

TOWN OF FRYE ISLAND  
FINANCIAL REPORT



DECEMBER 31, 2007

Berry · Talbot · Royer

CERTIFIED PUBLIC ACCOUNTANTS



**TOWN OF FRYE ISLAND, MAINE**  
DECEMBER 31, 2007

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**INDEPENDENT AUDITORS' REPORT**

Board of Selectmen and Town Manager  
Town of Frye Island  
Frye Island, 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 Frye Island, Maine, as of and for the year ended December 31, 2007, 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.

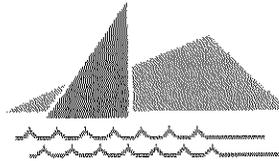
In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Frye Island, Maine as of December 31, 2007 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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 the accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Frye Island, Maine's basic financial statements. The exhibits and schedules listed in the table of contents are presented for purposes of additional analysis and are 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 financial statements taken as a whole.

*Berry Talbot Royer*

Certified Public Accountants  
July 15, 2008



## FRYE ISLAND

### **Management's Discussion and Analysis**

As management of the Town of Frye Island, Maine, we present this narrative to provide you with an overview and analysis of our annual financial statements for the year ended December 31, 2007. This is the Town's fourth year after implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB) *Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments*. This information in conjunction with the notes in the financial statements should be considered when reading the Town's financial statements.

#### **2007 Financial Highlights**

The assets of the Town of Frye Island are divided into two (2) basic groups. The "Governmental Funds" groups the activities that deal with the operation of the municipality. These include Administration, Public Works, Public Safety, Recreation, School, County and other activities approved by the Town. These activities are supported, primarily, from revenues received from taxes and fees. The "Enterprise Fund" groups the business-type activities which includes the ferry service, the golf operation and the marinas. These activities are supported from the revenues they receive for the service they provide. Total Net Assets for the governmental activities for the year ending on December 31, 2007 were \$2,795,152, an increase of \$271,187 over 2006. Total Net assets for the business type activities for the year ending on December 31, 2007 were \$2,949,172, an increase of \$75,853.

The total fund balance for the year ending December 31, 2007 was \$756,016, an increase of \$180,149 over the previous year. Of this balance, \$394,704 is reserved for specific purposes; including ferry projects, water system renovations, island improvement projects, etc.; and \$361,312 in the unreserved fund balance.

The Board of Selectmen / Executive Committee adopted a "Fund Balance Policy" at its September 22, 2007 meeting. This policy establishes 3/12ths of the annual General Fund expenditures as the minimum amount to maintain in the Undesignated – Unreserved Fund Balance. We currently fall a bit short of this minimum balance because of the 2005 withdrawal of \$275,000 to purchase the Willis property. The policy establishes time table out to 2016 in which the current shortfall must be closed. Based on the 2007 tax requirement, the minimum balance should be approximately \$435,500.

#### **Overview of Financial Statements**

The Town of Frye Island's basic financial statements are composed of three components:

1. Government-wide financial statements
2. Fund financial statements, and
3. Notes to the financial statements

Other supplemental information to the basic financial statement is also provided.

## **Government-wide Financial Statements**

The government-wide financial statements provide a broad overview of the Town of Frye Island's finances. Financial information is presented in two statements - *Statement of Net Assets* and *Statement of Activities*.

The **Statement of Net Assets** presents information about the Town's assets and liabilities with the difference between the two reported as net assets. Over time, changes in net assets (increases or decreases) may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Frye Island's fiscal 2006 Statement of Net Assets does not reflect a value assigned to infrastructure which will be included in subsequent years.

The **Statement of Activities** presents information about how the Town's net assets have changed during the fiscal year. All changes in net assets are reported as soon as the underlying change or event occurs, regardless of the timing of the related cash flows. This means that revenues and expenses are reported in this statement even if the related cash movement does not occur until future fiscal periods (e.g. uncollected taxes and accounts payable).

In the government-wide financial statements, the Town's basic services are reported as **Governmental Activities** as they are principally supported by taxes and intergovernmental revenues, rather than recovering all, or a significant portion of their costs through user fees and charges. Governmental activities include general administration, public safety (law enforcement, fire protection), public works (roads, water, and waste management), recreation, education, debt service, and capital planning expenses.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Frye Island, like other state and local governments, uses fund accounting to insure and demonstrate compliance with finance-related legal requirements. The Town's two kinds of funds - governmental, and enterprise (proprietary) - use different accounting methods:

**Governmental funds** are used to report most of the Town's basic operational services. Operating expenses and revenues are recorded and the cumulative leftover balance of these activities, which is available for spending in future years, is reported here. These funds are reported using an accounting method called modified accrual, 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 can help to determine what financial resources are available in the near future to finance the Town's activities.

**Business-type Activities - Enterprise Funds** are used to account for the Town's activities that are intended to recover all or a significant portion of their costs through user fees and charges. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. Activities in the Enterprise Fund include the Ferry Service, the Golf Course and the Marina Operations.

**Statement of Net Assets Information:**

The following information is condensed version of the Statement of Net Assets.

**Table 1 - Statement of Net Assets  
Year Ended December 31, 2007  
(Statement 1)**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current & Other Assets	\$ 1,633,108	\$ 401,066	\$ 2,034,174
Capital Assets, net	<u>2,441,333</u>	<u>2,582,599</u>	<u>5,023,932</u>
Total Assets	<u>4,074,441</u>	<u>2,983,665</u>	<u>7,058,106</u>
Non-current Liabilities	460,727	5,470	466,197
Current Liabilities	<u>818,562</u>	<u>29,023</u>	<u>847,585</u>
Total Liabilities	<u>1,279,289</u>	<u>34,493</u>	<u>1,313,782</u>
Net Assets:			
Invested in Capital Assets, net of related debt	1,979,052	2,577,129	4,556,181
Unrestricted	<u>816,100</u>	<u>372,043</u>	<u>1,188,143</u>
Total Net Assets	<u>\$ 2,795,152</u>	<u>\$ 2,949,172</u>	<u>\$ 5,744,324</u>

The assets of the Town of Frye Island exceeded its liabilities at the close of the most recent fiscal year by \$5,744,324 per Statement 1 (Statement of Net Assets). Of this amount, \$1,188,143 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors. The total net assets of the Town of Frye Island increased \$347,040 over the previous year.

As of December 31<sup>st</sup> 2007, the Town of Frye Island reported a combined ending fund balance of \$763,358 an increase of \$180,149. Approximately 50% of this total amount, \$361,312 is available for spending at the Town's discretion (unreserved fund balance).

A large portion of the Town's net assets reflect its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire these assets that are still outstanding. The Town uses these assets to provide services to citizens; consequently these assets are not available for future spending. Although the Town investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Also note that the Town has not recorded any infrastructure assets at this time. Such assets will be added to the Town's presentation in future years. An additional portion of the Town's net assets represents resources that are subject to restrictions on how they may be expended. The remaining unrestricted balance of net assets may be used to meet the government's ongoing obligations to citizens and creditors.



Table 3 shows the total cost of each of the Town's major functional activities.

