

TOWN OF FRYE ISLAND

ANNUAL REPORT



JULY 1, 1998 - DECEMBER 31, 1998

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Dear Frye Islanders:

We became Maine's newest town in 1998, and the wonderful memories of that glorious July Fourth weekend will live on for years to come. We have definitely reached a new plateau for the Island.

Becoming a town brings with it an array of new responsibilities. The primary focus for the second half of last year was the definition of a Town Charter. With the approval of the Charter at the October, 1998 Town Meeting, the Charter went into effect on January 1, 1999. The major activity for 1999 is the refinement of the land use rules and the definition of public access on the Island roads. The Planning Board has already made progress in those areas and will have public hearings later this year.

The volunteer fire department has grown and made outstanding progress. Significant improvements were made with the acquisition of new fire equipment and the construction of a fire house building. The fire department volunteers deserve all of the praise. We are truly blessed by having such dedicated people!

The golf course and marina amenities provided by Frye Island Incorporated continue to see regular improvements. Once again it is the dedicated volunteers that give so much of their time that makes these amenities so valuable.

What makes our Town so special? It's the people – people who volunteer in the areas above, the garden club, the library and a myriad of other activities, who participate in Island events, and who turn out to vote.

While 1999 can never be as exciting a time as last year, we will be striving to continue the improvements needed to keep Frye Island a wonderful place. I'm looking forward to seeing all of you on the Island in the spring.

Joe Potts
Chairman Board of Selectmen,
Town of Frye Island

TOWN OFFICERS AND OFFICIALS

TOWN SELECTMEN

JAMES KUIKEN	1999
OLEG SVETLICHNY	2000
JOSEPH POTTS	2001

TOWN ADMINISTRATION

TOWN MANAGER	VIC RICHARDS
TOWN CLERK	CONRAD THEBERGE
DEPUTY CLERK	DEBBIE FOLSOM
ASSESSOR	GERALD DAIGLE
CODE ENFORCEMENT OFFICER	GERALD DAIGLE
PUBLIC WORKS DIRECTOR	KEVIN LAMARRE
ASSIST. PWD DIRECTOR	JOE STROUT
FERRY SYSTEM DIRECTOR	MARTIN FRIEDMAN
FINANCE COORDINATOR	CONRAD THEBERGE
OFFICE ADMINISTRATOR	DEBBIE FOLSOM
RECREATION DIRECTOR	KIM DRAKE
FIRE CHIEF	STEPHEN PERSSON
SAD # 6 DIRECTOR	ANDY BROADDUS
GOLF COURSE SUPERINTENDENT	JAY LARRABEE
GOLF CLUBHOUSE MANAGER	PATTI GRAHAM

VOLUNTEER BOARDS AND COMMITTEES

PLANNING BOARD

PAUL BOURQUE	JUNE, 1999
ED JOHNSON	JUNE, 1999
BOB HANNAH	JUNE, 1999
MARGE HOMMEL	JUNE, 1999
PENNY DECKER	JUNE, 1999
PATTI MEYER	JUNE, 1999

BOARD OF APPEALS

BOB ROBERTS	JUNE, 1999
BRUCE NISULLA	JUNE, 1999
PAUL LYONS	JUNE, 1999
BOBBIE ARANYI	JUNE, 1999
STAN KARPACZ	JUNE, 1999

MARINA COMMITTEE

JIM O'CONNOR	BOB FOGG
JIM FREDERICK	CARL HOMMEL
ROGER STENZ	FRED GRUNER
JOHN CROSBY	DICK PALMISANO

GOLF COMMITTEE

MARK THOMAS	
TOM BURGESS	JOHN FOLSOM
AL CAMERON	BUD FAULK
BILL GATELY	STEVE DAIGLE
BOB GARCEAU	AL KLEVAN

MANAGER'S LETTER

1998 was a historic year for Frye Island and the state of Maine. The Town of Frye Island was established on July 1, 1998. This marked the culmination of years of work and volunteer effort by Islanders to secede from the Town of Standish and to finally manage the Island's affairs without external control or pressure.

The organizational meeting of the Town took place in February, 1998 and five residents were elected Selectmen: Joe Potts, Oleg Svetlichny, Bob Fogg, Dave Lowe, and Greg Tedford. Land Use Ordinances and Shoreland Zoning was adopted.

On July 1, 1998 the first Town Meeting was held. Three Selectmen were elected for staggered terms: Joe Potts for three years, Oleg Svetlichny for two years, and Jim Kuiken for one year. A Charter Commission was also elected and appointed: Joe Potts, Pat Karpacz, Carl Hommel, Bud Faulk, Mark Thomas, Watson Clark, Oleg Svetlichny, Fritz Mueller, and Andy Broaddus.

