

TOWN OF FRYE ISLAND
FINANCIAL REPORT



DECEMBER 31, 2012

TOWN OF FRYE ISLAND, MAINE
DECEMBER 31, 2012

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

Statement of Net Position	Statement 1
Statement of Activities	Statement 2
Balance Sheet - Governmental Funds	Statement 3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	Statement 4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Statement 5
Statement of Net Position - Proprietary Funds	Statement 6
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	Statement 7
Statement of Cash Flows - Proprietary Funds	Statement 8
Notes to Basic Financial Statements	

REQUIRED SUPPLEMENTAL INFORMATION

Budgetary Comparison Schedule - Budget and Actual – General Fund- Budgetary Basis	Exhibit 1
Notes to Required Supplementary Information	

SUPPLEMENTAL DATA

Other:	
Combining Statement of General Fund Reserves	Schedule 1
Statement of Revenues, Expenses and Changes in Fund Balance - Proprietary Funds - Cash Basis	Schedule 2
Statement of Departmental Operations	Schedule 3



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, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, as listed in the table of contents

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Frye Island, Maine, as of December 31, 2012, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–9 and 34-38 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.

Other Information

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 combining and individual fund financial statements presented as exhibits and schedules are for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements presented as exhibits and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements presented as exhibits and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Certified Public Accountants
September 24, 2013



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, 2012. This is the Town's eighth year after implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB) *Basic Financial Statements and Management's 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.

2012 Financial Highlights

The net position of the Town of Frye Island is 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 property 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 primarily from the revenues they receive for the service they provide. Total Net Position for the governmental activities for the year ending on December 31, 2012 was \$3,931,292, an increase of \$244,621 over 2011. Total Net Position for the business type activities for the year ending on December 31, 2012 was \$3,239,907, a decrease of \$33,136.

The total fund balance for the general fund for the year ending December 31, 2012 was \$1,207,512; a decrease of \$10,258 over the previous year. Of this balance, \$679,599 is reserved for specific purposes; including ferry projects, water system renovations, island improvement projects, etc.; and \$526,782 in the unassigned 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 Unassigned (formerly 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 a time table out to 2016 in which the current shortfall must be closed. Based on the 2012 tax requirement, the minimum balance should be approximately \$605,583.

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 Position* and *Statement of Activities*.

The **Statement of Net Position** presents information about the Town's assets and liabilities with the difference between the two reported as net position. Over time, changes in net position (increases or decreases) may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **Statement of Activities** presents information about how the Town's net position has changed during the fiscal year. All changes in net position 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, and Emergency Medical Services), Public Works (Roads, Water, and Waste Management), Recreation, Education, Debt Service, and Capital Planning expenses.

Fund Financial Statements

A fund can be described as 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 Position and the Statement of Activities. Activities in the Enterprise Fund include the Ferry Service, the Golf Course and the Marina Operations.

Statement of Net Position Information

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

Table 1
Statement of Net Position
Year Ended December 31, 2012
 (Statement 1)

	Governmental Activities	Business-type Activities	Total
Current & Other Assets	\$ 2,163,560	\$ 913,720	\$ 3,077,280
Capital Assets, net	<u>2,970,493</u>	<u>2,361,399</u>	<u>5,331,892</u>
Total Assets	<u>5,134,053</u>	<u>3,275,119</u>	<u>8,409,172</u>
Current Liabilities	887,240	35,212	922,452
Non-current Liabilities	<u>315,521</u>	<u>-</u>	<u>315,521</u>
Total Liabilities	<u>1,202,761</u>	<u>35,212</u>	<u>1,237,973</u>
Net Position:			
Investment in Capital Assets	2,653,754	2,361,399	5,015,153
Restricted	679,599	-	679,599
Unrestricted	<u>597,939</u>	<u>878,508</u>	<u>1,476,447</u>
Total Net Position	<u>\$ 3,931,292</u>	<u>\$ 3,239,907</u>	<u>\$ 7,171,199</u>

The Total Net Position of the Town of Frye Island exceeded its liabilities at the close of the most recent fiscal year by \$7,171,199 per Statement 1 (Statement of Net Position). Of this amount, \$1,476,447 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. The total net position of the Town of Frye Island increased \$211,485 over the previous year.

As of December 31st 2012, the Town of Frye Island reported a combined ending fund balance of \$1,207,512 a decrease of \$10,258. Approximately 44% of this total amount, \$526,782 is available for spending at the Town's discretion (unassigned fund balance).

A large portion of the Town's net position 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 position represents resources that are subject to restrictions on how they may be expended. The remaining unrestricted balance of net position may be used to meet the government's ongoing obligations to citizens and creditors.

**Table 2 –
Changes in Net Position
Year Ended December 31, 2012**
(Statement 2)

	Governmental Activities	Business-type Activities	Total
<i>Revenues</i>			
Program Revenues			
Charges for Services	\$ 56,884	\$ 735,155	\$ 792,039
Operating Grants and Contributions	109,114	-	109,114
General Revenues			
Property and Excise Taxes	2,339,834	-	2,339,834
Intergovernmental	559	-	559
Miscellaneous / Transfers	(\$67,826)	67,826	-
Investment Earnings	<u>38,618</u>	<u>18,270</u>	<u>56,888</u>
Total Revenues	<u>2,477,183</u>	<u>821,251</u>	<u>3,298,434</u>
<i>Expenses</i>			
Administration	352,781	-	352,781
Public Works and Sanitation	421,079	-	421,079
Public Safety	126,340	-	126,340
Recreation	27,218	-	27,218
Education	1,184,444	-	1,184,444
Fixed Expenses	100,842	-	100,842
Capital Outlay	19,858	-	19,858
Program Expenditures	<u>-</u>	<u>854,387</u>	<u>854,387</u>
Total Expenses	<u>2,232,562</u>	<u>854,387</u>	<u>3,086,949</u>
Change in Net Position	<u>\$ 244,621</u>	<u>\$ (33,136)</u>	<u>\$ 211,485</u>