**Table 3 - Net Cost of Governmental Activities  
Fiscal Year ended December 31, 2007  
(Statement 2)**

<b>Function/Program</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
General Government	\$ 411,492	\$ 281,334
Public Works and Sanitation	364,009	334,583
Public Safety	61,349	61,349
Recreation	30,561	29,368
Education	862,005	862,005
Fixed Expenses	<u>86,885</u>	<u>86,885</u>
 TOTAL GOVERNMENTAL ACTIVITIES	 <u>\$ 1,816,301</u>	 <u>\$ 1,655,524</u>

**Analysis of Overall Financial Position and Results of Operations**

Total revenues exceeded total expenses by \$115,918 (Statement 6) as compared to budget since total expenses were carefully controlled and revenues exceeded expectations. This resulted in a stronger overall financial position for the Town of Frye Island.

**Analysis of Significant Individual Fund Balances, Transactions and Changes in Fund Balance**

The Unreserved / Undesignated fund balance increased from \$296,245 to \$361,312, an increase of \$65,067. The Reserved / Designated fund balance increased from \$279,622 to \$394,704, an increase of \$115,082. This is a total increase of \$180,149 (Exhibit 1-1).

**Analysis of Significant General Fund Budget Variances**

For the 2007 year, total revenues came in \$23,855 more than expected, a 1.22 % positive variance. The actual expenditures were \$92,063 less than the projected budget, a 4.59 % positive variance (Statement 6).

**Significant Capital Asset and Long-Term Debt Activity**

- Capital assets totaling \$5,023,932 (Statement 1) are being reported as of December 31, 2007. This represents an increase of \$41,782 over the previous year.

By State law, the Town may have a debt service not to exceed 7.5% of the total State assessed valuation of the Town which was \$141,500,000 in 2007. This creates a maximum allowed debt service of \$10,612,500. The actual long-term debt as of December 31, 2007 was \$432,579 which is the loan from the Maine Bond Bank for the improvements to the water treatment system. The final payment on this loan is due on October 1, 2024.

**Economic Factors and Next Year's Budgets and Rates**

The Town of Frye Island is a seasonal community and, as such, has no commercial or industrial sector to support the cost of municipal government. In addition, unlike most communities, Frye Island derives very little revenue from excise taxes because most property owners register their vehicles in the community of their winter address. Therefore, the vast majority of the revenues needed for general operation of the Municipal government must come from residential property taxes. A major expense for the Town continues to be the required financial obligations which include payments to Maine School Administration District #6,

Cumberland County and the Maine Municipal Bond Bank for the loan for improvements made to the water system. In 2007, these expenses totaled \$968,024. The largest contributor to these required expenses is our payment to MSAD 6. Frye Island's payment to the School District is based on the total State assessed value of all of the property on Frye Island compared to the other communities within the District. In 2006, the State assessed value for Frye Island was \$111,900,000; in 2007 the State assessed value increased to \$141,500,000; and in 2008 the State assessed value increases to \$179,100,000. Frye Island's State assessed value has increased at a rate of approximately 26% per year for the past few years. During this same period, the other communities within the School District and Cumberland County have increased at an average rate of 13% to 15% per year. This means that the proportion of the taxes that Frye Island pays, all though small relative to the other communities, is increasing. The State assessed value is based on "fair market value" and is determined by reviewing the selling price of recently sold improved properties. This increasing trend is expected to continue for the near future. In 2008 we budgeted \$1,076,458 to cover these required expenses.

In 2006, the Town filed suit in Superior Court against the State of Maine challenging the constitutionality of the legislation prohibiting Frye Island from withdrawing from MSAD 6 and exempting Frye Island from the school tax formulas identified in LD-1. Not surprisingly, the Court ruled in favor of the State in this law suit.

The Board of Selectmen / Executive Committee has approved the installation of new piping for the public water distribution system. It was decided to accomplish the installation of phase one of this project in house rather than contract it to others. This was done in an effort to reduce the costs. Phase one will include the installation of new 4" pipe along High Point Drive from the intersection of Sunset Road to the intersection of Birch / Ridge Roads. This first phase should be completed in 2008.

It is well known that the existing ferries are 40 years old and the operation of the entire ferry service must be addressed. The Town has applied for a grant through the Federal Highway Administration's Discretionary Ferry Fund for monies to upgrade the ferries and the infrastructure supporting the ferry service. This DFF program requires a 20% match of granted funds. We are in hopes of getting approval in 2008 before the scheduled Town meeting in order to present this project to the Town at this meeting. If approved in 2008, we anticipate commencement of phase one, which would include development of the Willis property, in 2009.

Both the water and ferry systems are in need of upgrading to not only accommodate the existing population and expansion, but to accommodate the growth expected as we reach the 750 lots that the court allows to be developed.

### **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 Selectmen's Office at One Sunset Road, Frye Island, ME 04071, or by phone at (207) 655-4551.

**TOWN OF FRYE ISLAND, MAINE**  
**DECEMBER 31, 2007**

**BASIC FINANCIAL STATEMENTS**

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2007**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS:</b>			
Cash/Investments	\$ 1,633,701	\$ 320,406	\$ 1,954,107
Receivables (Net of Allowance for Uncollectibles):			
Taxes	16,520	0	16,520
Liens	21,880	0	21,880
Accounts	0	27,719	27,719
Inventory	0	5,356	5,356
Internal Balances	(47,585)	47,585	0
Prepaid Expenses	1,130	0	1,130
Tax Acquired Property	7,462	0	7,462
Capital Assets:			
Land and Improvements	593,613	1,258,400	1,852,013
Other Capital Assets, Net of Depreciation	1,847,720	1,324,199	3,171,919
<b>TOTAL ASSETS</b>	<u>4,074,441</u>	<u>2,983,665</u>	<u>7,058,106</u>
<b>LIABILITIES AND NET ASSETS:</b>			
Liabilities:			
Accounts Payable	83,294	19,463	102,757
Accrued Expenses	5,238	7,760	12,998
Accrued Interest Payable	1,554	0	1,554
Deferred Revenues	728,476	1,800	730,276
Long-Term Liabilities			
Due within One Year	31,660	5,470	37,130
Due in More Than One Year	429,067	0	429,067
Total Liabilities	<u>1,279,289</u>	<u>34,493</u>	<u>1,313,782</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,979,052	2,577,129	4,556,181
Unrestricted	816,100	372,043	1,188,143
<b>TOTAL NET ASSETS</b>	<u>\$ 2,795,152</u>	<u>\$ 2,949,172</u>	<u>\$ 5,744,324</u>

*The Accompanying Notes are an Integral Part of these Financial Statements.*

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>						
<b>Primary Government</b>						
Governmental Activities						
General Government	\$ 411,492	\$ 130,158	\$ 0	\$ (281,334)	\$ 0	\$ (281,334)
Public Works and Sanitation	364,009	19,008	10,418	(334,583)	0	(334,583)
Public Safety	61,349	0	0	(61,349)	0	(61,349)
Recreation	30,561	1,193	0	(29,368)	0	(29,368)
Education	862,005	0	0	(862,005)	0	(862,005)
Fixed Expenses	86,885	0	0	(86,885)	0	(86,885)
Total governmental activities	<u>1,816,301</u>	<u>150,359</u>	<u>10,418</u>	<u>(1,655,524)</u>	<u>0</u>	<u>(1,655,524)</u>
Business-type activities						
Ferry	389,902	503,092	0	0	113,190	113,190
Golf Club	212,882	205,933	0	0	(6,949)	(6,949)
Yacht Club	45,675	81,535	0	0	35,860	35,860
Total business-type activities	<u>648,459</u>	<u>790,560</u>	<u>0</u>	<u>0</u>	<u>142,101</u>	<u>142,101</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 2,464,760</u>	<u>\$ 940,919</u>	<u>\$ 10,418</u>	<u>\$ (1,655,524)</u>	<u>\$ 142,101</u>	<u>\$ (1,513,423)</u>

