Receivables and Payables

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

	Receivables Due from	Payables Due to	Net Internal Balances
Governmental Activities			
General Fund:			
Other Governmental Funds:			
Special Revenue Funds	$ 9,132	$ (1,037,779)	
Trust Funds	586	(5,875)	
Total General Fund	9,718	(1,043,654)	$ (1,033,936)
Other Governmental Funds:			
Special Revenue:			
General Fund:	1,037,779	(9,132)	
Trust Fund:			
General Fund:	5,875	(586)	
Total Other Governmental Funds	1,043,654	(9,718)	1,033,936
Total Governmental Activities	$ 1,053,372	$ (1,053,372)	$ -

All interfund balances resulted from (1) the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Note E - Interfund Transfers

Interfund transfers for the year ended June 30, 2010 consisted of the following amounts:

Governmental Activities	Transfers In	Transfers Out	Net Transfers
General Fund:			
Other Governmental Funds:			
Special Revenue	$ 5,543	$ (105,000)	$ (99,457)
Other Governmental Funds:			
Special Revenue:			
General Fund	105,000	(5,543)	99,457
Total Interfund Transfers	$ 110,543	$ (110,543)	$ -

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

Town of Casco, Maine

Note F - Long-Term Debt

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
General obligation debt	$ 315,000	$ 530,000	$ 100,000	$ 745,000	$ 211,000
Compensated absences	48,418	25,460	23,081	50,797	24,215
Total Governmental	$ 363,418	$ 555,460	$ 123,081	$ 795,797	$ 235,215

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

2001 General Obligation Bond for equipment and capital improvements with Cede & Co., due in annual principal and interest installments through July 2011. Interest began at 3.25% and escalates to 5.5%.	$ 215,000
2010 General Obligation Bond for equipment and capital improvements, due in semi-annual principal and interest installments through July 2014. Interest rate is 3.20% per annum.	530,000
Total Debt Obligation	$ 745,000

The annual requirements to amortize long-term debt are as follows:

Year ending June 30	Principal	Interest	Total
2011	$ 211,000	$ 15,590	$ 226,590
2012	216,000	14,897	230,897
2013	106,000	8,480	114,480
2014	106,000	6,784	112,784
2015	106,000	1,696	107,696
Total	$ 745,000	$ 47,447	$ 792,447

Town of Casco, Maine

Note G - Pension Plan

International City Management Association Retirement Corp.

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Management Association Retirement Corporation (ICMARC). The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

Note H - Designated Fund Balance

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

General government	$ 102,186
Sanitation	22,589
Public works	138,791
Public safety:	
Fire department	20,494
Rescue department	8,893
Other public safety	11,304
Social services:	
Soup kitchen	2,500
Casco helping Casco	11,522
Unclassified:	
Parks and recreation	16,352
WEB	8,193
GIS	11,647
Other unclassified	8,452
	$ 362,923

Town of Casco, Maine

Note I - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities that should be recorded at June 30, 2010.

Note J - Joint Venture

The Town is a participant with the Town of Naples in two joint ventures to operate the Lake Region Bulky Waste Facility (LRBWF) and the Casco-Naples Solid Waste Transfer Station (CNTS). On dissolution of the entities, the net assets will be shared equally by Casco and Naples. Other municipalities can obtain joint use rights on a contractual basis. Each entity is governed by the same Advisory Board consisting of: a member of the Board of Selectmen of each municipality; two popularly elected citizens of each municipality; and the respective Town Managers as ex-officio members. The Towns pay appropriate tipping fees for accepted waste delivered to the facilities and are financially responsible for each facility's operations. Complete financial statements for the LRBWF and CNTS are available at the office of each municipality.

Combining Balance Sheet
Nonmajor Governmental Funds - Other Governmental Funds

Town of Casco, Maine

As of June 30, 2010

	Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
Assets			
Cash	$ 101,259	$ 83,872	$ 185,131
Due from other funds	1,037,779	5,875	1,043,654
Total Assets	$ 1,139,038	$ 89,747	$ 1,228,785
Liabilities and Fund Balances			
Liabilities			
Due to other funds	$ 9,132	$ 586	$ 9,718
Total Liabilities	9,132	586	9,718
Fund Balances			
Reserved for:			
Endowments	-	19,185	19,185
Unreserved:			
Designated	1,129,906	69,976	1,199,882
Total Fund Balances	1,129,906	89,161	1,219,067
Total Liabilities and Fund Balances	$ 1,139,038	$ 89,747	$ 1,228,785