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is provided. Please note that the format differs from that of the Statement of Revenues, Expenditures, and changes in Fund Balance. Expenses for each activity are listed in the left-most column with revenues generated by that activity reported to the right. Subtracting one from the other results in a Net (Expense)/Revenue. The format provides information about the relative financial burden on the Town's taxpayers for each activity. It should be noted, however, that while these revenues may be generated by specific activities, the Town does not have a dedicated revenue source. Accordingly, revenues from specific activities are deposited to the Town's general fund, as are all tax payments received. From this fund, the Town makes all its expenditures.

Examples of activities that produce some level of revenue are:

- General Government Excise Taxes, Management fees, Interest
Fees for building, plumbing and electrical permits
- Public Works and Sanitation Local Road Assistance, Recycling Revenues
- Recreation Fees for recreation programs and facility rental

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

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, 2012
 (Statement 2)

Function/Program	Total Cost of Services	Net Cost of Services
General Government	\$ 352,781	\$ (304,613)
Public Works and Sanitation	421,079	(404,191)
Public Safety	126,340	(126,340)
Recreation	27,218	(26,212)
Education	1,184,444	(1,184,444)
Fixed Expenses	100,842	(100,842)
Capital Reserve Activity	<u>19,858</u>	<u>80,078</u>
 TOTAL GOVERNMENTAL ACTIVITIES	 <u>\$ 2,232,562</u>	 <u>\$ 2,066,564</u>

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

The Unassigned fund balance increased from \$473,749 to \$526,782 an increase of \$53,033. The Restricted fund balance decreased from \$742,890 to \$ 679,599 a decrease of \$63,291. This is a total decrease of \$10,258.

Analysis of Significant General Fund Budget Variances

For the 2012 year, operating revenues came in ahead of budget expectations by \$15,763, a 0.65 % positive variance. Actual expenditures were \$37,270 less than the budget, a 1.60 % positive variance.

Significant Capital Asset and Long-Term Debt Activity

- Capital assets totaling \$5,331,892 (Statement 1) are being reported as of December 31, 2012. This represents an increase of \$139,800 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 \$161,600,000 in 2012. This creates a maximum allowed debt service of \$12,120,000. The actual long-term debt as of December 31, 2012 was \$315,521 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 Regional School Unit #6; (formerly Maine School Administration District #6); Cumberland County and the Maine Municipal Bond Bank for the loan for improvements made to the water system. In 2012, these expenses totaled \$1,309,330 which accounts for 56.40% of the property taxes paid to the municipality. The largest contributor to these required expenses is our payment to RSU 6 which totaled \$1,184,444. 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 SAD 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. In 2008, the Town established a "School Operations Reserve Fund". This reserve is to be funded by excess monies in the school budget and is to be used in the event the school budget falls short of the actual required expenditure. Following the 2012 year we had accumulated \$177,732 in this reserve. This fund is to be used in the event the actual school expense is more than budgeted and can be used with approval from the Board of Selectmen.

In 2007, the Board of Selectmen / Executive Committee approved the installation of new piping for the public water distribution system. It was decided to accomplish this installation using in-house labor rather than contract it to others in an effort to reduce the costs. Thus far, the new piping has been installed and has been placed in service on Independence Way, High Point Drive Sunset Road and a Ridge Road. In addition, a portion of Leisure Lane has been completed. We plan to continue this phased approach until all of the main lines are replaced which we anticipate will go on through the 2015 season. We are funding this project through property taxes at approximately \$75,000 per year.

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 applied for a grant through the Federal Highway Administration's Discretionary Ferry Fund (DFF) for monies to upgrade the ferries and the infrastructure supporting the ferry service. This DFF program requires a 20% match of granted funds. Unfortunately, but not unexpectedly, we were not awarded a grant. The stark reality is that we will no doubt have to fund replacement of the ferries and the facilities using local funds at some point. In 2009, the Town approved the establishment of a "Long Term Transportation Reserve" for the purpose of saving money for the inevitable expense to upgrade the ferry system when the time comes.

In 2005 the Town purchased approximately 25 acres of undeveloped property on the main land directly across the Raymond Cape road from the ferry access road. A study was performed by an in-house committee to determine the long term needs of the ferry system servicing the Island. It was determined that the major equipment in the system (ferries and gantries) were in reasonable condition considering their age and shouldn't need replacement in the near term; unless, of course, some unforeseen catastrophic accident renders one of them inoperable and un-repairable. However, the Committee did recognize the congestion and safety problem created on the main land by the increase in the number of vehicles needing access to the ferries. To relieve some of this congestion the Committee recommended establishing a "Ring Road" facility on the purchased property. In 2011 the Town approved \$30,000 to complete an engineering design for this facility that could be presented to the Department of Environmental Protection and to the Town of Raymond Planning Board for approval. A final plan is required to solicit proposals and determine the ultimate cost so that it can be presented to the Town voters. It is expected that this design will be completed in 2013.