A four day Independence celebration included guest speakers and local State Senators and Representatives, a family day, a golf tournament, a boat parade, a road parade, and fireworks. The dedication ceremony included a fly over by the Frye Island Air Force and the unveiling of a dedication plaque at the Island ferry landing.

At the October Budget Meeting, it was announced that approximately 80% of the first half taxes for 1998 had been paid. This was a tribute to all Islanders for their monetary commitment to the formation of the Town. The Town Charter was adopted at the meeting and took effect on January 1, 1999. The Islanders also voted to turn over to the Town on January 1, 1999 all assets and liabilities of the Frye Island Municipal Services Corp.

New administrative activity included reconciling two tax billings, the processing of boat and car registrations, and the issuing of 23 building permits, ranging from the placement of sheds to new house foundations. The total value of the permits was \$318,885.

Tax assessing brought up to date all construction on the Island. For the 1998 Fiscal Year, the Town's valuation was \$30,001,800 and the mil rate was \$8.50 per \$1,000 assessed value. The mil rate for the full 1999 FY was \$32.50 per \$1,000 assessed value.

Island properties became a hot commodity in a good regional real estate market. Approximately 20 properties were sold during the 1998 season. Lakefront inventory was nearly gone when the Island closed for the season. New construction picked up with four new starts in late September and October. It was a busy ending to a busy year on the ferry.

Respectfully Submitted,

Vic Richards
Town Manager
June, 1999

TOWN CLERK CONRAD THEBERGE

Several elections were conducted by the Town Clerk during the calendar year 1998, including:

July 3, 1998	Annual Town Meeting
October 10, 1998	Town Meeting
November 3, 1998	State and Federal Election

The Town Clerk attended all the regular Town Council meetings.

LICENSES ISSUED FROM 7-1-1998 TO 12-31-1998

Dog Licenses	2
Motor Vehicle Registrations	15
Boat Registrations	31
Fishing and Hunting Licenses	29

MONIES COLLECTED FOR THE TOWN

Dog Licenses	\$ 7.50
Motor Vehicle Registration	\$2,509.36
Boat Registrations	\$ 762.00
Fishing and Hunting Licenses	\$ 29.00

PUBLIC WORKS REPORT: "Roads, Rubbish, & Water"

The Culvert Management Plan which was begun in 1997 to upgrade existing culverts, to put in culverts in needed areas, and to replace rotted and broken culverts has been completed. Culverts were not only put in the planned areas, but were put in other sites as well. Future plans are to continue this upgrade in areas of need as well as the replacement of obsolete & broken culverts.

Road Work:

Extensive roadwork has been done over the past year. Road widening and ditch digging was performed to compliment the Culvert Management Plan. Work was performed in the following areas of the Town:

1. The turn off at Ridge Road by the Playground Lane
2. The corner of Middle Beach Road and High Point
3. The corner of Leisure Lane and Timber road, and up Leisure towards the north end.
4. Leisure Lane, (area from lots 386 to 282)
5. Sunset Road from intersection of High Point to intersection of Leisure Land, then down Leisure Lane to beach 6.

Much work has also been done on the hilly sections of the roads to reduce corrosion by putting down a special mixture of road gravel and crushed pavement. This material stands up to the hardest wear and heavy rains.

Roadside and overhead brushing has been done to open up areas congested by hanging tree growth. This is always an on-going project.

Brush Dump:

The container system is working very well. Islanders for the most part are separating their trash, which aids in proper recycling of materials.

Water System:

Another function of the Public Works Department is the operation of the Town's Water System. Water quality is monitored daily and the filtration system operated and maintained in keeping with the State Standards.

Pressure regulating valves have been installed in various areas of the Island. These valves help to maintain a more constant pressure in the lines, reducing large inequalities in the system, which leads to breaks in the main line. Since the installation of these valves, the amount of main breaks throughout the Island have declined drastically.

Last fall a vacuum pump was installed at the east pump-house which assists the feed pumps in maintaining prime during periods of low lake water level.

An ongoing project, which helps both the Island water system and the home - owner is the replacement of old metal cottage and street valves. These old valves have become corroded over the years. This corrosion

reduces the inner diameter of the pipe, thus reducing volume and pressure. The old valves are replaced with new plastic valves, which do not corrode, and restore both pressure and volume to the street main line and the cottage. These old valves are replaced as part of on-going system maintenance.

Resources:

An operating department is only as good as its resources. In this case that would be the crew members that make up that department. I am very pleased to say that the Town Public Works Department is blessed with an excellent crew.

Respectfully Submitted,

Kevin LaMarre
Director of DPW
Town of Frye Island

1998/1999 Frye Island Ferry Report

In 1998 Ferry revenues amounted to \$186,000. This revenue exceeded the \$155,000 operating budget. This excess was due to the increased ticket prices that went into effect at the beginning of the 1998 season as well as to a very busy summer that focussed around the succession festivities in July.

