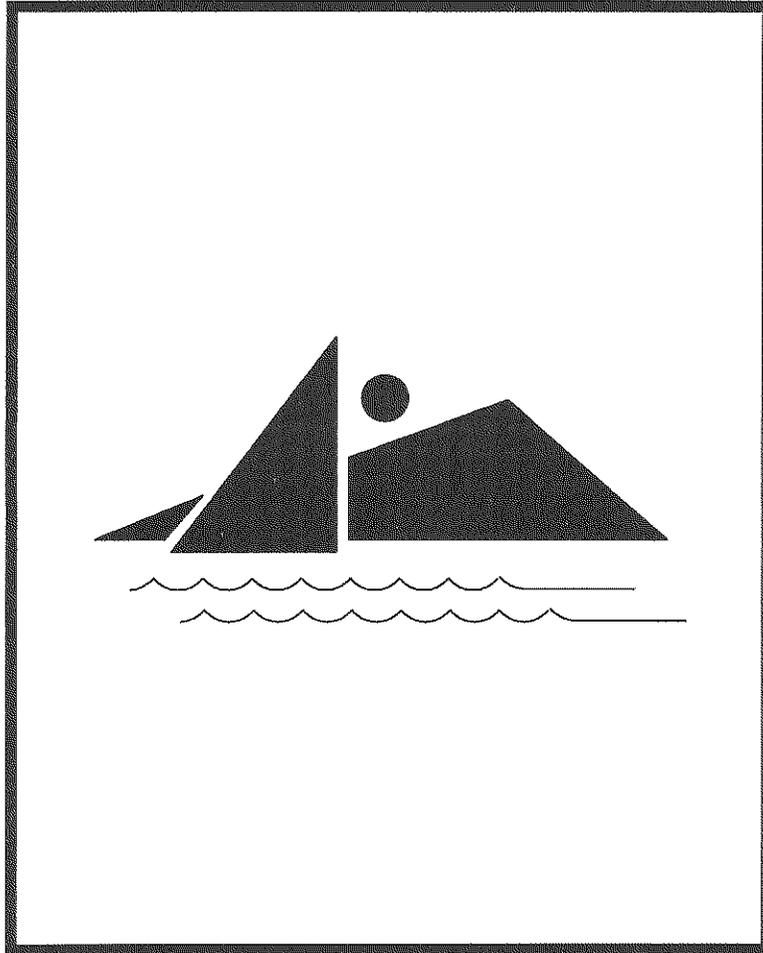


FRYE ISLAND



1996

ANNUAL REPORT

Frye Island Annual Report--1996

1996 was a year of firsts for the Island. The Secession effort culminated with a 107 to 18 vote in the House and a 25 to 1 vote in the Senate in favor of the Frye Island's secession from the Town of Standish. The enactment of the Secession Bill was the result of two years of cooperative discussion, dialogue and debate between the Island and the Town.

The Frye Island Marina became a reality. Initial planning began in 1984 and the Marina was operational in May of 1997. R. J. Grondin and Sons completed the site work and Great Northern Docks built and installed the boat slips.

The Tennis Courts at the pool were completely renovated and built to regulation size. The windows on the second story at the Community Center were replaced. A wedding, the Golf Course auction and the Annual End of Season Dinner Dance were held at the Community Center.

The Golf Course continued with improvements; work was begun on leveling several tees, and budget numbers for an automatic sprinkling system were gathered.

The Island looks forward to incorporating the Town of Frye Island on July 1, 1998 and continuing with the capital improvement program through 1997.

FRYE ISLAND MUNICIPAL SERVICES CORPORATION
 GENERAL FUND
 BALANCE SHEET
 DECEMBER 31, 1995 AND 1996

	1995	1996
ASSETS:		
Cash	\$411,043	\$431,445
Receivables:		
Accounts	110	
Taxes	223,043	249,517
Tax Liens	7,160	7,175
Tax Acquired Property	3,669	5,028
Prepaid Items		
Accounts to be recorded for retirement of long term debt	<u>11,850</u>	<u>3,613</u>
TOTAL ASSETS	\$656,875 =====	\$696,778 =====
LIABILITIES AND FUND BALANCES:		
Liabilities		
Accounts Payable	\$ 4,242	\$ 266
Deferred Revenue	464,253	472,268
General Obligation Notes Payable	<u>11,850</u>	<u>3,613</u>
	\$480,345	\$476,147
Fund Balances:		
Reserved:		
For Specific Purposes	\$84,132	\$ 109,535
Unreserved:		
Undesignated	<u>92,398</u>	<u>111,096</u>
	\$176,530	\$220,631
TOTAL LIABILITIES AND FUND BALANCES	\$656,875 =====	\$696,778 =====

