

TOWN OF FRYE ISLAND
FINANCIAL REPORT



DECEMBER 31, 2013

TOWN OF FRYE ISLAND, MAINE
DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S 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, 2013, 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, 2013, and the respective changes in financial position and, where applicable, 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 35-38 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 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 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
November 18, 2014



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, 2013. 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.

2013 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, 2013 was \$3,964,801, an increase of \$33,509 over 2012. Total Net Position for the business type activities for the year ending on December 31, 2013 was \$3,374,941, an increase of \$135,034.

The total fund balance for the general fund for the year ending December 31, 2013 was \$1,066,335; a decrease of \$141,177 over the previous year. Of this balance, \$509,333 is reserved for specific purposes; including ferry projects, water system renovations, island improvement projects, etc.; \$50,000 is assigned to 2015 use of fund balance; and \$507,002 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 2013 tax requirement, the minimum balance should be approximately \$606,075.

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

Required and 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, 2013
 (Statement 1)

	Governmental Activities	Business-type Activities	Total
Current & Other Assets	\$ 2,115,585	\$ 996,831	\$ 3,112,416
Capital Assets, net	<u>3,149,422</u>	<u>2,437,820</u>	<u>5,587,242</u>
Total Assets	<u>5,265,007</u>	<u>3,434,651</u>	<u>8,699,658</u>
Current Liabilities	76,888	59,710	136,598
Non-current Liabilities	<u>291,252</u>	<u>-</u>	<u>291,252</u>
Total Liabilities	<u>368,140</u>	<u>59,710</u>	<u>427,850</u>
Deferred Inflows	<u>932,066</u>	<u>-</u>	<u>932,066</u>
Net Position:			
Investment in Capital Assets	2,857,031	2,437,820	5,294,851
Unrestricted	<u>1,107,770</u>	<u>937,121</u>	<u>2,044,891</u>
Total Net Position	<u>\$ 3,964,801</u>	<u>\$ 3,374,941</u>	<u>\$ 7,339,742</u>

The Total Net Position of the Town of Frye Island exceeded its liabilities at the close of the most recent fiscal year by \$7,339,742 per Statement 1 (Statement of Net Position). Of this amount, \$2,044,891 (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 \$168,543 over the previous year.

As of December 31, 2013, the Town of Frye Island reported a combined ending fund balance of \$1,066,335 a decrease of \$141,177. Approximately 48% of this total amount, \$507,002 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, 2013
(Statement 2)**

	Governmental Activities	Business-type Activities	Total
<i>Revenues</i>			
Program Revenues			
Charges for Services	\$ 65,271	\$ 748,775	\$ 814,046
Operating Grants and Contributions	27,155	-	27,155
General Revenues			
Property and Excise Taxes	2,338,860	-	2,338,860
Intergovernmental	621	-	621
Miscellaneous / Transfers	(114,650)	114,650	-
Investment Earnings	<u>6,968</u>	<u>2,152</u>	<u>9,120</u>
Total Revenues	<u>2,324,225</u>	<u>865,577</u>	<u>3,189,802</u>
<i>Expenses</i>			
Administration	373,398	-	373,398
Public Works and Sanitation	409,842	-	409,842
Public Safety	154,225	-	154,225
Recreation	39,788	-	39,788
Education	1,249,658	-	1,249,658
Fixed Expenses	108,684	-	108,684
Capital Outlay	8,918	-	8,918
Program Expenditures	<u>-</u>	<u>759,686</u>	<u>759,686</u>
Total Expenses	<u>2,344,513</u>	<u>759,686</u>	<u>3,104,199</u>
Change in Net Position	<u>\$ (20,288)</u>	<u>\$ 105,891</u>	<u>\$ 85,603</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, 2013
 (Statement 2)

Function/Program	Total Cost of Services	Net Cost of Services
General Government	\$ 373,398	\$ (322,196)
Public Works and Sanitation	409,842	(384,410)
Public Safety	154,225	(154,225)
Recreation	39,788	(37,317)
Education	1,249,658	(1,249,658)
Fixed Expenses	108,684	(108,684)
Capital Reserve Activity	<u>8,918</u>	<u>4,403</u>
 TOTAL GOVERNMENTAL ACTIVITIES	 <u>\$ 2,344,513</u>	 <u>\$ 2,252,087</u>

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

The Unassigned fund balance increased from \$526,782 to \$507,002, a decrease of \$19,780. The Restricted fund balance decreased from \$679,599 to \$509,333, a decrease of \$170,266. The general fund decreased a total of \$141,177, which includes a decrease in nonspendable fund balance of \$1,131 and an increase of \$50,000 in assigned fund balance.

Analysis of Significant General Fund Budget Variances

For the 2013 year, operating revenues came in below budget expectations by \$17,363, a 0.72 % negative variance. Actual expenditures were \$15,562 less than the budget, a 0.64 % positive variance.