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, 2012

BASIC FINANCIAL STATEMENTS

TOWN OF FRYE ISLAND, MAINE
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash/Investments	\$ 2,126,264	\$ 864,601	\$ 2,990,865
Receivables:			
Taxes	20,949	-	20,949
Liens	44,370	-	44,370
Accounts	839	23	862
Inventory	-	3,625	3,625
Internal Balances	(45,471)	45,471	-
Tax Acquired Property	16,609	-	16,609
Capital Assets:			
Land	591,164	534,500	1,125,664
Other Capital Assets, Net of Depreciation	2,379,329	1,826,899	4,206,228
TOTAL ASSETS	<u>5,134,053</u>	<u>3,275,119</u>	<u>8,409,172</u>
LIABILITIES AND NET ASSETS:			
Liabilities:			
Accounts Payable	26,730	-	26,730
Accrued Expenses	19,147	6,432	25,579
Accrued Compensated Absences	6,650	-	6,650
Accrued Interest Payable	1,218	-	1,218
Deferred Revenues	833,495	28,780	862,275
Long-Term Liabilities			
Due within One Year	24,269	-	24,269
Due in More Than One Year	291,252	-	291,252
Total Liabilities	<u>1,202,761</u>	<u>35,212</u>	<u>1,237,973</u>
NET POSITION			
Net Investment in Capital Assets	2,653,754	2,361,399	5,015,153
Restricted	679,599	-	679,599
Unrestricted	597,939	878,508	1,476,447
TOTAL NET POSITION	<u>\$ 3,931,292</u>	<u>\$ 3,239,907</u>	<u>\$ 7,171,199</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, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS						
Primary Government						
Governmental Activities						
General Government	\$ 352,781	\$ 48,168	\$ -	\$ (304,613)	\$ -	\$ (304,613)
Public Works and Sanitation	421,079	7,710	9,178	(404,191)	-	(404,191)
Public Safety	126,340	-	-	(126,340)	-	(126,340)
Recreation	27,218	1,006	-	(26,212)	-	(26,212)
Education	1,184,444	-	-	(1,184,444)	-	(1,184,444)
Fixed Expenses	100,842	-	-	(100,842)	-	(100,842)
Capital Reserve Activity	19,858	-	99,936	80,078	-	80,078
Total Governmental Activities	<u>2,232,562</u>	<u>56,884</u>	<u>109,114</u>	<u>(2,066,564)</u>	<u>-</u>	<u>(2,066,564)</u>
Business-type activities						
Ferry	549,905	414,500	-	-	(135,405)	(135,405)
Golf Club	248,527	242,740	-	-	(5,787)	(5,787)
Yacht Club	55,955	77,915	-	-	21,960	21,960
Total Business-type activities	<u>854,387</u>	<u>735,155</u>	<u>-</u>	<u>-</u>	<u>(119,232)</u>	<u>(119,232)</u>
TOTAL PRIMARY GOVERNMENT	\$ 3,086,949	\$ 792,039	\$ 109,114	\$ (2,066,564)	\$ (119,232)	\$ (2,185,796)

General Revenues:			
Taxes - Property	\$ 2,321,464	\$ -	\$ 2,321,464
Taxes - Excise	18,370	-	18,370
Intergovernmental	559	-	559
Investment Earnings	38,618	18,270	56,888
Transfers	(67,826)	67,826	-
Total General Revenues, Transfers	<u>2,311,185</u>	<u>86,096</u>	<u>2,397,281</u>
Change in Net Position	244,621	(33,136)	211,485
Net Position - January 1, 2012	3,686,671	3,273,043	6,959,714
Net Position - December 31, 2012	\$ 3,931,292	\$ 3,239,907	\$ 7,171,199

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

TOWN OF FRYE ISLAND, MAINE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	<u>Total Governmental Funds</u>
	<u>General Fund</u>
ASSETS:	
Cash/Investments	\$ 2,126,264
Receivables (Net of Allowance for Uncollectibles):	
Taxes	20,949
Liens	44,370
Accounts	839
Tax Acquired Property	<u>16,609</u>
TOTAL ASSETS	<u>2,209,031</u>
LIABILITIES AND FUND BALANCES:	
Liabilities:	
Accounts Payable	26,730
Accrued Liabilities	19,147
Due to Other Funds	45,471
Deferred Revenues	<u>910,171</u>
Total Liabilities	<u>1,001,519</u>
Fund Balances:	
Nonspendable:	1,131
Restricted for:	
Reserves	679,599
Unassigned	<u>526,782</u>
Total Fund Balances	<u>1,207,512</u>

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.		2,970,493
Funds are not available to pay for current period expenditures and therefore are deferred in the funds.		76,676
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	(315,521)	
Accrued Interest	(1,218)	
Accrued Compensated Absences	<u>(6,650)</u>	<u>(323,389)</u>
Net Assets of Governmental Activities		<u>\$ 3,931,292</u>

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, 2012

	<u>Total Governmental Funds</u>
	<u>General Fund</u>
REVENUES:	
Taxes	\$ 2,357,267
Licenses and Permits	13,041
Intergovernmental	9,737
Charges for Services	37,060
Miscellaneous	37,509
Total Revenues	<u>2,454,614</u>
EXPENDITURES:	
General Government	347,805
Public Works and Sanitation	349,647
Public Safety	120,120
Recreation	23,914
Education	1,184,444
Fixed Expenses	124,886
Capital Reserve Activity	246,230
Total Expenditures	<u>2,397,046</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	57,568
OTHER FINANCING SOURCES (USES)	<u>(67,826)</u>
NET CHANGE IN FUND BALANCES	(10,258)
FUND BALANCES - JANUARY 1, 2012	<u>1,217,770</u>
FUND BALANCES - DECEMBER 31, 2012	<u><u>\$ 1,207,512</u></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.