**COMBINING STATEMENT OF GENERAL FUND RESERVES
YEAR ENDED DECEMBER 31, 1996**

	<u>Equipment Reserve</u>	<u>Ferry Dock & Ferry Reserve</u>	<u>Water System Reserve</u>	<u>Recreation Reserve</u>	<u>Capital Funds Reserve</u>	<u>Total</u>
Revenues:						
Interest	\$ 741.	\$ 637.	\$ 386.	\$ 554.	\$ 936.	\$ 3,254.
Expenditures for Designated Purpose	<u>\$5851.</u>					\$ <u>5851.</u>
Excess of Revenues (Under) Expenditures	(5,110.)	\$ 637.	\$386.	\$ 554.	\$ 936.	\$ (2,597.)
Other Financing Sources (Uses): Appropriations		<u>5,000.</u>	<u>8,000.</u>	<u>7,000.</u>	<u>8,000.</u>	<u>28,000.</u>
Excess Of Revenues & Other Sources Over (Under) Expenditures & Other Uses	\$(5,110).	\$ 5,637.	\$ 8,386.	\$ 7,554.	\$ 8,936.	\$25,403.
Balance Jan.1, 1996	<u>17,922.</u>	<u>19,594.</u>	<u>5,545.</u>	<u>14,416.</u>	<u>26,655.</u>	<u>84,132.</u>
Balance Dec.1, 1996	\$12,812. =====	\$25,231. =====	\$13,931. =====	\$21,970. =====	\$35,591. =====	\$109,535. =====

FRYE ISLAND MSC--1995 ACTUAL, 1996 ANNUAL BUDGET & 1996 ACTUAL

	<u>Actual</u>	<u>Budget</u>	<u>ACTUAL</u>	<u>Ferry Maintenance</u>	<u>Water</u>	<u>Recreation</u>	<u>Administration</u>	
	<u>1995</u>	<u>1996</u>	<u>1996</u>					
Income								
Property Taxes	426,151	449,818	450,954				450,954	
Ferry Receipts	129,062	128,000	136,162	136,162				
Interest	11,726	6,000	9,388				9,338	
Management Serv.	12,390	12,390	12,390				12,390	
Other Income	11,395	3,700	9,439	500	300	4,577	4,062	
Surplus (88-94)	46,099							
Transfer Reserve								
Transfer Undesignated Reserve								
Transfer Water Reserve								
Total Income	\$636,823	\$599,908	\$618,333	\$136,162	\$500	\$300	\$4,577	\$476,793
Expenses								
Employee Expenses	318,026	340,098	301,155	108,922	74,416	6,148	111,669	
FII Leases	16,825	16,825	16,825		7,200		9,625	
Utilities & Fuel	27,940	28,700	27,925	9,225	4,445	6,551	6,202	
Licenses & Permits	379	600	1,608	6	82		4	
Insurance	27,500	30,150	25,068	9,602	3,737	176	9,614	
Property Taxes	13,532	15,997	14,345	1,231		246	5,374	
Debt Sev/Interest	8,830	8,832	8,829		8,829			
Equip. & Supplies	49,144	29,506	38,265	2,552	14,494	8,547	9,453	
Maint. & Repairs	30,654	17,500	29,179	16,559	3,588	1,347	2,878	
Outside Services	11,810	14,050	19,670	2,208	5,994	1,633	9,563	
Office Administration	5,824	5,850	6,687	1,093	168	15	5,411	
Security & Safety	10,946	11,000	12,775				12,775	
Contributions	800	1,000	900				900	
Winter Rent	2,762	2,500	2,700				2,700	
Secession	129	2,600	7,851				7,851	
Other	11,602	11,700	12,900	858	650	258	3,820	
Special Projects	14,000	35,000	44,937	2,022		2,520	5,000	
Fund Appropriation	36,400	28,000	28,000	5,000		8,000	8,000	
Total Expenses	\$587,103	\$599,908	\$599,635	\$159,278	\$123,603	\$29,293	\$76,606	\$210,847
Surplus (Deficit)	\$49,720	\$0	\$18,698	(\$23,116)	(\$123,103)	(\$28,993)	(\$72,029)	\$265,946

Note: This income statement includes transferring Surplus into Revenue. The annual Audit does not show this.