Significant Capital Asset and Long-Term Debt Activity

- Capital assets totaling \$5,587,242 (Statement 1) are being reported as of December 31, 2013. This represents an increase of \$255,350 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 \$162,600,000 in 2013. This creates a maximum allowed debt service of \$12,195,000. The actual long-term debt as of December 31, 2013 was \$291,252 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 \$183,723 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 2013, the Town purposely held the budgeted amount for RSU 6 lower than the expected assessment in order to limit the tax burden on the taxpayers of Frye Island. In order to make the necessary final payment to the School District, the Board of Selectmen approved an appropriation of \$88,047 from the School Reserve leaving a balance at the end of 2013 of \$95,425. We estimate the assessment for RSU 6 to be approximately \$1.36 million in 2014 and approaching \$1.75 million by 2017. The tax rate for Frye Island is already one of the highest in the State and it is getting increasingly more difficult to keep it from going higher considering the anticipated increases in the school assessment.

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. The Town has continued to pursue the approval process through the Raymond Planning Board at a much higher cost than originally anticipated. It is hoped that approval of this project will be received soon.

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, 2013

BASIC FINANCIAL STATEMENTS

TOWN OF FRYE ISLAND, MAINE
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,127,617	\$ 923,208	\$ 3,050,825
Receivables:			
Taxes	13,905	-	13,905
Liens	42,665	-	42,665
Accounts	839	798	1,637
Inventory	-	3,384	3,384
Internal Balances	(69,441)	69,441	-
Capital Assets:			
Land	636,006	534,500	1,170,506
Other Capital Assets, Net of Depreciation	2,513,416	1,903,320	4,416,736
TOTAL ASSETS	<u>5,265,007</u>	<u>3,434,651</u>	<u>8,699,658</u>
LIABILITIES			
Accounts Payable	45,604	-	45,604
Accrued Expenses	20,868	889	21,757
Accrued Compensated Absences	9,277	-	9,277
Accrued Interest Payable	1,139	-	1,139
Unearned Revenues	-	58,821	58,821
Long-Term Liabilities			
Due within One Year	24,585	-	24,585
Due in More Than One Year	266,667	-	266,667
TOTAL LIABILITIES	<u>368,140</u>	<u>59,710</u>	<u>427,850</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid Property Taxes	932,066	-	932,066
NET POSITION			
Net Investment in Capital Assets	2,857,031	2,437,820	5,294,851
Unrestricted	1,107,770	937,121	2,044,891
TOTAL NET POSITION	<u>\$ 3,964,801</u>	<u>\$ 3,374,941</u>	<u>\$ 7,339,742</u>

TOWN OF FRYE ISLAND, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS						
Primary Government						
<u>Governmental Activities</u>						
General Government	\$ 373,398	\$ 51,202	\$ -	\$ (322,196)	\$ -	\$ (322,196)
Public Works and Sanitation	409,842	11,598	13,834	(384,410)	-	(384,410)
Public Safety	154,225	-	-	(154,225)	-	(154,225)
Recreation	39,788	2,471	-	(37,317)	-	(37,317)
Education	1,249,658	-	-	(1,249,658)	-	(1,249,658)
Fixed Expenses	108,684	-	-	(108,684)	-	(108,684)
Capital Reserve Activity	8,918	-	13,321	4,403	-	4,403
Total Governmental Activities	<u>2,344,513</u>	<u>65,271</u>	<u>27,155</u>	<u>(2,252,087)</u>	<u>-</u>	<u>(2,252,087)</u>
<u>Business-type activities</u>						
Ferry	437,999	429,917	-	-	(8,082)	(8,082)
Golf Club	266,029	246,328	-	-	(19,701)	(19,701)
Yacht Club	55,658	72,530	-	-	16,872	16,872
Total Business-type Activities	<u>759,686</u>	<u>748,775</u>	<u>-</u>	<u>-</u>	<u>(10,911)</u>	<u>(10,911)</u>
TOTAL PRIMARY GOVERNMENT	\$ 3,104,199	\$ 814,046	\$ 27,155	\$ (2,252,087)	\$ (10,911)	\$ (2,262,998)
General Revenues:						
Taxes - Property				\$ 2,320,964	\$ -	\$ 2,320,964
Taxes - Excise				17,896	-	17,896
Intergovernmental				621	-	621
Investment Earnings				6,968	2,152	9,120
Transfers				(114,650)	114,650	-
Total General Revenues, Transfers				<u>2,231,799</u>	<u>116,802</u>	<u>2,348,601</u>
Change in Net Position				(20,288)	105,891	85,603
Net Position - January 1, 2013				<u>3,931,292</u>	<u>3,239,907</u>	<u>7,171,199</u>
Prior Period Adjustment				53,797	29,143	82,940
Net Position - December 31, 2013				<u>\$ 3,964,801</u>	<u>\$ 3,374,941</u>	<u>\$ 7,339,742</u>