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 Casco, Maine

For the Year Ended June 30, 2010

	Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
Revenues			
Investment income	$ 1,107	$ 929	$ 2,036
Miscellaneous	-	5,875	5,875
Net Revenues	1,107	6,804	7,911
Expenditures			
Program	3,333	-	3,333
Total Expenditures	3,333	-	3,333
Revenues Over (Under) Expenditures	(2,226)	6,804	4,578
Other Financing Sources (Uses)			
Operating transfers in	105,000	-	105,000
Operating transfers out	(5,543)	-	(5,543)
Total Other Sources (Uses)	99,457	-	99,457
Revenues and Other Sources Over Expenditures and Other Uses	97,231	6,804	104,035
Fund balances at beginning of year	1,032,675	82,357	1,115,032
Fund Balances at End of Year	$ 1,129,906	$ 89,161	$ 1,219,067

See accompanying independent auditors' report on supplemental financial information.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Fund

Town of Casco, Maine

For the Year Ended June 30, 2010

	Fund Balance (Deficit) July 1, 2009	Revenues	Expenditures	Transfers In	Transfers Out	Fund Balance (Deficit) June 30, 2010
State Revenue Sharing	$ (9,133)	$ -	$ -	$ -	$ -	$ (9,133)
Municipal Revenue	100,356	-	-	-	-	100,356
Highway Block Grant	75,388	-	-	-	4,228	71,160
Rescue replacement	100,653	612	-	20,000	-	121,265
Community center kitchen	3,675	41	-	-	-	3,716
Tank 6 retrofit	2,000	-	-	-	-	2,000
Future land acquisition	23,000	-	-	-	-	23,000
Firefighter fund	3,095	-	-	-	-	3,095
Ladder truck repairs	25,376	-	-	-	-	25,376
Pipeline TIF	179,693	-	-	-	1,315	178,378
Municipal building repair	78,372	-	3,273	-	-	75,099
Land futures	159,806	446	-	-	-	160,252
Public safety building	43,236	-	-	-	-	43,236
Capital improvement undesignated	32,234	-	-	-	-	32,234
Highway improvement	7,500	-	-	-	-	7,500
Fire equipment	50,000	-	-	10,000	-	60,000
Fire truck pumper	7,000	-	-	-	-	7,000
Plummer park	6,092	-	-	-	-	6,092
Tennis courts	4,690	-	-	-	-	4,690
Grange Hall	15,000	-	-	-	-	15,000
Road improvements	89,641	-	-	75,000	-	164,641
Recreation	22,845	-	-	-	-	22,845
Municipal equipment	10,000	-	-	-	-	10,000
Veterans funds	2,156	8	60	-	-	2,104
	$ 1,032,675	$ 1,107	$ 3,333	$ 105,000	$ 5,543	$ 1,129,906

See accompanying independent auditors' report on supplemental financial information.

Combining Balance Sheet
Permanent Funds - Trust Funds

Town of Casco, Maine

As of June 30, 2010

	Cemeteries	School/ Road	Total
Assets			
Cash	$ 21,859	$ 62,013	$ 83,872
Due from other funds	5,875	-	5,875
Total Assets	$ 27,734	$ 62,013	$ 89,747
Liabilities and Fund Balances			
Liabilities			
Due to other funds	$ 586	$ -	$ 586
Total Liabilities	586	-	586
Fund Balances			
Reserved for endowments	9,685	9,500	19,185
Unreserved - designated	17,463	52,513	69,976
Total Fund Balances	27,148	62,013	89,161
Total Liabilities and Fund Balances	$ 27,734	$ 62,013	$ 89,747

See accompanying independent auditors' report on supplemental financial information.

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

Town of Casco, Maine

For the Year Ended June 30, 2010

	Fund Balance June 30, 2009	Revenues Principal	Revenues Interest	Expenses	Fund Balance June 30, 2010
Cemetery Funds -					
Minnie Curran	$ 808	$ -	$ 9	$ -	$ 817
Ernest Watkins	1,188	-	15	-	1,203
Annie Mitchell	272	-	3	-	275
Samual Sylvester	662	-	7	-	669
Mary Wright	776	-	9	-	785
Alpheus & Ellen Gould	2,356	-	26	-	2,382
Frank & Callie Harmon	784	-	8	-	792
Cpt. Richard Mayberry	623	-	7	-	630
Mrs. George Murch	4,781	-	59	-	4,840
Henry & Lena Watkins	8,781	-	99	-	8,880
Green Grove Cemetery	-	5,875	-	-	5,875
School/Road Funds -					
Cyrus Mayberry	61,326	-	687	-	62,013
	$ 82,357	$ 5,875	$ 929	$ -	$ 89,161

See accompanying independent auditors' report on supplemental financial information.