General revenues:						
Taxes - Property	\$ 1,760,865			\$ 1,760,865	0	\$ 1,760,865
Taxes - Excise	17,662			17,662	0	17,662
Intergovernmental	710			710	0	710
Miscellaneous/Transfers	5,000			5,000	(5,000)	0
Investment Earnings	71,378			71,378	9,848	81,226
Total General Revenues, Special Items	<u>1,855,615</u>			<u>1,855,615</u>	<u>4,848</u>	<u>1,860,463</u>
Change in Net Assets	200,091			200,091	146,949	347,040
<b>Net Assets - January 1, 2007</b>	<u>2,523,965</u>			<u>2,523,965</u>	<u>2,873,319</u>	<u>5,397,284</u>
<b>Transfers</b>	<u>71,096</u>			<u>71,096</u>	<u>(71,096)</u>	<u>0</u>
<b>Net Assets - December 31, 2007</b>	<u>\$ 2,795,152</u>			<u>\$ 2,795,152</u>	<u>\$ 2,949,172</u>	<u>\$ 5,744,324</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

**TOWN OF FRYE ISLAND, MAINE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2007**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>			
Cash/Investments	\$ 1,625,513	\$ 0	\$ 1,625,513
Receivables (Net of Allowance for Uncollectibles):			
Taxes	16,520	0	16,520
Liens	21,880	0	21,880
Prepaid Expenses	1,130	0	1,130
Tax Acquired Property	7,462	0	7,462
Due from Other Funds	0	7,342	7,342
<b>TOTAL ASSETS</b>	<b>1,672,505</b>	<b>7,342</b>	<b>1,679,847</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts Payable	83,294	0	83,294
Accrued Liabilities	5,238	0	5,238
Due to Other Funds	54,927	0	54,927
Deferred Revenues	773,030	0	773,030
Total Liabilities	916,489	0	916,489
Fund Balances:			
Reserved:			
For Specific Purposes	394,704	0	394,704
Unreserved:			
Reported in Special Revenues	0	7,342	7,342
Designated for Subsequent Years Expenditures	8,390	0	8,390
Undesignated	352,922	0	352,922
Total Fund Balances	756,016	7,342	763,358
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,672,505</b>	<b>\$ 7,342</b>	

Amounts reported for governmental activities in the Statement of  
Net Assets (Statement 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,441,333
Long-term liabilities, including leases payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	(432,579)	
Capital Leases Payable	(28,148)	
Accrued Interest	(1,554)	(462,281)
Funds are not available to pay for current period expenditures and therefore are deferred in the funds.		52,742
Net Assets of Governmental Activities		<b>\$ 2,795,152</b>

*The Accompanying Notes are an Integral Part of these Financial Statements.*

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Taxes	\$ 1,784,741	\$ 0	\$ 1,784,741
Licenses and Permits	69,176	0	69,176
Intergovernmental	710	10,418	11,128
Charges for Services	70,552	0	70,552
Miscellaneous	66,640	0	66,640
Total Revenues	<u>1,991,819</u>	<u>10,418</u>	<u>2,002,237</u>
<b>EXPENDITURES:</b>			
General Government	406,825	0	406,825
Public Works and Sanitation	311,656	10,706	322,362
Public Safety	61,349	0	61,349
Recreation	30,561	0	30,561
Education	862,005	0	862,005
Fixed Expenses	109,583	0	109,583
Capital Outlay	105,787	0	105,787
Total Expenditures	<u>1,887,766</u>	<u>10,706</u>	<u>1,898,472</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	104,053	(288)	103,765
<b>OTHER FINANCING SOURCES (USES)</b>	<u>76,096</u>	<u>0</u>	<u>76,096</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	180,149	(288)	179,861
<b>FUND BALANCES - JANUARY 1, 2007</b>	<u>575,867</u>	<u>7,630</u>	<u>583,497</u>
<b>FUND BALANCES - DECEMBER 31, 2007</b>	<u>\$ 756,016</u>	<u>\$ 7,342</u>	<u>\$ 763,358</u>

The reconciliation of the net change in fund balances of governmental funds to the change in net assets in the statement of activities is presented on a separate schedule on the next page.

*The Accompanying Notes are an Integral Part of these Financial Statements.*

**TOWN OF FRYE ISLAND, MAINE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**Net change in fund balances - total governmental funds (from Statement 4)** \$ 179,861

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because (see Note 1, also):

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 and reported as depreciation expense. The amount by which capital outlay exceeded depreciation in the current period is as follows:

Capital Outlay	144,642	
Depreciation	(57,020)	87,622

Bond or capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond or capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The amount by which capital lease proceeds exceeded bond and capital lease repayments is as follows:

Capital Lease Proceeds	(38,855)	
Bond Repayments	22,638	
Capital Lease Repayments	10,706	
Accrued Interest	60	(5,451)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statement.

9,155

**Change in net assets of governmental activities (see Statement 2)**

**\$ 271,187**

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**BUDGETARY BASIS**  
**YEAR ENDED DECEMBER 31, 2007**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 1,774,124	\$ 1,774,124	\$ 1,784,741	\$ 10,617
Licenses and Permits	45,761	45,761	69,176	23,415
Intergovernmental	598	598	710	112
Charges for Services	110,312	110,312	70,552	(39,760)
Other	20,208	20,208	49,679	29,471
<b>TOTAL REVENUES</b>	<u>1,951,003</u>	<u>1,951,003</u>	<u>1,974,858</u>	<u>23,855</u>
<b>EXPENDITURES:</b>				
General Government	427,685	427,685	406,825	20,860
Public Works and Sanitation	442,747	442,747	420,596	22,151
Public Safety	77,144	77,144	71,349	5,795
Recreation	32,817	32,817	30,561	2,256
Education	879,549	879,549	862,005	17,544
Fixed Expenses	122,345	122,345	109,583	12,762
Capital Outlay	20,000	116,482	105,787	10,695
<b>TOTAL EXPENDITURES</b>	<u>2,002,287</u>	<u>2,098,769</u>	<u>2,006,706</u>	<u>92,063</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(51,284)	(147,766)	(31,848)	115,918
<b>OTHER FINANCING SOURCES (USES):</b>	<u>0</u>	<u>5,000</u>	<u>76,096</u>	<u>71,096</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ (51,284)</u>	<u>\$ (142,766)</u>	<u>\$ 44,248</u>	<u>\$ 187,014</u>