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

TOWN OF FRYE ISLAND, MAINE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	Total Governmental Funds
	General Fund
ASSETS	
Cash and Cash Equivalents	\$ 2,127,617
Receivables (Net of Allowance for Uncollectibles):	
Taxes	13,905
Liens	42,665
Accounts	839
Tax Acquired Property	44,842
TOTAL ASSETS	2,229,868
LIABILITIES	
Accounts Payable	45,604
Accrued Liabilities	20,868
Due to Other Funds	69,441
TOTAL LIABILITIES	135,913
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenues - Property Taxes	95,554
Prepaid Property Taxes	932,066
TOTAL DEFERRED INFLOWS OF RESOURCES	1,027,620
FUND BALANCES	
Committed for:	
Capital Expenditures	509,333
Assigned	50,000
Unassigned	507,002
TOTAL FUND BALANCES	1,066,335

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.		3,104,580
Funds are not available to pay for current period expenditures and therefore are deferred in the funds.		95,554
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	(291,252)	
Accrued Interest	(1,139)	
Accrued Compensated Absences	(9,277)	(301,668)
Net Assets of Governmental Activities		\$ 3,964,801

TOWN OF FRYE ISLAND, MAINE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Total Governmental Funds
	General Fund
REVENUES	
Taxes	\$ 2,331,724
Licenses and Permits	18,333
Intergovernmental	14,455
Charges for Services	41,947
Miscellaneous	214
Total Revenues	2,406,673
EXPENDITURES	
General Government	365,485
Public Works and Sanitation	337,457
Public Safety	143,264
Recreation	35,877
Education	1,249,658
Fixed Expenses	133,032
Capital Reserve Activity	222,224
Total Expenditures	2,486,997
EXCESS OF REVENUES UNDER EXPENDITURES	(80,324)
OTHER FINANCING USES	(114,650)
NET CHANGE IN FUND BALANCE	(194,974)
FUND BALANCE - JANUARY 1, 2013	1,207,512
Prior Period Adjustment	53,797
FUND BALANCE (RESTATED) - JANUARY 1, 2013	1,261,309
FUND BALANCE - DECEMBER 31, 2013	\$ 1,066,335

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, 2013

Net change in fund balances - Total governmental funds (from Statement 4) \$(194,974)

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	226,627	
Depreciation	<u>(92,540)</u>	134,087

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.

24,269

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.

79

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.

(2,628)

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

18,879

Change in net position of governmental activities (see Statement 2) \$ (20,288)

TOWN OF FRYE ISLAND, MAINE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	<u>Enterprise Funds</u>			<u>Totals</u>
	<u>Ferry Service</u>	<u>Golf Course</u>	<u>Marina</u>	
ASSETS				
Current Assets				
Cash	\$ 784,772	\$ 79,205	\$ 59,231	\$ 923,208
Accounts Receivable	-	798	-	798
Inventory	-	3,384	-	3,384
Due from Other Funds	75,235	14,020	-	89,255
Total Current Assets	<u>860,007</u>	<u>97,407</u>	<u>59,231</u>	<u>1,016,645</u>
Noncurrent Assets				
Capital Assets, Net of Depreciation	<u>911,666</u>	<u>819,558</u>	<u>706,596</u>	<u>2,437,820</u>
TOTAL ASSETS	<u>1,771,673</u>	<u>916,965</u>	<u>765,827</u>	<u>3,454,465</u>
LIABILITIES				
Current Liabilities:				
Accrued Liabilities	889	-	-	889
Unearned Revenues	56,321	-	2,500	58,821
Due to Other Funds	-	-	19,814	19,814
Total Current Liabilities	<u>57,210</u>	<u>-</u>	<u>22,314</u>	<u>79,524</u>
TOTAL LIABILITIES	<u>57,210</u>	<u>-</u>	<u>22,314</u>	<u>79,524</u>
NET POSITION				
Net Investment in Capital Assets	-	-	-	-
Unrestricted Net Assets	<u>1,714,463</u>	<u>916,965</u>	<u>743,513</u>	<u>3,374,941</u>
TOTAL NET POSITION	<u>\$ 1,714,463</u>	<u>\$ 916,965</u>	<u>\$ 743,513</u>	<u>\$ 3,374,941</u>

