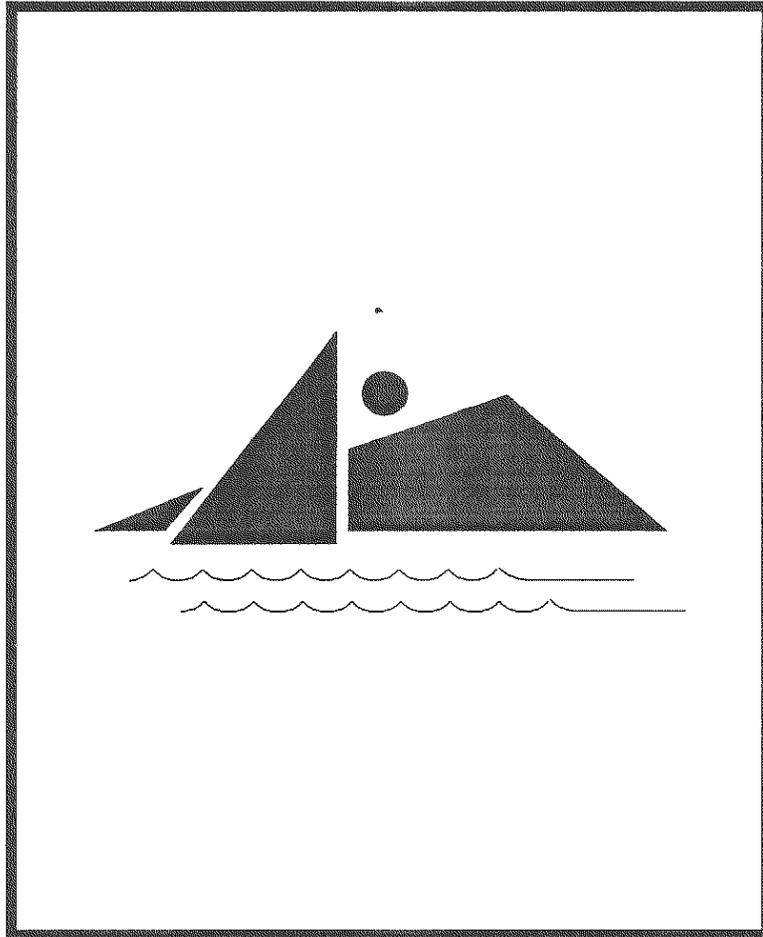


FRYE ISLAND



1997

ANNUAL REPORT

Frye Island Annual Report--1997

1997 marked a year of historical importance to the development of the Island. In October the Island held a Referendum to vote for the secession of the Island from the Town of Standish. 35 Frye Island residents voted 35 to 0 in favor of secession. The Island will become the newest Town in Maine on July 1, 1998.

To prepare for the new Town money was budgeted in the MSC 1998 Budget for celebration expenses and for the cost associated with the set up of the new Town. A three day celebration was scheduled for the Fourth of July Weekend. A commemorative rock and plaque were to be placed at the Island ferry landing to mark the founding of the new Town.

The Town of Frye Island held its first Town Meeting in February. Joe Potts, Oleg Svetlichny, Bob Fogg, David Lowe and Greg Tedford were elected Selectmen Kathy Potts was elected Town Clerk. Conrad Theberge was appointed as Deputy Clerk and Registrar of Voters. Jerry Daigle was appointed Town Code Enforcement Officer and Tax Assessor. The Town adopted the current Town of Standish Zoning and Ordinances. The first Selectman's meeting was held in March.

In May of 1997 the docks for the Marina were installed and the Marina operated in its first year. Landscaping and bathrooms were constructed and installed in September. A three year contract for putting and taking the docks in and out was signed with Frank Gerrish of Naples.

Other firsts for the Island were the establishment of the Frye Island Garden Club and Book Club. The first project of the Garden club was to build a rock garden at the entrance to the Community Center. A flower garden at the ferry landing was also upgraded.

The ice storm of 1998 hit the Island hard. CMP was ferried to the Island in mid-March to start line clearance and maintenance. Chipping on the Island extended into June. Fortunately the Island received FEMA money for the chipping.

The final phases to the upgrade of the Island water system included setting a new water intake line out into deeper water, installing new pumps for the water system and the Golf Course irrigation system. The Golf course also went ahead with installation of a new automatic irrigation system.