THREE-YEAR INCOME STATEMENT

FRYE ISLAND MSC

	1994	1995	1996
Revenue:			
Tax	\$413,384	\$426,151	\$450,954
Interest (Bank)	5,977	6,636	6,614
Interest (Tax)	2,617	5,089	2,775
Miscellaneous	2,074	4,364	2,537
Ferry	139,555	129,062	136,162
Water/Disposal	3,950	2,500	2,325
Surplus	0	46,099	0
Management Services	12,390	12,390	12,390
Recreation	4,816	4,532	4,576
Total	\$584,763	\$636,823	\$618,333
Expenditures:			
Administration	\$170,540	\$165,738	\$193,418
Public Works	139,035	155,523	114,818
Protection, Health & Sanitation	48,569	55,499	55,411
Ferry	149,157	151,660	159,281
Recreation	51,183	58,683	76,707
Total	\$558,484	\$587,103	\$599,635
Excess Revenues Over Expenditures	\$25,779	\$49,720	\$18,698

As Presented in Annual Audit

**FRYE ISLAND, INC.
BALANCE SHEETS
DECEMBER 31, 1994 AND 1995**

ASSETS

	<u>1995</u>	<u>1996</u>
Current Assets:		
Cash in Bank and on Hand	\$74,890	\$111,202
Boat Basin	261,282	35,423
Inventory	7,227	5,844
Prepaid Expenses	8,714	
Interest Receivable	3,362	
Deposit on Granite Markers		
Accounts Receivable	6,692	15,300
Current Portion of Notes Receivable (Note 2)	<u>3,408</u>	<u>1,615</u>
Total Current Assets	\$365,575	\$169,384
 Fixed Assets: (Note 1)		
Land	31,465	31,465
Buildings and Improvements	225,097	225,097
Furniture and Fixtures	36,175	36,175
Machinery and Equipment	85,926	106,667
Vehicle	17,360	17,360
Other Fixed Assets	<u>7,326</u>	<u>7,326</u>
Total Fixed Assets	\$403,349	\$424,090
 Less: Accumulated Depreciation		
Net Fixed Assets	\$212,764	\$230,804
	190,585	193,286
 Other Assets:		
Notes Receivable - Less Current Portion	<u>\$32,552</u>	<u>\$13,075</u>
 TOTAL ASSETS	 \$588,712 =====	 \$375,745 =====

LIABILITIES AND STOCKHOLDERS' EQUITY

	1995	1996
Current Liabilities:		
Accounts Payable	\$	\$ 965
Payroll Taxes Payable		
Accrued Expenses	2,300	2,200
Deposits on Land Sales	200	200
Deposits on Boat Basin (Note 6)	257,800	102,745
Current Portion of Long-Term Debt (Note 5)	5,206	6,640
Income Tax Payable	<u>369</u>	<u>6,640</u>
Total Current Liabilities	\$265,875	\$112,750
Long-Term Debt - Net of Current Portion	\$ 48,041	\$ 55,789
Deferred Income Taxes (Note 7)	\$ 5,982	
Deferred Gain on Installment Land Sales Sales (Note 3)	<u>\$ 35,960</u>	<u>\$ 14,690</u>
Total Liabilities	\$355,858	\$183,229
Stockholders' Equity:		
Common Stock-No Par Value-1000 Shares authorized, 825 issued and outstanding	\$ 100	\$ 100
Paid-In Surplus	125,565	125,565
Retained Earnings	<u>107,189</u>	<u>66,851</u>
Total Stockholders' Equity	\$232,854	\$192,516
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$588,712 <u>=====</u>	\$375,745 <u>=====</u>

See accompanying notes and accountants' report, in annual review which is available at the Island Office