TOWN OF FRYE ISLAND, MAINE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Enterprise Fund</u>			<u>Totals</u>
	<u>Ferry Service</u>	<u>Golf Course</u>	<u>Marina</u>	
OPERATING REVENUES				
Memberships and Fees	\$ -	\$ 161,629	\$ -	\$ 161,629
Lounge and Pro Shop Sales	-	73,282	-	73,282
Equity Fees	-	-	15,055	15,055
Rental Fees	-	-	57,475	57,475
Charges for Services	429,917	-	-	429,917
Miscellaneous	-	11,417	-	11,417
	<u>429,917</u>	<u>246,328</u>	<u>72,530</u>	<u>748,775</u>
OPERATING EXPENDITURES	<u>437,999</u>	<u>266,029</u>	<u>55,658</u>	<u>759,686</u>
OPERATING INCOME (LOSS)	(8,082)	(19,701)	16,872	(10,911)
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	14,708	1,012	670	16,390
Net Decrease in the Fair Value of Investment Earnings	(11,794)	(1,424)	(1,020)	(14,238)
	<u>2,914</u>	<u>(412)</u>	<u>(350)</u>	<u>2,152</u>
INCOME (LOSS) BEFORE TRANSFERS	(5,168)	(20,113)	16,522	(8,759)
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	105,724	43,383	-	149,107
Transfers to General Fund Reserve	-	-	(34,457)	(34,457)
	<u>105,724</u>	<u>43,383</u>	<u>(34,457)</u>	<u>114,650</u>
CHANGE IN NET POSITION	100,556	23,270	(17,935)	105,891
NET POSITION - JANUARY 1, 2013	1,589,034	891,342	759,531	3,239,907
Prior Period Adjustment	24,873	2,353	1,917	29,143
NET POSITION (RESTATED) - JANUARY 1, 2013	<u>1,613,907</u>	<u>893,695</u>	<u>761,448</u>	<u>3,269,050</u>
NET POSITION - DECEMBER 31, 2013	<u>\$ 1,714,463</u>	<u>\$ 916,965</u>	<u>\$ 743,513</u>	<u>\$ 3,374,941</u>

TOWN OF FRYE ISLAND, MAINE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<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	\$ 459,458	\$ 245,553	\$ 73,030	\$ 778,041
Payments to Suppliers	(132,587)	(117,889)	(37,279)	(287,755)
Payments to Employees	(236,952)	(120,044)	-	(356,996)
Increase in Due from Other Funds	(29,405)	5,938	-	(23,467)
Increase in Due to Other Funds	-	-	(500)	(500)
Net Cash Provided by Operating Activities	<u>60,514</u>	<u>13,558</u>	<u>35,251</u>	<u>109,323</u>
FINANCING ACTIVITIES:				
Acquisitions of Operating Property	(147,170)	(49,491)	-	(196,661)
Transfer from General Fund	105,724	43,383	-	149,107
Transfers to General Fund Reserve	-	-	(34,457)	(34,457)
Net Cash Used by Capital and Related Financing Activities	<u>(41,446)</u>	<u>(6,108)</u>	<u>(34,457)</u>	<u>(82,011)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Earnings	14,708	1,012	670	16,390
Net Decrease in the Fair Value of Investment Earnings	(11,794)	(1,424)	(1,020)	(14,238)
	<u>2,914</u>	<u>(412)</u>	<u>(350)</u>	<u>2,152</u>
NET INCREASE IN CASH	21,982	7,038	444	29,464
CASH - AT BEGINNING OF YEAR	737,917	69,814	56,870	864,601
Prior Period Adjustment	<u>24,873</u>	<u>2,353</u>	<u>1,917</u>	<u>29,143</u>
CASH - AT END OF YEAR	<u>\$ 784,772</u>	<u>\$ 79,205</u>	<u>\$ 59,231</u>	<u>\$ 923,208</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (8,082)	\$ (19,701)	\$ 16,872	\$ (10,911)
Adjustments Not Affecting Cash:				
Depreciation Expense	68,640	33,221	18,379	120,240
Change in Assets and Liabilities				
(Increase) Decrease in:				
Accounts Receivable	-	(775)	-	(775)
Inventory	-	241	-	241
Due from Other Funds	(29,405)	5,938	-	(23,467)
(Decrease) Increase in:				
Accrued Liabilities	(180)	(5,366)	-	(5,546)
Deferred Revenues	29,541	-	500	30,041
Due to Other Funds	-	-	(500)	(500)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 60,514</u>	<u>\$ 13,558</u>	<u>\$ 35,251</u>	<u>\$ 109,323</u>

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

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. 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 organization's 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 benefits to or impose specific financial burdens on the Town. The Town also is financially accountable for organizations that are fiscally dependent on it and if there is a financial benefit or burden relationship. 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

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, 2013

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). Major individual governmental funds and major individual enterprise funds are reported as separate columns 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 specific guidelines. The following fund types are used by the Town:

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.

Business-type activities

Proprietary Funds are used to account for the Town's ongoing activities, which are similar to those often found in the private sector. The following is the Town's proprietary fund type:

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.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 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.

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.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

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 fair market value.

Inventories of Supplies

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.

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 activities and business-type activities.

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. Proprietary fund assets are reported in the business-type activities column.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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.

In the fund statements, 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resource (expense/expenditure) until then. The Town currently has no deferred outflow of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the Town's deferred inflows of resources consist of prepaid property taxes. In the fund financial statements, due to differences in the modified accrual basis of accounting, deferred inflows also include deferred (unavailable) property taxes.