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 1998.

FRYE ISLAND MUNICIPAL SERVICES CORPORATION
 GENERAL FUND
 BALANCE SHEET
 DECEMBER 31, 1996 AND 1997

	1997	1996
ASSETS:		
Cash	\$515,171	\$431,445
Receivables:		
Taxes	223,130	249,517
Tax Liens	6,762	7,175
Tax Acquired Property	2,698	5,028
Prepaid Items		
Accounts to be recorded for retirement of long term debt	<u>0</u>	<u>3,613</u>
TOTAL ASSETS	\$748,373	\$696,778
	=====	=====
LIABILITIES AND FUND BALANCES:		
Liabilities		
Accounts Payable	\$ 0	\$ 266
Deferred Revenue	469,780	472,268
General Obligation Notes Payable	<u>0</u>	<u>3,613</u>
	\$469,780	\$476,147
Fund Balances:		
Reserved:		
For Specific Purposes	\$153,298	\$ 109,535
Unreserved:		
Undesignated	<u>125,295</u>	<u>111,096</u>
	\$278,593	\$220,631
TOTAL LIABILITIES AND FUND BALANCES	\$748,373	\$696,778
	=====	=====

THREE-YEAR INCOME STATEMENT

FRYE ISLAND MSC

	1995	1996	1997
Revenue:			
Tax	\$426,151	\$450,954	\$462,821
Interest (Bank)	6,636	6,614	10,139
Interest (Tax)	2,617	2,775	4,965
Miscellaneous	4,364	2,537	4,480
Lien Fees			1,259
Ferry	129,062	136,162	145,962
Water/Disposal	2,500	2,325	3,175
Surplus	46,099	0	0
Management Services	12,390	12,390	12,390
Recreation	4,532	4,576	5,092
Total	\$636,823	\$618,333	\$651,033
Expenditures:			
Administration	\$165,738	\$193,418	\$245,000
Public Works	155,523	114,818	137,164
Protection, Health & Sanitation	55,499	55,411	54,863
Ferry	151,660	159,281	154,041
Recreation	58,683	76,707	45,766
Total	\$587,103	\$599,635	\$636,834
Excess Revenues Over Expenditures	\$49,720	\$18,698	\$14,199

As Presented in Annual Audit

FRYE ISLAND MSC--1996 ACTUAL, 1997 ANNUAL BUDGET & 1997 ACTUAL

	<u>Budget</u>	<u>ACTUAL</u>	<u>Ferry</u>	<u>Pbhc Wrks</u>	<u>Water</u>	<u>Rec</u>	<u>Fire and Safety</u>	<u>Admin</u>
	<u>1997</u>	<u>1997</u>						
Income								
Property Taxes	458,640	458,970						458,970
Ferry Receipts	128,000	145,962	145,962					
Interest	6,000	15,104						15,104
Management Serv.	12,390	12,390						12,390
Other Income	7,700	14,787		750	600	5,092		8,345
Surplus (88-96)	20,000							
Transfer Reserve								
Transfer Undesignated Reserve								
Transfer Water Reserve								
Total Income	\$632,730	\$647,213	\$145,962	\$750	\$600	\$5,092		\$494,809
Expenses								
Employee Expenses	344,929	344,929	109,225	90,510		6315	43	114158
FII Leases	16,825	20,424			7,299			13,125
Utilities & Fuel	30,700	29,860	9,204	4,787	4,445	1,686	7,264	6,922
Licenses & Permits	1,625	1,686		493	82		1,193	
Insurance	28,250	27,074	9,530	3,695	173	205	1,908	11,563
Property Taxes	16,494	12,340	1,247		260	6,593	335	3,905
Debt Sev/Interest	8,832	3,693			3,693			
Equip. & Supplies	43,250	60,428	6,256	23,275	8,844	3,295	5,240	13,518
Maint. & Repairs	24,250	26,132	13,379	7,167	1,167	523	1,036	2,860
Outside Services	12,397	24,224	2,504	6,015	514	2,350		12,841
Office Administration	6,800	5,891	901	70	9			4,911
Security & Safety	13,000	13,837						13,837
Contributions	1,000	1,100						1,100
Winter Rent	2,000	3,100						3,100
Secession	40,000	15,752						15,752
Other	13,878	13,587	1,224	284	139	6,954	517	4,469
Special Projects	25,000	26,756	383		3,036	14,949		8,388
Fund Appropriation								
Standish Long Term Debt Payment		30,687						30,687
Total Expenses	\$632,730	\$636,821	\$153,852	\$147,507	\$20,810	\$45,640	\$7,751	\$261,261
Surplus (Deficit)	\$0	\$14,199	\$(7,890)	\$(146,757)	(\$20,210)	(\$40,548)	(\$7,751)	\$233,548