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, 2012

Net change in fund balances - total governmental funds (from Statement 4) \$ (10,258)

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	326,308	
Depreciation	<u>(85,773)</u>	240,535

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 position. This is the amount of bond repayments in the current period:

23,967

Interest on long term-debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount of the change in accrued interest.

80

Some expenses reported in the Statement of Activities, such as accrued compensated absences, do not use current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(162)

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

(9,541)

Change in net position of governmental activities (see Statement 2)

\$ 244,621

TOWN OF FRYE ISLAND, MAINE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012

	<u>Enterprise Funds</u>			<u>Totals</u>
	<u>Ferry Service</u>	<u>Golf Course</u>	<u>Marina</u>	<u>2012</u>
ASSETS:				
Current Assets				
Cash	\$ 737,917	\$ 69,814	\$ 56,870	\$ 864,601
Accounts Receivable	-	23	-	23
Inventory	-	3,625	-	3,625
Capital Assets, Net of Depreciation	833,137	803,288	724,974	2,361,399
Due from Other Funds	45,829	19,955	-	65,784
TOTAL ASSETS	<u>1,616,883</u>	<u>896,705</u>	<u>781,844</u>	<u>3,295,432</u>
LIABILITIES:				
Current Liabilities:				
Accrued Liabilities	1,069	5,363	-	6,432
Deferred Revenues	26,780	-	2,000	28,780
Due to Other Funds	-	-	20,313	20,313
Total Current Liabilities	<u>27,849</u>	<u>5,363</u>	<u>22,313</u>	<u>55,525</u>
NET POSITION:				
Net Investment in Capital Assets	833,137	803,288	724,974	2,361,399
Unrestricted Net Assets	755,897	88,054	34,557	878,508
TOTAL NET POSITION	<u>\$ 1,589,034</u>	<u>\$ 891,342</u>	<u>\$ 759,531</u>	<u>\$ 3,239,907</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 POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Enterprise Fund</u>			<u>Totals</u>
	<u>Ferry Service</u>	<u>Golf Course</u>	<u>Marina</u>	<u>2012</u>
OPERATING REVENUES:				
Memberships and Fees	\$ -	\$ 159,890	\$ -	\$ 159,890
Lounge and Pro Shop Sales	-	63,775	-	63,775
Equity Fees	-	-	16,865	16,865
Rental Fees	-	-	61,050	61,050
Charges for Services	414,500	-	-	414,500
Miscellaneous	-	19,075	-	19,075
	<u>414,500</u>	<u>242,740</u>	<u>77,915</u>	<u>735,155</u>
OPERATING EXPENDITURES	<u>549,905</u>	<u>248,527</u>	<u>55,955</u>	<u>854,387</u>
OPERATING INCOME (LOSS)	(135,405)	(5,787)	21,960	(119,232)
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	<u>16,613</u>	<u>1,181</u>	<u>476</u>	<u>18,270</u>
INCOME (LOSS) BEFORE TRANSFERS	(118,792)	(4,606)	22,436	(100,962)
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	105,724	-	-	105,724
Transfers to General Fund Reserve	-	-	(37,898)	(37,898)
	<u>105,724</u>	<u>-</u>	<u>(37,898)</u>	<u>67,826</u>
CHANGE IN NET POSITION	(13,068)	(4,606)	(15,462)	(33,136)
NET POSITION - JANUARY 1,	<u>1,602,102</u>	<u>895,948</u>	<u>774,993</u>	<u>3,273,043</u>
NET POSITION - DECEMBER 31,	<u>\$ 1,589,034</u>	<u>\$ 891,342</u>	<u>\$ 759,531</u>	<u>\$ 3,239,907</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, 2012

	<u>Enterprise Fund</u>			<u>Totals</u>
	<u>Ferry Service</u>	<u>Golf Course</u>	<u>Marina</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 437,379	\$ 242,740	\$ 78,215	\$ 758,334
Payments to Suppliers	(285,802)	(91,469)	(37,576)	(414,847)
Payments to Employees	(226,697)	(122,099)	-	(348,796)
Increase in Due from Other Funds	(29,318)	(3,904)	-	(33,222)
Increase in Due to Other Funds	-	-	(299)	(299)
Net Cash Provided (Used) by Operating Activities	<u>(104,438)</u>	<u>25,268</u>	<u>40,340</u>	<u>(38,830)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisitions of Operating Property	-	(17,000)	-	(17,000)
Transfer from General Fund	105,724	-	-	105,724
Transfers to General Fund Reserve	-	-	(37,898)	(37,898)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>105,724</u>	<u>(17,000)</u>	<u>(37,898)</u>	<u>50,826</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Earnings	<u>16,613</u>	<u>1,181</u>	<u>476</u>	<u>18,270</u>
NET INCREASE IN CASH	17,899	9,449	2,918	30,266
CASH - AT BEGINNING OF YEAR	<u>720,018</u>	<u>60,365</u>	<u>53,952</u>	<u>834,335</u>
CASH - AT END OF YEAR	<u>\$ 737,917</u>	<u>\$ 69,814</u>	<u>\$ 56,870</u>	<u>\$ 864,601</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (135,405)	\$ (5,787)	\$ 21,960	\$ (119,232)
Adjustments not affecting cash:				
Depreciation Expense	67,003	32,359	18,379	117,741
Change in Assets and Liabilities				
(Increase) Decrease in:				
Inventory	-	61	-	61
Due from Other Funds	(29,318)	(3,904)	-	(33,222)
(Decrease) Increase in:				
Accounts Payable	(29,635)	-	-	(29,635)
Accrued Liabilities	38	2,539	-	2,577
Deferred Revenues	22,879	-	300	23,179
Due to Other Funds	-	-	(299)	(299)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (104,438)</u>	<u>\$ 25,268</u>	<u>\$ 40,340</u>	<u>\$ (38,830)</u>

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

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 three members elected by the registered voters for staggered three-year terms.