*The Accompanying Notes are an Integral Part of these Financial Statements.*

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2007**

	<u>Enterprise Funds</u>			<u>Totals</u>
	<u>Ferry Service</u>	<u>Golf Course</u>	<u>Marina</u>	<u>2007</u>
<b>ASSETS:</b>				
Current Assets				
Cash	\$ 232,016	\$ 58,402	\$ 29,988	\$ 320,406
Accounts Receivable	27,696	23	0	27,719
Inventory	0	5,356	0	5,356
Capital Assets, Net of Depreciation	925,234	844,404	812,961	2,582,599
Due from Other Funds	10,702	27,900	8,983	47,585
<b>TOTAL ASSETS</b>	<u>1,195,648</u>	<u>936,085</u>	<u>851,932</u>	<u>2,983,665</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	0	0	19,463	19,463
Accrued Liabilities	6,698	1,062	0	7,760
Leases Payable	0	5,470	0	5,470
Deferred Revenues	0	0	1,800	1,800
Total Current Liabilities	<u>6,698</u>	<u>6,532</u>	<u>21,263</u>	<u>34,493</u>
<b>NET ASSETS:</b>				
Invested in Capital Assets, Net of Related Debt	925,234	838,934	812,961	2,577,129
Unrestricted Net Assets	263,716	90,619	17,708	372,043
<b>TOTAL NET ASSETS</b>	<u>\$ 1,188,950</u>	<u>\$ 929,553</u>	<u>\$ 830,669</u>	<u>\$ 2,949,172</u>

*The Accompanying Notes are an Integral Part of these Financial Statements.*

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Enterprise Fund</u>			<u>Totals</u>
	<u>Ferry Service</u>	<u>Golf Course</u>	<u>Marina</u>	<u>2007</u>
<b>OPERATING REVENUES:</b>				
Memberships and Fees	\$ 0	\$ 143,339	\$ 0	\$ 143,339
Lounge and Pro Shop Sales	0	61,932	0	61,932
Equity Fees	0	0	16,485	16,485
Rental Fees	0	0	65,050	65,050
Charges for Services	503,092	0	0	503,092
Miscellaneous	0	662	0	662
	<u>503,092</u>	<u>205,933</u>	<u>81,535</u>	<u>790,560</u>
<b>OPERATING EXPENDITURES</b>	<u>389,902</u>	<u>212,882</u>	<u>45,675</u>	<u>648,459</u>
<b>OPERATING INCOME (LOSS)</b>	113,190	(6,949)	35,860	142,101
<b>NON-OPERATING REVENUES</b>				
Interest Income	<u>6,680</u>	<u>2,425</u>	<u>743</u>	<u>9,848</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	119,870	(4,524)	36,603	151,949
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers to General Fund	0	(5,000)	0	(5,000)
Transfers to General Fund Reserve	<u>(28,032)</u>	<u>0</u>	<u>(43,064)</u>	<u>(71,096)</u>
	<u>(28,032)</u>	<u>(5,000)</u>	<u>(43,064)</u>	<u>(76,096)</u>
<b>CHANGE IN NET ASSETS</b>	91,838	(9,524)	(6,461)	75,853
<b>NET ASSETS - JANUARY 1,</b>	<u>1,097,112</u>	<u>939,077</u>	<u>837,130</u>	<u>2,873,319</u>
<b>NET ASSETS - DECEMBER 31,</b>	<u>\$ 1,188,950</u>	<u>\$ 929,553</u>	<u>\$ 830,669</u>	<u>\$ 2,949,172</u>

*The Accompanying Notes are an Integral Part of these Financial Statements.*

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Enterprise Fund</u>			<u>Totals</u>
	<u>Ferry Service</u>	<u>Golf Course</u>	<u>Marina</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 475,395	\$ 205,933	\$ 82,035	\$ 763,363
Payments to Suppliers	(145,202)	(87,306)	(12,214)	(244,722)
Payments to Employees	(148,185)	(98,333)	0	(246,518)
Other Receipts (Payments)	29,921	(22,513)	(33,386)	(25,978)
Net Cash Provided (Used) by Operating Activities	<u>211,929</u>	<u>(2,219)</u>	<u>36,435</u>	<u>246,145</u>
<b>CASH FLOWS (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisitions and Construction of Operating Property	<u>(63,179)</u>	<u>(7,500)</u>	<u>(22,623)</u>	<u>(93,302)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(63,179)</u>	<u>(7,500)</u>	<u>(22,623)</u>	<u>(93,302)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Earnings	<u>6,680</u>	<u>2,425</u>	<u>743</u>	<u>9,848</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>155,430</u>	<u>(7,294)</u>	<u>14,555</u>	<u>162,691</u>
<b>CASH - AT BEGINNING OF YEAR</b>	<u>76,586</u>	<u>65,696</u>	<u>15,433</u>	<u>157,715</u>
<b>CASH - AT END OF YEAR</b>	<u>\$ 232,016</u>	<u>\$ 58,402</u>	<u>\$ 29,988</u>	<u>\$ 320,406</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 113,190	\$ (6,949)	\$ 35,860	\$ 142,101
Transfers to General Fund Reserves	(28,032)	(5,000)	(43,064)	(76,096)
Adjustments not affecting cash:				
Depreciation Expense	89,816	31,729	17,597	139,142
Change in Assets and Liabilities				
(Increase) Decrease in:				
Accounts and Notes Receivable	(27,696)	0	0	(27,696)
Inventory	0	802	0	802
Due to/from Other Funds	57,953	(17,513)	6,079	46,519
(Decrease) Increase in:				
Accounts Payable	0	0	19,463	19,463
Accrued Liabilities	6,698	182	0	6,880
Leases Payable	0	(5,470)	0	(5,470)
Deferred Revenues	0	0	500	500
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 211,929</u>	<u>\$ (2,219)</u>	<u>\$ 36,435</u>	<u>\$ 246,145</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>				
Cash	<u>\$ 232,016</u>	<u>\$ 58,402</u>	<u>\$ 29,988</u>	<u>\$ 320,406</u>

*The Accompanying Notes are an Integral Part of these Financial Statements.*

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The Reporting Entity**

Town of Frye Island was incorporated in July 1, 1998 and operates under a Town Meeting-Board of Selectmen form of Government. The Board consists of seven members elected by the registered voters for staggered three-year terms.

In evaluating the Town of Frye Island as a reporting entity, management has addressed all potential component units for which the Town may or may not be financially accountable and, as such, be includable within the Town's financial statements. In accordance with GASB Statement #14, the Town (the primary government) is financially accountable if it appoints a voting majority of the organizations governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of these criteria, there are no other entities within the Town that should be included as part of these financial statements.

The accounting policies of the Town of Frye Island conform to generally accepted accounting principles as applicable to governmental units, except where indicated. The following is a summary of the more significant policies.

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.

**Basis of Presentation**

Government-Wide Financial Statements

The government-wide financial statements, comprised of the statement of net assets and the statement of activities, report information on all of the non-fiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities points out the extent to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function, service, program, or department. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational 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 (if any) are reported as separate columns in the fund financial statements. GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)**

Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Governmental Activities

Governmental funds are identified as 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 assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

Business-type activities

*Proprietary Funds* - Proprietary funds are used to account for the Town's ongoing activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The following is the Town's proprietary fund type:

*Enterprise Fund* - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs, including depreciation, of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Trust Funds - Trust funds are used to account for assets received by the Town and held in the capacity of trustee, custodian or agent. Non-expendable trust funds are those whose principal must be preserved intact. Expendable are those funds whose principal and income may be expended in the course of their designated operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements or results of operations. These funds are not incorporated into the Government-wide statements.