Note: This income statement does not include transferring Surplus into Revenue. The annual Audit does not show this.
This income statement does not include the auditor's adjustment to Revenue for property taxes which are collected within the first three months of 1998. The annual Audit includes this adjustment.

Combining Statement of General Fund Reserves
Year Ended December 31, 1997

	<u>Equipment Reserve</u>	<u>Ferry and Dock Reserve</u>	<u>Water System Reserve</u>	<u>Recreation Reserve</u>	<u>Capital Reserve</u>	<u>Fire and Safety Reserve</u>	<u>Total</u>
Revenues							
Interest	\$449	\$657	\$394	\$572	\$850	\$743	\$3,665
Expenditures For Designated Purposes			3,787		3,375		7,162
Excess of Revenues Over(Under) Expenditures	\$449	\$657	\$(3,393)	\$572	\$(2,525)	\$743	\$(3,497)
Other Financing Sources(Uses)							
Appropriations						<u>47,260</u>	<u>\$47,260</u>
Excess of Revenues and Other Sources Over(Under) Expenditures and Other Uses	\$449	\$657	\$(3,393)	\$572	\$(2,525)	\$48,003	\$43,763
Balance-January 1, 1997	<u>12,812</u>	<u>25,231</u>	<u>13,931</u>	<u>21,970</u>	<u>35,591</u>		<u>\$109,535</u>
Balance-December 31, 1997	<u>\$13,261</u>	<u>\$25,888</u>	<u>\$10,538</u>	<u>\$22,542</u>	<u>\$33,066</u>	<u>\$48,003</u>	<u>\$153,298</u>

FRYE ISLAND, INC.
BALANCE SHEETS
DECEMBER 31, 1996 AND 1997

ASSETS

	<u>1997</u>	<u>1996</u>
Current Assets:		
Cash in Bank and on Hand	\$99,465	\$111,202
Boat Basin		35,423
Inventory	2,728	5,844
Prepaid Expenses		
Interest Receivable		
Deposit on Granite Markers		
Accounts Receivable		15,300
Current Portion of Notes Receivable (Note 2)	<u>1,696</u>	<u>1,615</u>
Total Current Assets	\$103,889	\$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	106,667	106,667
Vehicle	17,360	17,360
Other Fixed Assets	<u>7,326</u>	<u>7,326</u>
Total Fixed Assets	\$424,090	\$424,090
Less: Accumulated Depreciation	\$249,370	\$230,804
Net Fixed Assets	174,720	193,286
Other Assets:		
Notes Receivable - Less Current Portion	<u>\$11,455</u>	<u>\$13,075</u>
TOTAL ASSETS	\$290,064 =====	\$375,745 =====

LIABILITIES AND STOCKHOLDERS' EQUITY

	1997	1996
Current Liabilities:		
Accounts Payable	\$	\$ 965
Payroll Taxes Payable		
Accrued Expenses	2,200	2,200
Deposits on Land Sales	200	200
Deposits on Boat Basin (Note 6)	0	102,745
Current Portion of Long-Term Debt (Note 5)	7,903	6,640
Income Tax Payable		
Total Current Liabilities	<u>\$10,303</u>	<u>\$112,750</u>
Long-Term Debt - Net of Current Portion	\$ 47,634	\$ 55,789
Deferred Income Taxes (Note 7)	\$ 7,270	
Deferred Gain on Installment Land Sales Sales (Note 3)	<u>\$ 13,151</u>	<u>\$ 14,690</u>
Total Liabilities	\$78,358	\$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>86,041</u>	<u>66,851</u>
Total Stockholders' Equity	\$211,706	\$192,516
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$290,064 =====	\$375,745 =====