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. As of December 31, 2013, the accrual for compensated absences was determined to be \$9,277 which has been included in the government-wide financial statements.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt and the premiums received are reported as other financing resources. 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	\$ 3,751,317
Accumulated Depreciation	(601,895)
Bonds and Notes Payable	(291,252)
Accrued Interest	<u>(1,139)</u>
Total invested in capital assets	
Net of related debt	<u>\$ 2,857,031</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:

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, 2013

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.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The Town has a deposit policy for custodial credit risk. As of December 31, 2013, the Town reported deposits of \$365,450 with a bank balance of \$505,943. \$250,000 of the Town's bank balance was covered by FDIC insurance and \$255,943 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. The Town's \$2,682,623 investment was exposed to custodial risk as of December 31, 2013. At December 31, 2013, investments consisted of the following:

	Fair Market <u>Value</u>	Not <u>Applicable</u>	<u>< 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
Cash and Cash Equivalents	\$ 107,304	\$ 107,304	\$ -	\$ -	\$ -
Stocks	519,836	519,836	-	-	-
Certificates of Deposit	1,620,441	-	237,712	1,070,122	312,607
Repurchase Agreements	431,513	431,513	-	-	-
Corporate Bonds	3,529	3,529	-	-	-
	<u>\$ 2,682,623</u>	<u>\$ 1,062,182</u>	<u>\$ 237,712</u>	<u>\$ 1,070,122</u>	<u>\$ 312,607</u>

Concentration of Credit Risk

As of December 31, 2013, the Town had individual investments that exceeded 5% of the Town's investments as follows:

	Fair Market <u>Value</u>	<u>Percent</u>	Credit Risk <u>Rating</u>
Certificates of Deposit	\$ 1,180,707	44.0%	N/A
Repurchase Agreements	\$ 431,513	16.1%	N/A

The Town places a limit of \$250,000 on the amount invested in any one issuer. The Town is in compliance with this policy.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, 2012. Assessed values are periodically established by the assessor at the 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, 2013 was based, was \$114,491,140. Interest was charged at 7.00% on all unpaid taxes from January 1 and July 1, 2013.

The following summarizes the levy:

VALUATION AND ASSESSMENT

VALUATION:		
Real Estate		\$ 114,466,140
Personal Property		<u>25,000</u>
Total Valuation		114,491,140
 TAX RATE PER THOUSAND		 <u>20.27</u>
 TAX COMMITMENT		 <u>\$ 2,320,964</u>

COLLECTION OF 2013 TAXES

ORIGINAL COMMITMENT		\$ 2,320,964
Less: Collections in the current period	\$ 2,271,512	
Transferred to Liens	<u>49,199</u>	<u>2,320,711</u>
 2013 TAXES RECEIVABLE at December 31, 2013		 <u><u>\$ 253</u></u>

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 \$111 for the year ended December 31, 2013. 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, 2013 are recognized as revenues. The remaining receivables estimated to be collectible subsequent to the sixty (60) day period are recorded as deferred revenues.

The 2013 property taxes were committed October 16, 2012, were due and payable on December 31, 2012 and June 30, 2013, and have been recorded as revenues. The 2014 property taxes were levied on October 18, 2013, and are due and payable December 31, 2013 and June 30, 2014. The payments collected in 2013 have been recorded as prepaid property taxes. 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 AND PAYABLES

At December 31, 2013, the balances due from (receivables) and due to (payables) accounts were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ -	\$ 69,441
Enterprise		
Ferry	75,235	-
Golf Club	14,020	-
Marina	<u>-</u>	<u>19,814</u>
	<u>\$ 89,255</u>	<u>\$ 89,255</u>

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when the activity is accounted for through the centralized checking.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2013 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 34,457	\$ 149,107
Enterprise		
Ferry	105,724	-
Golf	43,383	-
Marina	<u> -</u>	<u>34,457</u>
	<u>\$ 183,564</u>	<u>\$ 183,564</u>

Transfers are used to fund the Long-Term Transportation reserve, to pay for leisure lounge improvements from the Island Improvement 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, 2013

Note 6 - FIXED ASSETS

Capital asset activity for the town's general fund operations for the year ended December 31, 2013, was as follows:

	Balance December 31,			Balance December 31,
Governmental Activities:	<u>2012</u>	<u>Additions</u>	<u>Dispositions</u>	<u>2013</u>
Cost of Assets:				
Assets Not Being Depreciated:				
Land	\$ 591,164	\$ 44,842	\$ -	\$ 636,006
Construction in Progress	12,282	(12,282)		-
Asset being depreciated:				
Land Improvements	95,166	-	-	95,166
Buildings and Building Improvements	943,617	56,605	-	1,000,222
Leasehold Improvements	19,766	51,850	-	71,616
Equipment and Vehicles	<u>1,817,853</u>	<u>130,454</u>	<u>-</u>	<u>1,948,307</u>
Total	<u>3,479,848</u>	<u>271,469</u>	<u>-</u>	<u>3,751,317</u>
Accumulated Depreciation:				
Land and Land Improvements	3,245	2,485	-	5,730
Buildings and Building Improvements	123,283	17,817	-	141,100
Leasehold Improvements	3,459	1,420	-	4,879
Equipment and Vehicles	<u>379,368</u>	<u>70,818</u>	<u>-</u>	<u>450,186</u>
Total	<u>509,355</u>	<u>92,540</u>	<u>-</u>	<u>601,895</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 2,970,493</u>	<u>\$ 178,929</u>	<u>\$ -</u>	<u>\$ 3,149,422</u>