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*DECEMBER 31, 2007*

**Note 1 - SUMMARY OF ACCOUNTING POLICIES** (Continued)

**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 relates 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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or 60 days thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, as well as certain compensated absences, claims and judgments, are recorded only when the payment is due.

***Budgetary Accounting***

Budgets are adopted for the general fund only on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is employed as a management control device during the year for the general fund. A comparison of budget to actual is presented in the financial statements.

***Cash and Investments***

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. Town policy is that deposits can only be made in financial institutions insured by the FDIC. The Town's investment policy authorizes investments in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, certain corporate bonds, certain certificates of deposit and certain money market funds. The Town invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return, while remaining within the guidelines as provided by the Town's Investment Policy.

***Fund Equity***

Reserves represent those portions of fund equity not appropriable for expenditures, or are legally separated for a specific future use. Unreserved: Designated for Subsequent Years Expenditures, represents encumbrances under which purchase orders, contracts, and other commitments for the expenditure of funds are utilized in the governmental funds in order to reserve that portion of the applicable appropriations. Outstanding encumbrances are reported as a component of unreserved fund balance and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*DECEMBER 31, 2007*

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Inventories of Supplies*

In the general fund, inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The inventories at the golf pro shop are valued at the lower of cost or market, with cost determined on the first-in, first-out (FIFO) method.

*Prepaid Expenses*

Payments made to vendors that will benefit periods beyond December 31, 2007, are recorded as prepaid expenses.

*Fixed Assets*

General fixed assets purchased or acquired are reported at 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, other than land, is provided on the straight-line basis over the estimated useful lives.

Land Improvements - 40 years  
Buildings and Building Improvements - 20 to 60 years  
Vehicles and Equipment - 5 to 77 years

Infrastructure such as streets, bridges, and traffic lights has yet to be capitalized. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal year beginning July 1, 2006. The Town has elected to report infrastructure assets during fiscal year 2007.

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.

*Interfund Transactions*

During the course of normal operations, the Town has transactions between funds including expenditures and transfers of resources to provide resources, construct assets, and service debt. These transactions, if any, are reported as operating transfers.

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenue and expenses.

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 2 - DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover the value of its deposits and investments that are in the possession of an outside party.

**Deposits**

The Town of Frye Island's policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk. The funds are invested in savings, money market accounts, and repurchase agreements coinciding with its cash needs during the year.

The Town has a deposit policy for custodial credit risk. As of December 31, 2007, none of the Town's bank balance of \$1,944,876 was exposed to custodial credit risk.

**Investments**

The Town is authorized, under Maine statutes, to invest in obligations of the U.S. Treasury and U.S. Agencies and repurchase agreements. The Town had a small insurance policy that was converted to stocks by the investment company.

At December 31, 2007, investments consisted of the following:

	Carrying <u>Value</u>	Market <u>Value</u>
Stocks	<u>\$ 6,281</u>	<u>\$ 10,262</u>

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 3 - PROPERTY TAX**

Town of Frye Island's property tax for the current year was levied on the assessed value listed as of April 1, 2006. Assessed values are periodically established by the assessor at 100% of assumed market value. Each property must be reviewed no less than once every four years. The assessed value, upon which the levy for the year ended December 31, 2007 was based, was \$99,766,228. Interest was charged at 11.00% on all unpaid taxes from January 1, 2007, and July 1, 2007. The following summarizes the levy:

<b>Valuation and Assessment</b>		
Real Property		\$ 99,711,228
Personal Property		<u>55,000</u>
<b>Total Valuation</b>		99,766,228
Tax Rate per Thousand		<u>17.65</u>
<b>Tax Commitment</b>		<u>\$ 1,760,874</u>
 <b>Collection of 2007 Taxes</b>		
Original Commitment		\$ 1,760,874
Less: Collection in Current Year	\$ 1,738,059	
Abatements	3,564	
Transferred to Liens	<u>18,280</u>	<u>1,759,903</u>
<b>Taxes Receivable</b>		<u>\$ 971</u>

Taxes receivable at December 31, 2007 are as follows:

	<u>General</u>
Taxes - Current Year	\$ 971
Taxes - Prior Year	<u>15,549</u>
	<u>\$ 16,520</u>

The Town of Frye Island is permitted by the laws of the State of Maine to levy taxes 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 \$19,463 for the year ended December 31, 2007. Property taxes levied for the fiscal year are recorded as receivables at the time the levy is made. The receivables collected during the year and during the first sixty (60) days after December 31, 2007 are recognized as revenues. The remaining receivables estimated to be collectible subsequent to the sixty (60) day period are recorded as deferred revenues.

The 2007 property taxes were committed November 1, 2006, were due and payable on January 1 and July 1, 2007, and have been recorded as revenues. The 2008 property taxes were levied November 1, 2007, and are due and payable January 1, and July 1, 2008. The payments collected in 2007 have been recorded as deferred revenues. 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. In addition, the Town may bring a civil action for collection of unpaid personal property taxes.

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 3 - PROPERTY TAX (Continued)**

Property acquired by foreclosure for non-payment of taxes is recorded at the amount of expired tax liens plus the costs involved in foreclosure. Liens and any current taxes on the same parcel are not included as part of the tax acquired property account until expiration of statutory time limits.

**Note 4 - INTERFUND RECEIVABLES AND PAYABLES**

At December 31, 2007, the balances due to and due from accounts were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 0	\$ 54,927
Enterprise		
Ferry	10,702	0
Golf Club	27,900	0
Yacht Club	8,983	0
Special Revenue	<u>7,342</u>	<u>0</u>
	<u>\$ 54,927</u>	<u>\$ 54,927</u>

**Note 5 - OPERATING LEASE**

The Town of Frye Island has entered into a one year lease agreement with Frye Island, Inc. (FII). For a net annual fee of \$28,000, the Town leases from FII the following: Various Island Buildings, and Recreational Facilities.

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 6 - FIXED ASSETS**

Contributed assets are reported at fair market value and recorded as revenues as of the date received.