The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). The financial statements of the Town of Frye Island conform to generally accepted accounting principles as applicable to governmental units, except where indicated. The most significant accounting policies used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

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 Codification, 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.

Basis of Presentation

The Town's basic financial statements consists of government-wide statements, comprised of a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The government-wide financial statements, comprised of the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the Town. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities points out the extent to which the direct expenses of a given function are offset by program revenues. The Town does not allocate indirect costs among the programs and functions. 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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

Separate financial statements are provided for governmental funds, enterprise funds, and fiduciary funds (even though the latter are excluded from the government-wide financial statements). The focus is on major funds rather than reporting funds by type. GASB Codification 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 Town's major governmental fund is the General Fund. The non-major funds are combined in the "Other Governmental Funds" column (if any) in the 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 (if any) 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 (if any) 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 (if any) 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:

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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. The Town's enterprise funds are the ferry, golf course and the marina.

Fiduciary Funds (if any)

Trust Funds are used to account for assets received by the Town and held in the capacity of a trustee, custodian or agent. Non-expendable trust funds are those whose principal must be preserved intact. Expendable trust funds are those 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.

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.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. The revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Modified Accrual (Continued)

Resources that are virtually unrestricted as to purpose, and are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt, or earlier, if the susceptible to accrual criteria are met.

Resources received in advance are recorded as deferred revenues. Deferred revenues arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both the measurable and available criteria are met, or when the Town has legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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. Investments are reported at cost; there is no significant difference between the fair value and cost of investments.

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, 2012, are recorded as prepaid expenses.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Interfund Transactions

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due to/ due from other funds” on the balance sheet of the governmental funds and fiduciary funds. As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Operating transfers occur when the Town transfers budgeted resources between funds.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for machinery and equipment, \$10,000 for other assets, and an estimated useful life in excess of one year. Such assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. The useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Land Improvements - 10 - 40 years
Buildings and Building Improvements - 20 to 60 years
Vehicles and Equipment - 5 to 40 years

As required by GASB, capitalization of interest cost during the construction period is applied on new construction in the enterprise fund, when applicable.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Compensated Absences

Under the terms of personnel policies, vacation and sick leave are granted in varying amounts according to length of service. The Town accrues accumulated sick leave and vacation time. At June 30, 2012, the accrual for compensated absences was determined to be \$6,650 which has been included in the government-wide financial statements.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts, if material to the basic financial statements, are deferred and amortized over the life of the bonds using interest method. Bond issuance costs are reported as expenditures.

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 resources. 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.

Net Position and Fund Equity Classifications

Net Position is required to be classified into the following three components:

Net Investment in Capital Assets - This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Capital assets	\$ 3,479,848
Accumulated Depreciation	(509,355)
Bonds and Notes Payable	(315,521)
Accrued Interest	<u>(1,218)</u>
Total invested in capital assets	
Net of related debt	<u>\$ 2,653,754</u>

Restricted - This component consists of constraints placed on the use of net position which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Balance

In the fund financial statements, governmental fund balance is presented in five possible categories that comprise a hierarchy based on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The categories are as follows:

Nonspendable - includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund Equity Classifications (Continued)

Fund Balance (Continued)

Restricted - represent those portions of fund equity that have externally enforceable legal restrictions.

Committed - describes the portion of the fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner.

Assigned - This classification reflects the amounts constrained by the town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Selectmen and town manager have the authority to assign amounts to be used for specific purposes.

Unassigned - represents amounts that are available for any purpose.

The Town considers resources with higher degree of restrictions to be spent first when restricted, committed, assigned, and unassigned resources are available to be spent.

Estimates

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 expense.

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 certificates of deposits coinciding with its cash needs during the year.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The Town has a deposit policy for custodial credit risk. As of December 31, 2012, the Town reported deposits of \$1,028,969 with a bank balance of \$1,153,123. \$464,393 of the Town's bank balance was covered by FDIC insurance and \$688,730 was exposed to custodial credit risk. The balance exposed to custodial credit risk was uninsured and uncollateralized.

Investments

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$1,961,661 investment, \$1,955,380 is insured by the FDIC and \$6,281 was exposed to custodial risk as of December 31, 2012. At December 31, 2012, investments consisted of the following:

	<u>Maturities</u>	<u>Cost</u>	<u>Fair Market Value</u>
Certificates of Deposit	2012 - 2021	\$ 1,955,380	N/A
Corporate Bonds	N/A	<u>6,281</u>	<u>3,000</u>
		<u>\$ 1,961,661</u>	<u>\$ 3,000</u>

Concentration of Credit Risk

The Town places a limit of \$250,000 on the amount invested in any one issuer. As of December 31, 2012, the Town had individual investments that exceeded 5% of the Town's investments as follows:

	<u>Cost</u>	<u>Percent</u>	<u>Credit Risk Rating</u>
Certificates of Deposit	\$ 1,339,380	68.3%	N/A

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, 2011. Assessed values are periodically established by the assessor at 78.1% 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, 2012 was based, was \$113,953,692. Interest was charged at 7.00% on all unpaid taxes from January 1, 2012, and July 1, 2012.