Depreciation was charged to functions as follows:

General Government	\$ 5,285
Public Works and Sanitation	76,794
Public Safety	6,550
Recreation	<u>3,911</u>
	<u>\$ 92,540</u>

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

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>2012</u>	<u>Additions</u>	<u>Dispositions</u>	Balance December 31, <u>2013</u>
Proprietary Funds:				
Cost of Assets:				
Assets Not Being Depreciated:				
Land	\$ 534,500	\$ -	\$ -	\$ 534,500
Assets Being Depreciated:				
Land Improvements	794,696	40,373	-	835,069
Buildings and Building Improvements	326,498	43,383	-	369,881
Equipment and Vehicles	<u>1,814,663</u>	<u>112,905</u>	-	<u>1,927,568</u>
Total	<u>3,470,357</u>	<u>196,661</u>	-	<u>3,667,018</u>
Accumulated Depreciation:				
Land and Land Improvements	185,154	22,321	-	207,475
Buildings and Building Improvements	64,847	8,448	-	73,295
Equipment and Vehicles	<u>858,957</u>	<u>89,471</u>	-	<u>948,428</u>
Total	<u>1,108,958</u>	<u>120,240</u>	-	<u>1 229,198</u>
Business-Type Activities Capital				
Assets, Net	<u>\$ 2,361,399</u>	<u>\$ 76,421</u>	<u>\$ -</u>	<u>\$ 2,437,820</u>
Depreciation was charged to functions as follows:				
Ferry	\$ 68,640			
Golf Course	33,221			
Marina	<u>18,379</u>			
	<u>\$ 120,240</u>			

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 7 - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 2013:

Governmental Activities	<u>Beginning Balance</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
General Obligation Bond	<u>\$ 315,521</u>	<u>\$ (24,269)</u>	<u>\$ 291,252</u>	<u>\$ 24,585</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.

\$ 291,252

The annual requirements to amortize debts outstanding as of December 31, 2013, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 24,585	\$ 4,558	\$ 29,143
2015	24,916	4,227	29,143
2016	25,260	3,883	29,143
2017	25,621	3,522	29,143
2018	25,997	3,147	29,144
2019 – 2023	136,240	9,476	145,716
2024	<u>28,633</u>	<u>511</u>	<u>29,144</u>
	<u>\$ 291,252</u>	<u>\$ 29,324</u>	<u>\$ 320,576</u>

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its stated assessed valuation. The Town's outstanding debt at December 31, 2013, of \$291,252, was approximately \$141,619,366 below the Town's statutory debt limit.

A summary of the Town's legal debt margin is as follows:

	<u>Outstanding Bonds & Notes</u>	<u>State Assessed Value of \$161,050,000</u>	<u>Debt Limit</u>	<u>Margin</u>
Municipal Purposes	<u>\$ 291,252</u>	15%	<u>\$ 24,157,500</u>	<u>\$ 23,866,248</u>

Total interest expended on long-term debt was \$4,874 for the fiscal year.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, 2013. 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 .42% (\$151,921) of Cumberland County's outstanding debt of \$36,149,699, and 6.10% (\$1,296,706) of Maine School Administrative District No. 6's outstanding bonded debt of \$21,257,473. In addition, the Town is contracted to pay subsidy to MSAD No. 6 until June 30, 2014, totaling \$668,853.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 10 - SELECTED COMPONENTS OF FUND BALANCE

At December 31, 2013, fund balance components on Statement 3 consisted of the following:

	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund			
Assigned			
2015 Use of Fund Balance	\$ -	\$ 50,000	\$ -
Unassigned	-	-	507,002
Committed			
Reserves for:			
Capital Funds	29,829	-	-
Water System Improvements	25,011	-	-
Recreation	34,375	-	-
Equipment	62,131	-	-
Fire and Safety	111,139	-	-
Fire Department Operations	102	-	-
Island Improvement	151,321	-	-
School Operations	<u>95,425</u>	<u>-</u>	<u>-</u>
Total All Funds	<u>\$ 509,333</u>	<u>\$ 50,000</u>	<u>\$ 557,002</u>

Note 11 - 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 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, 2013 was \$10,277. 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 \$54,035 for the year ended December 31, 2013.

TOWN OF FRYE ISLAND, MAINE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 13 - PRIOR PERIOD ADJUSTMENT

The Town's beginning net position for Governmental Activities in statement 2 and fund balance in statement 4 have been restated from the previously issued 2012 financial statements to reflect the unrecorded increase in the fair value of investments. As a result, the Town's beginning net position for Governmental Activities in statement 2 and fund balance in statement 4 was increased by \$53,797.

The Town's beginning net position for Business-type Activities in statement 2 and statement 7 has been restated from the previously issued 2012 financial statements to reflect the unrecorded increase in the fair value of investments. As a result, the Town's beginning net position for Business-type Activities in statement 2 and statement 7 was increased by \$29,143.

NOTE 14 - SUBSEQUENT EVENTS

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through November 18, 2014, the date the financial statements were available to be issued.