Capital Asset activity for the town's general fund operations for the year ended December 31, 2007, was as follows:

	Balance December 31, <u>2006</u>	<u>Additions</u>	Balance December 31, <u>2007</u>
Governmental Activities:			
Cost of Assets:			
Land and Land Improvements	\$ 591,164	\$ 2,533	\$ 593,697
Buildings and Building Improvements	756,220	78,537	834,757
Equipment and Vehicles	<u>1,118,418</u>	<u>63,572</u>	<u>1,181,990</u>
Total	<u>2,465,802</u>	<u>144,642</u>	<u>2,610,444</u>
Accumulated Depreciation:			
Land and Land Improvements	0	84	84
Buildings and Building Improvements	32,406	14,514	46,920
Equipment and Vehicles	<u>79,685</u>	<u>42,422</u>	<u>122,107</u>
Total	<u>112,091</u>	<u>57,020</u>	<u>169,111</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,353,711</u>	<u>\$ 87,622</u>	<u>\$ 2,441,333</u>

Depreciation was charged to functions as follows:

General Government	\$ 4,667
Public Works and Sanitation	<u>52,353</u>
	<u>\$ 57,020</u>

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 6 - FIXED ASSETS (Continued)**

Property, plant and equipment maintained in the proprietary funds are valued at cost. Depreciation of all exhaustible fixed assets is charged as an expense against their operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Balance December 31, <u>2006</u>	<u>Additions</u>	Balance December 31, <u>2007</u>
Proprietary Funds:			
Cost of Assets:			
Land and Land Improvements	\$ 1,296,500	\$ 22,623	\$ 1,319,123
Buildings and Building Improvements	262,180	0	262,180
Equipment and Vehicles	<u>1,506,187</u>	<u>70,679</u>	<u>1,576,866</u>
Total	<u>3,064,867</u>	<u>93,302</u>	<u>3,158,169</u>
Accumulated Depreciation:			
Land and Land Improvements	57,150	19,050	76,200
Buildings and Building Improvements	19,974	6,632	26,606
Equipment and Vehicles	<u>359,304</u>	<u>113,460</u>	<u>472,764</u>
Total	<u>436,428</u>	<u>139,142</u>	<u>575,570</u>
Business-Type Activities Capital			
Assets, Net	<u>\$ 2,628,439</u>	<u>\$(45,840)</u>	<u>\$ 2,582,599</u>
Depreciation was charged to functions as follows:			
Ferry	\$ 89,816		
Golf Course	31,729		
Marina	<u>17,597</u>		
	<u>\$ 139,142</u>		

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 7 - LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS**

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 2007:

	General Long-Term Debt
Long-Term Debt Payable at December 31, 2006	\$ 455,216
Debt Retired	<u>(22,638)</u>
Long-Term Debt Payable at December 31, 2007	<u>\$ 432,578</u>

Long-term debt outstanding at year end are as follows:

**Maine Municipal Bond Bank:**

2005 General Obligation Bond dated March 2005. Blended interest rate of 2.05%; Variable annual principal plus semi-annual interest payments to October 1, 2024. \$ 432,578

The annual requirements to amortize debts outstanding as of December 31, 2007, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2008	\$ 22,896	\$ 6,214	\$ 29,110
2009	23,148	5,962	29,110
2010	23,412	5,698	29,110
2011	23,687	5,423	29,110
2012	23,975	5,135	29,110
2013 – 2017	124,656	20,899	145,555
2018 – 2022	134,026	11,529	145,555
2023 – 2024	<u>56,778</u>	<u>1,499</u>	<u>58,277</u>
	<u>\$ 432,578</u>	<u>\$ 62,359</u>	<u>\$ 494,937</u>

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 7 - LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)**

**Capital Lease Obligations**

The following is a summary of capital-lease obligation transactions as it relates to the General Fund of the Town for the year ended December 31, 2007:

	<u>Capital Lease Obligations</u>
Capital Lease Obligations Payable at December 31, 2006	\$ 0
Lease Proceeds	<u>38,855</u>
	38,855
Less Leases Retired	<u>(10,706)</u>
Capital Lease Obligations Payable at December 31, 2007	<u>\$ 28,149</u>

Obligations under long-term capital leases consist of the following:

2008 Ford F-350 Dump Truck, maturing 8/28/2010, interest rate of 6.90%, payable in annual payments of \$10,706.	<u>\$ 28,149</u>
---	------------------

The annual requirement for capital lease obligations outstanding as of December 31, 2007 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 8,764	\$ 1,942	\$ 10,706
2009	9,369	1,337	10,706
2010	<u>10,016</u>	<u>690</u>	<u>10,706</u>
	<u>\$ 28,149</u>	<u>\$ 3,969</u>	<u>\$ 32,118</u>

The following is a summary of capital-lease obligation transactions as it relates to the Golf Course Department of the Town for the year ended December 31, 2007:

	<u>Capital Lease Obligations</u>
Capital Lease Obligations Payable at December 31, 2006	\$ 10,940
Less Debt Retired	<u>(5,470)</u>
Capital Lease Obligations Payable at December 31, 2007	<u>\$ 5,470</u>

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 7 - LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)**

Obligations under long-term capital leases consist of the following:

2004 Kubota Tractor, maturing 8/28/2007, 0.00%  
interest rate, payable in annual payments of \$5,470. \$ 5,470

The annual requirement for capital lease obligations outstanding as of December 31, 2007 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 5,470	\$ 0	\$ 5,470

**Note 8 - CONTINGENT LIABILITIES AND OTHER DISCLOSURES**

**Litigation**

The Town is subject to certain legal proceedings and claims that arise in the ordinary course of conducting its activities. In the opinion of management, the Town has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the Town.

**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, or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool, as well as coverage provided by purchased commercial insurance. The Town is not aware of any material actual or potential claim liabilities that should be recorded at December 31, 2007. Settled claims (if any) have not exceeded insurance coverage for any of the past three fiscal years.

**State and Federal Grants**

The Town participates in state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**Note 9 - OVERLAPPING DEBT**

The Town's proportionate share of Cumberland County's and Maine School Administrative District No.6's bonded debt is not reported in the Town's financial statements. Debt service is included in the annual County and School assessments to the Town. The Town's share is .37% (\$29,755) of Cumberland County's outstanding debt of \$7,999,569, and 5.70% (\$387,797) of Maine School Administrative District No. 6's outstanding bonded debt of \$6,807,953. In addition, the Town is contracted to pay subsidy to MSAD No. 6 until June 30, 2008, totaling \$452,913.

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 10 - BUDGET vs. MODIFIED ACCRUAL BASIS OF ACCOUNTING**

Statement 4, Statement of Revenues, Expenditures, and Changes in Fund Balances, has been adjusted to add the effects of the activities in the general fund reserve. Statement 6, Statement of Revenues and Expenditures - Budget and Actual, reflects the current revenues and expenditures on a budgetary basis.

The following is an explanation of the various differences and their effect on current year revenues and expenditures on a Modified Accrual basis as presented in Statement 4:

Excess of revenues over(under) expenditures (Statement 6)	\$ 44,248
Interest and Other Income from Reserve Funds	34,461
Budgeted transfers to reserves	<u>101,440</u>
Excess of revenues over(under) expenditures (Statement 4)	<u>\$ 180,149</u>

**Note 11 - FUND BALANCE - RESERVED FOR SPECIFIC PURPOSES**

General fund reserves consist of funds set aside by vote of the Town. The purpose and balances at December 31, 2007, are as follows:

Capital Funds	\$ 20,394
Water System Improvements	17,935
Recreation	1,996
Equipment	13,583
Fire and Safety	36,560
Island Improvement	302,082
Revaluation	<u>2,154</u>
	<u>\$ 394,704</u>

Schedule 1 summarizes the activity in 2007.

**TOWN OF FRYE ISLAND, MAINE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**Note 12 - RETIREMENT**

The Town offers its employees a deferred compensation plan created in accordance with 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 December 31, 2007 was approximately \$12,042. 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 employees participate in the Social Security Retirement Program. The Town's contribution to social security was approximately \$41,927 for the year ended December 31, 2007.