FRYE ISLAND INC.1996 BUDGET & 1996 ACTUAL

Income	<u>Budget 96</u>	<u>1996 ACTUAL</u>	<u>Golf</u>	<u>Yacht</u>	<u>Administration</u>
Sales	\$30,500	\$56,967	\$35,696		\$21,271
Membership Fees	1,400	4,475	1,350	3,125	
Usage Fees	104,049	93,763	82,388	11,375	
Rental	13,100	13,335	13,335		
Building & Equipment Leases	28,180	28,078			28,078
Tractor Amortization	3,075	2,400			2,400
Interest	1,900	14,331		9,419	4,912
Other & Capital Improvement	720	5,156	1,632	3,215	309
Gross Revenue	\$182,924	\$218,505	\$134,401	\$27,134	\$56,970
Cost of Goods Sold	17,300	18,381	18,381		
Gross Margin	\$165,624	\$200,124	\$116,020	\$27,134	\$56,970
Expenses					
Employee Expenses	71,043	68,358	59,433	1,050	7,875
Utilities & Fuel	3,250	3,895	3,895		
Licenses & Permits	2,700	1,557	1,477		80
Insurance	12,786	12,239	6,545		5,694
Property/Income Taxes	13,421	12,895	3,891	9,004	
Interest	3,100	5,812	716		5,096
Equipment & Supplies	18,700	13,366	13,175		191
Repairs	2,700	11,557	3,328		8,229
Outside Services	15,445	7,647	1,556	3,474	2,617
Office Administration	1,875	1,395	1,334	61	
Minor Improvements	3,300	142	142		
Contributions	900	700			700
Depreciation	12,300	18,041	6,846		11,195
Maintenance Building		6,403	6,403		
Tractor Amortization	2,400	2,400	2,400		
Other & Capital Imprv	1,730	1,400	744	264	392
Total Expenses	\$165,650	\$167,807	\$111,885	\$4,849	\$50,847
Net Income	\$(26)	\$32,317	\$4,135	\$22,285	\$6,123
Boat Basin Income		\$313,000			
Boat Basin Expense		(\$385,655)			
Net Cash Income		(\$40,338)			

Note: This Income Statement includes cost and revenues for internal accounting purposes.
Annual Audit does not include these costs and revenues.
For example: Tractor Amortization

**THREE YEAR INCOME STATEMENT
FRYE ISLAND INC.**

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Income:			
Lease	\$9,625	\$9,625	\$9,625
Golf Course	51,580	60,041	50,889
Membership Fees	25,900	27,725	29,600
Maintenance Building Lease	7,200	7,200	7,200
Rentals	20,496	22,600	22,460
Pro Shop Gross Profit	14,698	12,482	12,915
Marina Fees	10,785	11,550	14,500
Interest	3,546	7,369	14,334
Land Sales	20,346	16,060	21,271
Miscellaneous	5,152	2,960	3,546
Special Events		1,980	3,448
Total	\$169,328	\$179,592	\$189,788
Expenses:			
Salaries and Wages	\$42,136	\$46,058	\$46,453
Repairs	6,635	6,624	12,459
Real Estate Taxes	17,903	18,330	18,878
Depreciation	13,073	14,311	18,041
Insurance	12,985	14,205	14,539
Supplies	11,499	14,476	11,791
Legal and Accounting	2,300	2,580	2,341
Electricity	2,110	2,705	2,501
Payroll Taxes	6,120	6,680	6,543
Telephone	259	283	375
Office Supplies	687	414	465
Outside Services	1,697	6936	4,511
Special Events			
Other Taxes/Income Taxes	2,221	3342	(5,982)
Licenses and Permits	1,616	2990	1,558
Advertising	1,885	843	100
Travel and meetings	671	870	754
Contributions	700	800	700
Rent/Equipment/Office	2,410	2607	520
Vehicle Expense	744	575	1,019
Interest Expense	4,735	5637	5,812
Dues and Subscriptions	110	314	411
Miscellaneous Expenses	1,232	752	235
Credit Card Expense		698	1057
Management Services	12,390	12,390	12,390
Total	\$146,118	\$165,421	\$157,471
Profit (Loss)	\$23,210	\$ 14,172	\$32,317
Boat Basin			(\$72,655)
Net Income			(\$40,338)

*Note: Does not include internal Revenues/Expenses for Golf Course:
Tractor amortization and Maintenance Building Lease