TOWN OF FRYE ISLAND, MAINE
DECEMBER 31, 2013

REQUIRED SUPPLEMENTARY 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 Schedule - Budget and Actual - General Fund - Budgetary Basis.

TOWN OF FRYE ISLAND, MAINE
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2013

	Initial and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 2,320,964	\$ 2,320,964	\$ -
Change in Deferred Property Revenues	-	(18,879)	(18,879)
Excise	13,500	16,046	2,546
Interest and Lien costs on Taxes	8,250	13,593	5,343
	<u>2,342,714</u>	<u>2,331,724</u>	<u>(10,990)</u>
Licenses and Permits:			
Boat and Vehicle Registrations	1,400	1,850	450
Building Permits	8,000	14,053	6,053
Plumbing and Electrical Permits	1,500	1,079	(421)
Other Permits and Fines	147	1,209	1,062
Hunting/Fishing	250	142	(108)
	<u>11,297</u>	<u>18,333</u>	<u>7,036</u>
Intergovernmental:			
Homestead Exemptions	662	253	(409)
Local Road Assistance	7,512	13,834	6,322
State Revenue Sharing	373	321	(52)
Miscellaneous	127	47	(80)
	<u>8,674</u>	<u>14,455</u>	<u>5,781</u>
Charges for Services:			
Water Hook-up Fees	1,000	2,000	1,000
Solid Waste Fee	5,000	8,598	3,598
Management Fee	26,500	28,600	2,100
Road Fees	800	1,000	200
Other Fees	-	1,749	1,749
	<u>33,300</u>	<u>41,947</u>	<u>8,647</u>
Other:			
Interest Earnings	20,000	10,013	(9,987)
Net Decrease in the Fair Value of Investment Earnings	-	(18,548)	(18,548)
Lease	5,250	5,251	1
Recreation Fees/Special Events	250	722	472
Miscellaneous	641	866	225
	<u>26,141</u>	<u>(1,696)</u>	<u>(27,837)</u>
TOTAL REVENUES	<u>2,422,126</u>	<u>2,404,763</u>	<u>(17,363)</u>

TOWN OF FRYE ISLAND, MAINE
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2013

	Initial and Final <u>Budget</u>	<u>Actual</u>	Variance Positive <u>(Negative)</u>
EXPENDITURES			
General Government:			
Administration	\$ 333,685	\$ 365,485	\$ (31,800)
Public Works and Sanitation:			
Public Works	250,315	229,937	20,378
Roads	35,800	27,797	8,003
Water	45,150	34,657	10,493
Solid Waste	52,520	40,656	11,864
	<u>383,785</u>	<u>333,047</u>	<u>50,738</u>
Public Safety:			
Fire and Safety	27,188	43,117	(15,929)
Police	80,550	81,491	(941)
Emergency Medical	24,727	18,656	6,071
	<u>132,465</u>	<u>143,264</u>	<u>(10,799)</u>
Recreation:	<u>38,856</u>	<u>35,877</u>	<u>2,979</u>
Education:			
School Administrative District 6	<u>1,162,204</u>	<u>1,161,611</u>	<u>593</u>
Fixed Expenses:			
County Tax	96,171	102,431	(6,260)
Debt Service	30,601	30,601	-
Overlay	111	-	111
	<u>126,883</u>	<u>133,032</u>	<u>(6,149)</u>
Capital Reserve Accounts:	<u>138,524</u>	<u>128,524</u>	<u>10,000</u>
TOTAL EXPENDITURES	<u>2,316,402</u>	<u>2,300,840</u>	<u>15,562</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>105,724</u>	<u>103,923</u>	<u>(1,801)</u>
OTHER FINANCING SOURCES (USES)			
Transfer to Enterprise Fund	(105,724)	(149,107)	(43,383)
Transfer from Enterprise Fund	-	34,457	34,457
	<u>(105,724)</u>	<u>(114,650)</u>	<u>(8,926)</u>
EXCESS OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ (10,727)</u>	<u>\$ (10,727)</u>

TOWN OF FRYE ISLAND, MAINE
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2013

	Initial and Final Budget	Actual	Variance Positive (Negative)
EXCESS OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES AND OTHER USES	<u>\$ -</u>	\$ (10,727)	<u>\$ (10,727)</u>
RECONCILIATION TO GAAP BASIS			
Transfers to Reserves		(199,478)	
Interest and Other Income from Reserves		<u>15,231</u>	
		<u>(184,247)</u>	
EXCESS OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES AND OTHER USES		<u>\$ (194,974)</u>	

TOWN OF FRYE ISLAND, MAINE
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
DECEMBER 31, 2013

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)	\$ (10,727)
Interest and Other Income to Reserves (Schedule 1)	15,231
Transfers to Reserves (Schedule 1)	<u>(199,478)</u>
Net Change in Fund Balances (Statement 4)	<u>\$ (194,974)</u>