TOWN OF FRYE ISLAND, MAINE  
DECEMBER 31, 2007

SUPPLEMENTAL DATA

## **GENERAL FUND**

The General Fund accounts for all revenues and expenditures which are not accounted for in other funds. Most governmental services are provided by the General Fund including public works, public safety, recreation, health and welfare, and general administrative services.

**TOWN OF FRYE ISLAND, MAINE**  
**BALANCE SHEET - GENERAL FUND**  
**DECEMBER 31, 2007**  
(With Comparative Totals for the Year ended December 31, 2006)

	<u>2007</u>	<u>2006</u>
<b>ASSETS:</b>		
Cash/Investments	\$ 1,625,513	\$ 1,476,558
Receivable:		
Taxes	16,520	21,205
Tax Liens	21,880	15,875
Prepaid Expenses	1,130	0
Tax Acquired Property	<u>7,462</u>	<u>13,407</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,672,505</u>	<u>\$ 1,527,045</u>
 <b>LIABILITIES AND FUND BALANCES:</b>		
Liabilities:		
Accounts Payable	\$ 83,294	\$ 122,880
Accrued Liabilities	5,238	0
Due to Other Funds	54,927	94,104
Deferred Revenue	<u>773,030</u>	<u>734,194</u>
	<u>916,489</u>	<u>951,178</u>
 Fund Balances:		
Reserved:		
For Specific Purposes	394,704	279,622
Unreserved:		
Designated for Subsequent Years Expenditures	8,390	38,184
Undesignated	<u>352,922</u>	<u>258,061</u>
	<u>756,016</u>	<u>575,867</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,672,505</u>	<u>\$ 1,527,045</u>

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2007**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>			
Taxes:			
Property	\$ 1,760,874	\$ 1,760,865	\$ (9)
Change in Deferred Property Revenues	0	(967)	(967)
Excise	10,600	15,910	5,310
Interest and Lien costs on Taxes	2,650	8,933	6,283
	<u>1,774,124</u>	<u>1,784,741</u>	<u>10,617</u>
Licenses and Permits:			
Boat and Vehicle Registrations	1,400	1,761	361
Building Permits	39,371	56,356	16,985
Plumbing and Electrical Permits	3,000	7,359	4,359
Other Permits and Fines	1,840	3,200	1,360
Hunting/Fishing	150	500	350
	<u>45,761</u>	<u>69,176</u>	<u>23,415</u>
Intergovernmental:			
Homestead Exemptions	598	633	35
Miscellaneous	0	77	77
	<u>598</u>	<u>710</u>	<u>112</u>
Charges for Services:			
Water Hook-up Fees	32,000	2,750	(29,250)
Solid Waste Fee	16,000	9,258	(6,742)
Septic Waste Fee	50	415	365
Management Fee	53,392	50,818	(2,574)
Road Fees	8,000	7,000	(1,000)
Other Fees	870	311	(559)
	<u>110,312</u>	<u>70,552</u>	<u>(39,760)</u>
Other:			
Interest Earnings	12,000	37,296	25,296
Lease	7,908	7,908	0
Recreation Fees/Special Events	100	1,133	1,033
Miscellaneous	200	3,342	3,142
	<u>20,208</u>	<u>49,679</u>	<u>29,471</u>
<b>TOTAL REVENUES</b>	<u>1,951,003</u>	<u>1,974,858</u>	<u>23,855</u>

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2007**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES:</b>			
General Government:			
Administration	\$ 427,685	\$ 406,825	\$ 20,860
Public Works and Sanitation:			
Public Works	217,933	214,097	3,836
Roads	40,500	50,773	(10,273)
Water	140,215	110,374	29,841
Solid Waste	44,099	45,352	(1,253)
	<u>442,747</u>	<u>420,596</u>	<u>22,151</u>
Public Safety:			
Fire and Safety	32,133	32,133	0
Police	39,011	39,216	(205)
Emergency Medical	6,000	0	6,000
	<u>77,144</u>	<u>71,349</u>	<u>5,795</u>
Recreation:	<u>32,817</u>	<u>30,561</u>	<u>2,256</u>
Education:			
School Administrative District 6	<u>879,549</u>	<u>862,005</u>	<u>17,544</u>
Fixed Expenses:			
County Tax	72,316	75,418	(3,102)
Overlay	19,463	3,564	15,899
Debt Service	30,566	30,601	(35)
	<u>122,345</u>	<u>109,583</u>	<u>12,762</u>
Capital Outlay:			
Capital Acquisition	<u>116,482</u>	<u>105,787</u>	<u>10,695</u>
<b>TOTAL EXPENDITURES</b>	<u>2,098,769</u>	<u>2,006,706</u>	<u>92,063</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(147,766)</u>	<u>(31,848)</u>	<u>115,918</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Carryforward from 2006	38,184	0	(38,184)
Budgeted Use of Reserves	104,582	0	(104,582)
Transfer from Enterprise Fund	5,000	76,096	71,096
	<u>147,766</u>	<u>76,096</u>	<u>(71,670)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ 0</u>	<u>\$ 44,248</u>	<u>\$ 44,248</u>

TOWN OF FRYE ISLAND, MAINE  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	\$ 0	\$ 44,248	\$ 44,248
<b>RECONCILIATION TO MODIFIED ACCRUAL BASIS</b>			
Transfers to Reserves		101,440	
Interest and Other Income to Reserves		34,461	
		<u>135,901</u>	
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>		<u>\$ 180,149</u>	

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF CHANGES IN FUND BALANCE - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2007**

	<u>Reserved</u>	<u>Unreserved</u>		<u>Total</u>
	Specific Purpose (Schedule 1)	Designated for Subsequent Years' Expenditures	Undesignated	
FUND BALANCE - JANUARY 1, 2007	\$ 279,622	\$ 38,184	\$ 258,061	\$ 575,867
TRANSFER	5,200	0	(5,200)	0
EXCESS OF ACTUAL REVENUES AND OTHER SOURCES OVER (UNDER) ACTUAL EXPENDITURES AND OTHER USES	<u>109,882</u>	<u>(29,794)</u>	<u>100,061</u>	<u>180,149</u>
FUND BALANCE - DECEMBER 31, 2007	<u>\$ 394,704</u>	<u>\$ 8,390</u>	<u>\$ 352,922</u>	<u>\$ 756,016</u>

### **OTHER GOVERNMENTAL FUNDS**

The Town of Frye Island, Maine has the following non-major fund:

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds account for specific resources, the expenditure of which is restricted by law or administrative action for particular purposes.