Schedule of Departmental Expenditures (1 of 3)

Town of Casco, Maine

For the Year Ended June 30, 2010

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance Favorable (Unfavorable)
Expenditures				
General Government:				
Operations	$ 140,230	$ 140,230	$ 106,504	$ 33,726
Office salaries	333,088	333,088	312,372	20,716
Contingency	35,158	35,158	10,771	24,387
Insurance	154,385	154,385	107,399	46,986
Legal	25,952	25,952	7,423	18,529
Assessing	48,223	48,223	45,995	2,228
Planning/Appeals	30,365	30,365	17,715	12,650
Retirement	106,245	106,245	60,275	45,970
Unemployment compensation	19,664	19,664	6,497	13,167
Building maintenance	-	-	3,089	(3,089)
Total General Government	893,310	893,310	678,040	215,270
Public Safety:				
Summer security	8,962	8,962	402	8,560
Rescue unit	166,445	166,445	154,545	11,900
Fire department	205,098	205,098	169,209	35,889
Animal control	11,645	11,645	12,767	(1,122)
Street lights	15,089	15,089	12,195	2,894
Dispatch	46,744	46,744	25,765	20,979
Fire and rescue fuel	13,624	13,624	5,944	7,680
Civil emergency	4,123	4,123	2,616	1,507
Fire/Rescue auxillary	722	722	-	722
Total Public Safety	472,452	472,452	383,443	89,009

See accompanying independent auditors' report on supplemental financial information.

Schedule of Departmental Expenditures (2 of 3)

Town of Casco, Maine

For the Year Ended June 30, 2010

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance Favorable (Unfavorable)
Health and Sanitation:				
Bulky waste	130,096	130,096	239,022	(108,926)
Casco Naples transfer station	252,124	252,124	270,288	(18,164)
Total Health and Sanitation	382,220	382,220	509,310	(127,090)
Social Services:				
General assistance	40,000	40,000	93,180	(53,180)
Community Health Services	8,500	8,500	8,500	-
Family Crisis	1,100	1,100	1,100	-
Tri-County Counseling	3,500	3,500	3,500	-
PROP	5,800	5,800	5,800	-
Meal site	4,200	4,200	1,700	2,500
Casco helping Casco	12,965	12,965	1,443	11,522
Total Social Services	76,065	76,065	115,223	(39,158)
Public Works:				
Road maintenance	251,032	276,032	237,542	38,490
Winter roads	387,282	387,282	328,446	58,836
Paving	418,658	418,658	306,517	112,141
Private road maintenance	2,600	2,600	1,100	1,500
Cemetery maintenance	19,275	19,275	22,620	(3,345)
Total Public Works	1,078,847	1,103,847	896,225	207,622
Education:				
MSAD 61	4,712,808	4,712,808	4,712,808	-

See accompanying independent auditors' report on supplemental financial information.

Schedule of Departmental Expenditures (3 of 3)

Town of Casco, Maine

For the Year Ended June 30, 2010

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance Favorable (Unfavorable)
Debt Service:				
Principal	100,000	100,000	100,000	-
Interest	33,219	34,534	30,048	4,486
Total Debt Service	133,219	134,534	130,048	4,486
Unclassified:				
County tax	332,948	332,948	332,948	-
Recreation	108,063	108,063	91,531	16,532
Library	39,400	39,400	39,400	-
Grange hall	4,170	4,170	7,953	(3,783)
Memorial Day	300	300	300	-
Council of governments	3,125	3,125	3,122	3
Maine Municipal Association	3,968	3,968	4,008	(40)
Abatements	-	-	27,643	(27,643)
Lake associations	4,000	4,000	4,000	-
Website design	9,805	9,805	2,599	7,206
Global information system	12,667	12,667	400	12,267
Comprehensive plan	26,071	26,071	5,473	20,598
Other	17,500	17,500	17,481	19
Total Unclassified	562,017	562,017	536,858	25,159
Capital Outlays:				
New community center	-	530,000	521,349	8,651
Fire Department Vehicle	20,000	20,000	-	20,000
Total Capital Outlays	20,000	550,000	521,349	28,651
Total Departmental Expenditures	$ 8,330,938	$ 8,887,253	$ 8,483,304	$ 403,949

See accompanying independent auditors' report on supplemental financial information.

Schedule of Valuation, Assessment and Collection of Taxes

Town of Casco, Maine

For the Year Ended June 30, 2010

Valuation		
Real estate		$ 627,296,860
Personal property		14,560,947
Total Valuation		$ 641,857,807
Assessment		
Valuation x Rate - $641,857,807 x .0095	$ 6,097,649	
Supplemental taxes	729	
Total Assessment Charged to Collector		$ 6,098,378
Collection and Credits		
Cash collections	5,600,893	
Tax abatements	22,998	
Total Collection and Credits		5,623,891
2010 Taxes Receivable - June 30, 2010		$ 474,487

See accompanying independent auditors' report on supplemental financial information.