TOWN OF FRYE ISLAND, MAINE
DECEMBER 31, 2013

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, 2013

Schedule 1

	Fund Balances Beginning of Year (Restated)	Appropriations	Interest	Net Decrease in the Fair Value of Investments	Other Revenues	Transfers In (Out)	Program Expenditures	Fund Balances End of Year
Capital Reserve	\$ 36,085	\$ -	\$ 588	\$ (638)	\$ -	\$ -	\$ 6,206	\$ 29,829
Water System Reserve	21,441	74,024	1,461	453	8,000	-	80,368	25,011
Recreation Reserve	36,444	10,000	763	(490)	-	-	12,342	34,375
Equipment Reserve	30,673	32,000	1,029	(71)	-	-	1,500	62,131
Fire and Safety Reserve	138,980	12,500	2,478	(2,264)	250	-	40,805	111,139
Fire Department Operations Reserve	4,518	-	74	(80)	-	(4,410)	-	102
Island Improvement Reserve	250,642	-	3,635	(4,777)	5,071	(8,926)	94,324	151,321
School Operations Reserve	183,723	-	2,997	(3,248)	-	(88,047)	-	95,425
TOTAL	\$ 702,506	\$ 128,524	\$ 13,025	\$ (11,115)	\$ 13,321	\$ (101,383)	\$ 235,545	\$ 509,333

TOWN OF FRYE ISLAND, MAINE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
PROPRIETARY FUNDS - CASH BASIS
YEAR ENDED DECEMBER 31, 2013

	Fund Balances Beginning of Year (Restated)	Interest	Net Decrease in the Fair Value of Investments	Other Revenues	Transfers In (Out)	Program Expenditures	Fund Balances End of Year
Ferry Reserve	\$ 311,673	\$ 5,155	\$ (5,586)	\$ 97,876	\$ -	\$ 110,065	\$ 299,053
Ferry Service Operations Reserve	127,487	2,795	(1,600)	325,138	-	366,087	87,733
Long-Term Transportation Reserve	323,629	6,758	(4,608)	6,857	105,724	40,374	397,986
Golf Club Operations Reserve	65,485	829	(1,379)	245,423	(4,000)	229,763	76,595
Golf Club Equipment Reserve	6,681	183	(45)	950	4,000	9,159	2,610
Yacht Club Equity Reserve	58,787	670	(1,020)	15,055	-	14,261	59,231
Yacht Club Rental Reserve	-	-	-	57,475	(34,457)	23,018	-
TOTAL	<u>\$ 893,742</u>	<u>\$ 16,390</u>	<u>\$ (14,238)</u>	<u>\$ 748,774</u>	<u>\$ 71,267</u>	<u>\$ 792,727</u>	<u>\$ 923,208</u>

TOWN OF FRYE ISLAND, MAINE
STATEMENT OF DEPARTMENTAL OPERATIONS
YEAR ENDED DECEMBER 31, 2013

	Appropriation Balances Forward	Appropriations	Transfers and Other Credits	Total Available	Expenditures	Balances		
						Overdrawn	Lapsed	Carried Forward
GENERAL GOVERNMENT	\$ -	\$ 333,685	\$ -	\$ 333,685	\$ 365,485	\$ 31,800	\$ -	\$ -
PUBLIC WORKS AND SANITATION	-	250,315	-	250,315	229,937	-	20,378	-
Public Works	-	35,800	-	35,800	27,797	-	8,003	-
Roads	-	45,150	-	45,150	34,657	-	10,493	-
Water	-	52,520	-	52,520	40,656	-	11,864	-
Solid Waste	-	383,785	-	383,785	333,047	-	50,738	-
PUBLIC SAFETY	-	27,188	-	27,188	43,117	15,929	-	-
Fire and Safety	-	80,550	4,410	84,960	85,901	941	-	-
Police	-	24,727	-	24,727	18,656	-	6,071	-
Emergency Medical	-	132,465	4,410	136,875	147,674	16,870	6,071	-
RECREATION	-	38,856	-	38,856	35,877	-	2,979	-
EDUCATION	-	1,162,204	88,047	1,250,251	1,249,658	-	593	-
FIXED EXPENSES	-	96,171	-	96,171	102,431	6,260	-	-
County Tax	-	30,601	-	30,601	30,601	-	-	-
Debt Service	-	111	-	111	-	-	111	-
Overlay	-	126,883	-	126,883	133,032	6,260	111	-
CAPITAL RESERVE ACCOUNTS:	-	74,024	-	74,024	74,024	-	-	-
Water	-	10,000	-	10,000	10,000	-	-	-
Fire Department Equipment	-	2,500	-	2,500	2,500	-	-	-
Public Safety	-	32,000	-	32,000	32,000	-	-	-
Public Works Equipment	-	10,000	-	10,000	-	-	10,000	-
Cape Property Reimbursement	-	10,000	-	10,000	10,000	-	-	-
Recreation Equipment	-	138,524	-	138,524	128,524	-	10,000	-
TOTAL	\$ -	\$ 2,316,402	\$ 92,457	\$ 2,408,859	\$ 2,393,297	\$ 54,930	\$ 70,492	\$ -