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

FRYE ISLAND INC.
1997 BUDGET & 1997 ACTUAL

Income	<u>Budget 97</u>	<u>1997 ACTUAL</u>	<u>Golf</u>	<u>Yacht</u>	<u>Administration</u>
Sales	\$31,000	\$41,216	\$41,216		
Membership Fees	19,300	1,300	900	400	
Usage Fees	96,925	125,576	89,016	36,560	
Rental	13,200	21,294	17,634	285	
Building &					
Equipment Leases	31,680	31,678			31,678
Tractor Amortization	0	0			0
Interest	1,900	3,524			3,524
Other & Capital					
Improvement	2,300	4,545	2,045		2,500
Fire Insurance		47,260			47,260
Gross Revenue	\$196,305	\$276,393	\$150,811	\$40,620	\$84,962
Cost of Goods Sold	18,600	27,840	27,840		
Gross Margin	\$177,705	\$248,553	\$122,971	\$40,620	\$84,962
Expenses					
Employee Expenses	75,101	72,492	63,567	3,465	5,460
Utilities & Fuel	3,500	4,194	4,194		
Licenses & Permits	2,700	1,637	1,487	35	115
Insurance	13,250	11,860	6,554	450	4,856
Property/Income Taxes	13,521	26,814	3,535	255	23,024
Interest	3,463	5,927	1,221		4,706
Equipment & Supplies	16,200	11,193	11,088	105	
Repairs	2,700	5,346	5,346		
Outside Services/Fire	29,430	58,603	284	8,759	49,560
Office Administration	1,275	1,371	1,302	69	
Minor Improvements	2,300	2,649	2,649		
Contributions	900	700			700
Depreciation	14,800	18,565	12,256	1,049	5,250
Maintenance Building	6,403	6,403	6,403		
Tractor Amortization	0	0	0		
Other & Capital Imprv	2,239	1,609	1,067	435	107
Total Expenses	\$187,782	\$229,363	\$120,953	\$14,622	\$93,788
Net Income	\$(10,077)	\$19,190	\$2,018	\$25,998	\$(8,826)

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

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

	<u>1995</u>	<u>1996</u>	<u>1997</u>
<u>Income:</u>			
Lease	\$9,625	\$9,625	\$13,125
Golf Course	60,041	50,889	57,456
Membership Fees	27,725	29,600	28,955
Maintenance Building Lease	7,200	7,200	7,200
Rentals	22,600	22,460	27,209
Pro Shop Gross Profit	12,482	12,915	11,764
Marina Fees	11,550	14,500	22,450
Boat Basin Slips			7355
Quail Circle Fees			10,850
Interest	7,369	14,334	3,524
Land Sales	16,060	21,271	1,538
Miscellaneous	2,960	3,546	952
Special Events	1,980	3,448	2,853
Fire Casualty Gain			47,260
Total	\$ 179,592	\$ 189,788	\$ 242,491
<u>Expenses:</u>			
Salaries and Wages	\$46,058	\$46,453	\$51,131
Repairs	6,624	12,459	8,961
Real Estate Taxes	18,330	18,878	21,309
Depreciation	14,311	18,041	18,565
Insurance	14,205	14,539	13,439
Supplies	14,476	11,791	9,047
Legal and Accounting	2,580	2,341	2,300
Electricity	2,705	2,501	2,686
Payroll Taxes	6,680	6,543	6,782
Telephone	283	375	388
Office Supplies	414	465	152
Outside Services	6936	4,511	9,641
Special Events			
Other Taxes/Income Taxes	3342	(5,982)	(5,809)
Licenses and Permits	2990	1,558	1,638
Advertising	843	100	459
Travel and meetings	870	754	338
Contributions	800	700	700
Rent/Equipment/Office	2607	520	1,227
Vehicle Expense	744	1,019	1,121
Interest Expense	5637	5,812	5,928
Dues and Subscriptions	314	411	695
Miscellaneous Expenses	752	235	336
Credit Card Expense	0	1057	999
Management Services	12,390	12,390	12,390
Fire and Safety			47,260
Total	\$ 165,421	\$ 157,471	\$ 223,301
Profit (Loss)	<u>\$ 14,172</u>	<u>\$ 32,317</u>	<u>\$ 19,190</u>
Boat Basin		(\$72,655)	
Net Income		(\$40,338)	

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