The following summarizes the levy:

VALUATION AND ASSESSMENT

VALUATION:		
Real Estate		\$ 113,928,692
Personal Property		<u>25,000</u>
Total Valuation		113,953,692
 TAX RATE PER THOUSAND		 <u>20.37</u>
 TAX COMMITMENT		 <u>\$ 2,321,465</u>

COLLECTION OF 2012 TAXES

ORIGINAL COMMITMENT		\$ 2,321,465
Less: Collections	\$ 2,282,219	
Transferred to Liens	<u>39,065</u>	<u>2,321,284</u>
 2012 TAXES RECEIVABLE at December 31, 2012		 <u><u>\$ 181</u></u>

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 3 - PROPERTY TAX (Continued)

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 \$59 for the year ended December 31, 2012. 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, 2012 are recognized as revenues. The remaining receivables estimated to be collectible subsequent to the sixty (60) day period are recorded as deferred revenues.

The 2012 property taxes were committed October 18, 2011, were due and payable on January 1 and July 1, 2012, and have been recorded as revenues. The 2012 property taxes were levied on October 16, 2012, and are due and payable January 1, and July 1, 2013. The payments collected in 2012 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.

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/ PAYABLES AND TRANSFERS

Interfund Receivables/ Payables

At December 31, 2012, the balances due to and due from accounts were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ -	\$ 45,471
Enterprise		
Ferry	45,829	-
Golf Club	19,955	-
Marina	<u>-</u>	<u>20,313</u>
	<u>\$ 65,784</u>	<u>\$ 65,784</u>

The interfund balances are due to the enterprise fund cash and the general fund cash being kept in the same bank account.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 4 - INTERFUND RECEIVABLES/ PAYABLES AND TRANSFERS (Continued)

Transfers

Interfund transfers for the year ended December 31, 2012 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 37,898	\$ 105,724
Enterprise		
Ferry	105,724	-
Marina	<u>-</u>	<u>37,898</u>
	<u>\$ 143,622</u>	<u>\$ 143,622</u>

Transfers are used to fund the Long-Term Transportation reserve and to transfer net income from slip rentals for the Marina into the Island Improvement Reserve.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 5 - 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, 2012, was as follows:

Governmental Activities:	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Dispositions</u>	Balance December 31, <u>2012</u>
Cost of Assets:				
Assets Not Being Depreciated:				
Land	\$ 591,164	\$ -	\$ -	\$ 591,164
Construction in Progress	29,967	(17,685)		12,282
Asset being depreciated:				
Land Improvements	2,533	92,633	-	95,166
Buildings and Building Improvements	834,757	108,864	-	943,621
Leasehold Improvements	19,766	-	-	19,766
Equipment and Vehicles	<u>1,675,352</u>	<u>142,500</u>	<u>-</u>	<u>1,817,852</u>
Total	<u>3,153,539</u>	<u>326,317</u>	<u>-</u>	<u>3,479,851</u>
Accumulated Depreciation:				
Land and Land Improvements	760	2,485	-	3,245
Buildings and Building Improvements	107,029	16,257	-	123,286
Leasehold Improvements	2,471	988	-	3,459
Equipment and Vehicles	<u>313,325</u>	<u>66,043</u>	<u>-</u>	<u>379,368</u>
Total	<u>423,585</u>	<u>85,773</u>	<u>-</u>	<u>509,358</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 2,729,954</u>	<u>\$ 240,539</u>	<u>\$ -</u>	<u>\$ 2,970,493</u>

Depreciation was charged to functions as follows:

General Government	\$ 4,814
Public Works and Sanitation	71,435
Public Safety	6,220
Recreation	<u>3,304</u>
	<u>\$ 85,773</u>

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 5 - 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:

Proprietary Funds:	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Dispositions</u>	Balance December 31, <u>2012</u>
Cost of Assets:				
Assets Not Being Depreciated:				
Land	\$ 534,500	\$ -	\$ -	\$ 534,500
Assets Being Depreciated:				
Land Improvements	794,696	-	-	794,696
Buildings and Building Improvements	326,498	-	-	326,498
Equipment and Vehicles	<u>1,797,663</u>	<u>17,000</u>	<u>-</u>	<u>1,814,663</u>
Total	<u>3,453,357</u>	<u>17,000</u>	<u>-</u>	<u>3,470,357</u>
Accumulated Depreciation:				
Land and Land Improvements	162,835	22,319	-	185,154
Buildings and Building Improvements	56,402	8,445	-	64,847
Equipment and Vehicles	<u>771,983</u>	<u>86,977</u>	<u>-</u>	<u>858,960</u>
Total	<u>991,220</u>	<u>117,741</u>	<u>-</u>	<u>1,108,961</u>
Business-Type Activities Capital				
Assets, Net	<u>\$ 2,462,137</u>	<u>\$ (100,741)</u>	<u>\$ -</u>	<u>\$ 2,361,399</u>
Depreciation was charged to functions as follows:				
Ferry	\$ 67,003			
Golf Course	32,359			
Marina	<u>18,379</u>			
	<u>\$ 117,741</u>			

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 6 - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 2012:

	General Long-Term Debt
Long-Term Debt Payable at December 31, 2011	\$ 339,488
Debt Retired	<u>(23,967)</u>
Long-Term Debt Payable at December 31, 2012	<u>\$ 315,521</u>

Long-term debt outstanding at year end is 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.