**TOWN OF FRYE ISLAND, MAINE**  
**BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**NONMAJOR SPECIAL REVENUE FUND**  
**DECEMBER 31, 2007**

**ASSETS:**

Due from General Fund

\$ 7,342**FUND BALANCE:**\$ 7,342

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS**  
**NONMAJOR SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>REVENUES:</b>	
DOT Grant	\$ 10,418
<b>EXPENDITURES:</b>	
For Designated Purpose	<u>10,706</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(288)
<b>FUND BALANCE - JULY 1</b>	<u>7,630</u>
<b>FUND BALANCE - JUNE 30</b>	<u><u>\$ 7,342</u></u>

The following schedules are presented for purposes of additional analysis and are not a required part of the financial statements of the Town of Frye Island. Such information in these schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

**TOWN OF FRYE ISLAND, MAINE**  
**COMBINING STATEMENT OF GENERAL FUND RESERVES**  
**YEAR ENDED DECEMBER 31, 2007**

	Capital Funds Reserve	Water System Reserve	Recreation Reserve	Equipment Reserve	Fire and Safety Reserve	Island Improvement Reserve	Revaluation Reserve	Total
<b>APPROPRIATIONS:</b>	\$ 0	\$ 71,440	\$ 0	\$ 20,000	\$ 10,000	\$ 0	\$ 0	\$ 101,440
<b>REVENUES:</b>								
Interest	1,200	203	70	175	1,258	13,980	75	16,961
Other	0	17,500	0	0	0	0	0	17,500
	<u>1,200</u>	<u>17,703</u>	<u>70</u>	<u>175</u>	<u>1,258</u>	<u>13,980</u>	<u>75</u>	<u>34,461</u>
<b>EXPENDITURES FOR DESIGNATED PURPOSES</b>	0	72,000	0	6,600	5,000	13,515	0	97,115
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,200	17,143	70	13,575	6,258	465	75	38,786
<b>OTHER FINANCING SOURCES:</b>								
Transfers from Enterprise Fund	0	0	0	0	0	71,096	0	71,096
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	1,200	17,143	70	13,575	6,258	71,561	75	109,882
<b>BALANCE - BEGINNING OF YEAR</b>	19,194	792	1,926	8	30,302	225,321	2,079	279,622
<b>TRANSFER</b>	0	0	0	0	0	5,200	0	5,200
<b>BALANCE - END OF YEAR</b>	<u>\$ 20,394</u>	<u>\$ 17,935</u>	<u>\$ 1,996</u>	<u>\$ 13,583</u>	<u>\$ 36,560</u>	<u>\$ 302,082</u>	<u>\$ 2,154</u>	<u>\$ 394,704</u>

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**PROPRIETARY FUNDS - BUDGETARY BASIS**  
**YEAR ENDED DECEMBER 31, 2007**

	<u>Ferry Reserve</u>	<u>Ferry Service Operations</u>	<u>Golf Club Operations Reserve</u>	<u>Golf Club Equipment Reserve</u>	<u>Yacht Club Equity Reserve</u>	<u>Yacht Club Rental Reserve</u>	<u>Total</u>
<b>REVENUES:</b>							
Interest	\$ 6,449	\$ 230	\$ 1,710	\$ 715	\$ 743	\$ 0	\$ 9,847
Other	<u>128,714</u>	<u>374,377</u>	<u>205,933</u>	<u>0</u>	<u>16,485</u>	<u>65,050</u>	<u>790,559</u>
	<u>135,163</u>	<u>374,607</u>	<u>207,643</u>	<u>715</u>	<u>17,228</u>	<u>65,050</u>	<u>800,406</u>
<b>EXPENDITURES FOR DESIGNATED PURPOSES</b>	<u>78,009</u>	<u>285,256</u>	<u>181,153</u>	<u>12,970</u>	<u>17,280</u>	<u>33,092</u>	<u>607,760</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	57,154	89,351	26,490	(12,255)	(52)	31,958	192,646
<b>OTHER FINANCING SOURCES:</b>							
Transfer to General Fund Operations	0	0	0	(5,000)	0	0	(5,000)
Transfers to General Fund Reserves	<u>(28,032)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(43,064)</u>	<u>(71,096)</u>
	<u>(28,032)</u>	<u>0</u>	<u>0</u>	<u>(5,000)</u>	<u>0</u>	<u>(43,064)</u>	<u>(76,096)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	29,122	89,351	26,490	(17,255)	(52)	(11,106)	116,550
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>97,501</u>	<u>47,740</u>	<u>55,589</u>	<u>25,799</u>	<u>25,645</u>	<u>3,550</u>	<u>255,824</u>
<b>FUND BALANCE (DEFICIT)- END OF YEAR</b>	<u>\$ 126,623</u>	<u>\$ 137,091</u>	<u>\$ 82,079</u>	<u>\$ 8,544</u>	<u>\$ 25,593</u>	<u>\$ (7,556)</u>	<u>\$ 372,374</u>

**TOWN OF FRYE ISLAND, MAINE**  
**VALUATION, ASSESSMENT AND COLLECTION OF TAXES**  
**YEAR ENDED DECEMBER 31, 2007**

**VALUATION AND ASSESSMENT**

Real Property		\$ 99,711,228
Personal Property		55,000
		99,766,228
Tax Rate per Thousand		17.65
<b>TAX COMMITMENT</b>		<b>\$ 1,760,874</b>

**APPROPRIATIONS**

Municipal Functions		\$ 979,675
MSAD 6		879,549
County Tax		72,316
Overlay		19,463
		1,951,003
Less: Estimated Revenues		190,129
<b>TAX COMMITMENT</b>		<b>\$ 1,760,874</b>

**COLLECTION OF 2007 TAXES**

Original Commitment		\$ 1,760,874
Less: Collections	\$ 1,738,059	
Abatements	3,564	
Transferred to Liens	18,280	1,759,903
<b>BALANCE OUTSTANDING AT DECEMBER 31, 2007</b>		<b>\$ 971</b>

**TOWN OF FRYE ISLAND, MAINE**  
**STATEMENT OF DEPARTMENTAL OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2007**

	Appropriation Balances Forward	Appropriations	Transfers and Other Credits	Total Available	Expenditures	Balances		
						Overdrawn	Lapsed	Carried Forward
<b>GENERAL GOVERNMENT</b>	\$ 18,184	\$ 409,501	\$ 0	\$ 427,685	\$ 406,825	\$ 0	\$ 12,470	\$ 8,390
<b>PUBLIC WORKS AND SANITATION</b>								
Public Works	0	217,933	0	217,933	214,097	0	3,836	0
Roads	0	40,500	0	40,500	50,773	10,273	0	0
Water	0	140,215	0	140,215	110,374	0	29,841	0
Solid Waste	0	44,099	0	44,099	45,352	1,253	0	0
	0	442,747	0	442,747	420,596	11,526	33,677	0
<b>PUBLIC SAFETY</b>								
Fire and Safety	0	32,133	0	32,133	32,133	0	0	0
Police	0	39,011	0	39,011	39,216	205	0	0
Emergency Medical	0	6,000	0	6,000	0	0	6,000	0
	0	77,144	0	77,144	71,349	205	6,000	0
<b>RECREATION</b>	0	32,817	0	32,817	30,561	0	2,256	0
<b>EDUCATION</b>	0	879,549	0	879,549	862,005	0	17,544	0
<b>FIXED EXPENSES</b>								
County Tax	0	72,316	0	72,316	75,418	3,102	0	0
Overlay	0	19,463	0	19,463	3,564	0	15,899	0
Debt Service	0	30,566	0	30,566	30,601	35	0	0
	0	122,345	0	122,345	109,583	3,137	15,899	0
<b>CAPITAL OUTLAY</b>	20,000	96,482	0	116,482	105,787	0	10,695	0
<b>TOTAL</b>	\$ 38,184	\$ 2,060,585	\$ 0	\$ 2,098,769	\$ 2,006,706	\$ 14,868	\$ 98,541	\$ 8,390