\$ 315,521

The annual requirements to amortize debts outstanding as of December 31, 2012, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 24,269	\$ 4,874	\$ 29,143
2014	24,585	4,558	29,143
2015	24,916	4,227	29,143
2016	25,260	3,883	29,143
2017	25,621	3,523	29,144
2018 – 2022	134,092	11,625	145,717
2023 – 2024	<u>56,778</u>	<u>1,509</u>	<u>58,287</u>
	<u>\$ 315,521</u>	<u>\$ 34,199</u>	<u>\$ 349,720</u>

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 7 - 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, 2012. 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 8 - 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 .41% (\$152,284) of Cumberland County's outstanding debt of \$37,220,000, and 5.76% (\$1,451,532) of Maine School Administrative District No. 6's outstanding bonded debt of \$25,211,582. In addition, the Town is contracted to pay subsidy to MSAD No. 6 until June 30, 2013, totaling \$580,806.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9 - SELECTED COMPONENTS OF FUND BALANCE

The following presents the components of fund balances that are aggregated on the statement's balance sheet. At fiscal year, they consisted of:

	<u>Restricted</u>
General Fund	
Reserves for:	
Capital Funds	\$ 34,908
Water System Improvements	20,742
Recreation	35,256
Equipment	29,673
Fire and Safety	134,448
Fire Department Operations	4,371
Island Improvement	242,469
School Operations	<u>177,732</u>
Total All Funds	<u>\$ 679,599</u>

Note 10 - 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 \$17,000, the Town leases from FII the Community Center building, recreational facilities, and island roads.

Note 11 - 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, 2012 was \$10,042. 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 \$52,734 for the year ended December 31, 2012.

NOTE 12 - SUBSEQUENT EVENTS

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through September 24, 2013, the date the financial statements were available to be issued.

TOWN OF FRYE ISLAND, MAINE
DECEMBER 31, 2012

REQUIRED SUPPLEMENTAL INFORMATION

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes the Budgetary Comparison Information - Budget and Actual - General Fund - Budgetary Basis.

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
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Taxes:			
Property	\$ 2,321,803	\$ 2,321,464	\$ (339)
Change in Deferred Property Revenues	-	9,541	9,541
Excise	14,000	16,619	2,619
Interest and Lien costs on Taxes	7,000	9,643	2,643
	<u>2,342,803</u>	<u>2,357,267</u>	<u>14,464</u>
Licenses and Permits:			
Boat and Vehicle Registrations	1,250	1,751	501
Building Permits	8,500	8,402	(98)
Plumbing and Electrical Permits	1,000	2,031	1,031
Other Permits and Fines	107	501	394
Hunting/Fishing	100	356	256
	<u>10,957</u>	<u>13,041</u>	<u>2,084</u>
Intergovernmental:			
Homestead Exemptions	225	385	160
Local Road Assistance	7,512	9,178	1,666
State Revenue Sharing	-	126	126
Miscellaneous	127	48	(79)
	<u>7,864</u>	<u>9,737</u>	<u>1,873</u>
Charges for Services:			
Water Hook-up Fees	1,000	1,000	-
Solid Waste Fee	5,000	6,510	1,510
Management Fee	26,500	28,600	2,100
Road Fees	800	200	(600)
Other Fees	-	750	750
	<u>33,300</u>	<u>37,060</u>	<u>3,760</u>
Other:			
Interest Earnings	20,000	12,458	(7,542)
Lease	6,500	5,000	(1,500)
Recreation Fees/Special Events	250	256	6
Miscellaneous	660	3,278	2,618
	<u>27,410</u>	<u>20,992</u>	<u>(6,418)</u>
TOTAL REVENUES	<u>2,422,334</u>	<u>2,438,097</u>	<u>15,763</u>

TOWN OF FRYE ISLAND, MAINE
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES:			
General Government:			
Administration	\$ 342,543	\$ 347,805	\$ (5,262)
Public Works and Sanitation:			
Public Works	230,487	242,631	(12,144)
Roads	35,800	29,813	5,987
Water	48,100	36,433	11,667
Solid Waste	54,499	40,770	13,729
	<u>368,886</u>	<u>349,647</u>	<u>19,239</u>
Public Safety:			
Fire and Safety	27,329	27,329	-
Police	78,959	73,656	5,303
Emergency Medical	24,561	19,135	5,426
	<u>130,849</u>	<u>120,120</u>	<u>10,729</u>
Recreation:	<u>33,468</u>	<u>23,914</u>	<u>9,554</u>
Education:			
School Administrative District 6	<u>1,184,444</u>	<u>1,184,444</u>	<u>-</u>
Fixed Expenses:			
County Tax	87,295	94,285	(6,990)
Debt Service	30,601	30,601	-
	<u>117,896</u>	<u>124,886</u>	<u>(6,990)</u>
Capital Reserve Accounts:	<u>138,524</u>	<u>128,524</u>	<u>10,000</u>
TOTAL EXPENDITURES	<u>2,316,610</u>	<u>2,279,340</u>	<u>37,270</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>105,724</u>	<u>158,757</u>	<u>53,033</u>
OTHER FINANCING SOURCES (USES):			
Transfer to Enterprise Fund	(105,724)	(105,724)	-
Transfer from Enterprise Fund	-	37,898	37,898
	<u>(105,724)</u>	<u>(67,826)</u>	<u>37,898</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ 90,931</u>	<u>\$ 90,931</u>

TOWN OF FRYE ISLAND, MAINE
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	\$ 90,931	<u>\$ 90,931</u>
RECONCILIATION TO GAAP BASIS			
Transfers to Reserves		(217,642)	
Interest and Other Income from Reserves		<u>116,453</u>	
		<u>(101,189)</u>	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		<u>\$ (10,258)</u>	

TOWN OF FRYE ISLAND, MAINE
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON INFORMATION
DECEMBER 31, 2012

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 and sanitation, public safety, recreation, education, and general administrative services.

NOTE 1 - BUDGETARY ACCOUNTING

Each year a budget is adopted for the general fund only. The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

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

- In the prior year, the Town prepared a budget for the year beginning January 1. The operating budget included proposed expenditures and the means of financing them.
- After giving public notice of the meeting, the inhabitants of the Town voted in the prior October for the purpose of adopting the proposed budget.
- The budget was adopted subsequent to the vote by the inhabitants of the Town.

Formal budgetary integration is employed as a management control device during the year for the general fund.

NOTE 2 - BUDGET VS GAAP BASIS OF ACCOUNTING

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

Excess of Revenues and Other Sources Over (Under)	
Expenditures and Other Uses (Exhibit 1)	\$ 90,931
Interest and Other Income to Reserves (Schedule 1)	116,453
Transfers to Reserves (Schedule 1)	<u>(217,642)</u>
Excess of Revenues Over (Under) Expenditures (Statement 4)	<u>\$ (10,258)</u>

TOWN OF FRYE ISLAND, MAINE
DECEMBER 31, 2012

OTHER SUPPLEMENTAL DATA

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, 2012

	<u>Fund Balances Beginning of Year</u>	<u>Appropriations</u>	<u>Interest</u>	<u>Other Revenues</u>	<u>Transfers In (Out)</u>	<u>Program Expenditures</u>	<u>Fund Balances End of Year</u>
Capital Reserve	\$ 34,228	\$ -	\$ 680	\$ -	\$ -	\$ -	\$ 34,908
Water System Reserve	27,304	74,024	2,144	4,000	80,762	167,492	20,742
Recreation Reserve	8,421	10,000	522	17,000	-	687	35,256
Equipment Reserve	58,389	32,000	1,556	11,600	-	73,872	29,673
Fire and Safety Reserve	119,310	12,500	2,638	-	-	-	134,448
Fire Department Operations Reserve	4,374	-	40	3,069	-	3,112	4,371
Island Improvement Reserve	338,595	-	5,714	42,027	(42,864)	101,003	242,469
School Operations Reserve	152,269	-	3,223	22,240	-	-	177,732
Total:	<u>\$ 742,890</u>	<u>\$ 128,524</u>	<u>\$ 16,517</u>	<u>\$ 99,936</u>	<u>\$ 37,898</u>	<u>\$ 346,166</u>	<u>\$ 679,599</u>

TOWN OF FRYE ISLAND, MAINE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
PROPRIETARY FUNDS - CASH BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>Fund Balances Beginning of Year</u>	<u>Interest</u>	<u>Other Revenues</u>	<u>Transfers In (Out)</u>	<u>Program Expenditures</u>	<u>Fund Balances End of Year</u>
Ferry Reserve	\$ 290,775	\$ 6,677	\$ 93,952	\$ -	\$ 89,894	\$ 301,510
Ferry Service Operations Reserve	171,124	3,506	312,186	-	363,486	123,330
Long-Term Transportation Reserve	219,523	6,430	8,362	105,724	26,963	313,076
Golf Club Operations Reserve	54,857	987	225,740	(8,737)	209,497	63,350
Golf Club Equipment Reserve	5,509	194	17,000	6,160	22,400	6,463
Yacht Club Equity Reserve	53,952	476	16,865	-	14,423	56,870
Yacht Club Rental Reserve	-	-	61,050	(37,898)	23,152	-
Total:	<u>\$ 795,740</u>	<u>\$ 18,270</u>	<u>\$ 735,155</u>	<u>\$ 65,249</u>	<u>\$ 749,815</u>	<u>\$ 864,599</u>

TOWN OF FRYE ISLAND, MAINE
STATEMENT OF DEPARTMENTAL OPERATIONS
YEAR ENDED DECEMBER 31, 2012

	Appropriation Balances Forward	Appropriations	Transfers and Other Credits	Total Available	Expenditures	Balances		
						Overdrawn	Lapsed	Carried Forward
GENERAL GOVERNMENT	\$ -	\$ 342,543	\$ -	\$ 342,543	\$ 347,805	\$ 5,262	\$ -	\$ -
PUBLIC WORKS AND SANITATION								
Public Works	-	230,487	-	230,487	242,631	12,144	-	-
Roads	-	35,800	-	35,800	29,813	-	5,987	-
Water	-	48,100	-	48,100	36,433	-	11,667	-
Solid Waste	-	54,499	-	54,499	40,770	-	13,729	-
	-	368,886	-	368,886	349,647	12,144	31,383	-
PUBLIC SAFETY								
Fire and Safety	-	27,329	-	27,329	27,329	-	-	-
Police	-	78,959	-	78,959	73,656	-	5,303	-
Emergency Medical	-	24,561	-	24,561	19,135	-	5,426	-
	-	130,849	-	130,849	120,120	-	10,729	-
RECREATION	-	33,468	-	33,468	23,914	-	9,554	-
EDUCATION	-	1,184,444	-	1,184,444	1,184,444	-	-	-
FIXED EXPENSES								
County Tax	-	87,295	-	87,295	94,285	6,990	-	-
Debt Service	-	30,601	-	30,601	30,601	-	-	-
	-	117,896	-	117,896	124,886	6,990	-	-
CAPITAL RESERVE ACCOUNTS:								
Water	-	74,024	-	74,024	74,024	-	-	-
Fire Department Equipment	-	10,000	-	10,000	10,000	-	-	-
Public Safety	-	2,500	-	2,500	2,500	-	-	-
Public Works Equipment	-	32,000	-	32,000	32,000	-	-	-
Cape Property Reimbursement	-	10,000	-	10,000	-	-	10,000	-
Recreation Equipment	-	10,000	-	10,000	10,000	-	-	-
	-	138,524	-	138,524	128,524	-	10,000	-
TOTAL	\$ -	\$ 2,316,610	\$ -	\$ 2,316,610	\$ 2,279,340	\$ 24,396	\$ 61,666	\$ -