For this 1999 season, in addition to running a two boat operation during the summer weekends; on weekdays for four hours a day an additional crew member will be available to assist in either a Captain or Mate capacity. This additional person should be a great asset, particularly during busy rainy days.

With this additional part time position in mind, the ferry has added some new full and part time personnel that should allow for greater flexibility around needed coverage: Bob Mawhinney has been cross training to fill in as either a Captain or Mate. Josh Therriault will be a full time Mate this summer. Norm Dignard is a fill in Mate.

Returning from last season are: Captains - Bud Nute and Rob Hawley as full time Captains. Ross Graham is now a qualified Captain and will work in both a Captain and Mate capacity. Jim Wolf as the second boat Captain. Fete Forte as a part time Captain. Arthur Lapham, after many years as a Captain has retired.

Mates - Heather Hale and Nick White as full time Mates. Maryann Griffin as pre/post season Mate.

The boats have had some mechanical upgrades for 1999 that should increase reliability and longevity.

Overall, for 1999 we anticipate another busy and successful season on the water.

Martin Friedman
- Ferry Systems Director

Recreation Department

Last year, the Community Center was buzzing with activity. Bingo nights, two ceramic classes, the walk/ run race, and the bike rally were some of the activities that took place there. Over 100 people signed up for the road race and around 300 people came to the Family Day! On some bingo nights, there were over 75 people! On rainy days, the staff at the community center kept kids young and old busy with games and plenty of other things to do.

This year looks even busier which is great! There will still be two ceramic classes, the Fourth of July Road Race, and bingo night, plus other exciting activities. I look forward to seeing all of you at the community center this summer! It should be an eventful season!

Respectfully submitted,

Kim Drake

FRYE ISLAND FIRE DEPARTMENT

1 FAIRWAY DRIVE
FRYE ISLAND, MAINE 04071

207-655-6818

ABOUT THE FRYE ISLAND FIRE DEPARTMENT

ORGANIZATION

The town of Frye Island gained its independence on July 1, 1998, becoming the newest town in the State of Maine. With this independence came the reorganization of the Frye Island Fire Department. Prior to this, the island had its own fire brigade with an old 1955 pumper that came from Standish. There was very little in the way of hose, tools or equipment.

EQUIPMENT

In the past two years, with the dedication of fire department members and several residents, the island has a fire department, although new in structure, able to render aid to its citizens. We have purchased a pumper/tanker, which is in very good condition, from the Town of Raymond. We have rehabbed a 1953 Army 6 X 6 and in the Fall of 1998 acquired another pumper from a donor. Most of our personal protective equipment (PPE) has been acquired from other departments in Maine and Massachusetts. This past year we were able to purchase some hose, tools, appliances and portable radios. We were awarded a Rural Community Fire Protection Grant (RCFP) earlier this year from the State of Maine, Department of Conservation. With this matching fund grant, we have purchased a quantity of Class A Foam and the necessary appliances to make foam for combating wildland fires. We have also applied for the Phase 2 Ice Storm Recovery Program Grant. We are presently waiting to hear from the State in regards to this program.

TRAINING

A majority of the members have recently attended an 8 hour CPR training program in preparation of being certified to operate an Automatic External Defibrillator (AED). The Department is in the process of purchasing a Physio Control 500 AED. Southern Maine EMS will provide the training to the fire department members in June.

The Department holds weekly training classes on Sunday mornings. The training addresses all firefighter training objectives of the 1997 edition of the National Fire Protection Standard 1001 for Firefighter I and II. This training program has been specifically designed to assist individual fire departments in their ability to deliver basic skills training to the members of their departments.

NEW FIRE STATION

Last Fall, department members, with the assistance of island residents, built a new fire station which is centrally located in the middle of the island. The station opened in October to house the fire apparatus. The station is a 60' X 40' timber frame, metal clad building with three bays, one of which is a drive through. The floor was poured in May of 1999 and electrical and phone service was installed shortly thereafter. Plans are currently underway to construct office, training, kitchen, bathroom and storage facilities in the station.

TO REPORT A FIRE

In case of an emergency, dial **9-1-1**. The Frye Island Fire Department is dispatched through the Raymond Fire Department's dispatch center. On notification of a fire on the island, Raymond notifies the Frye Island Fire Department by radio. Fire department members, equipped with portable radios, receive the information and respond to the incident. Because we are isolated on an island, we are reliant on our own department members to provide firefighting activities for over 30 minutes or more prior to the arrival of mutual aid from Raymond, if it is needed. Medical emergencies should also utilize **9-1-1** to activate emergency medical services.

Frye Island uses a shared dispatch radio frequency of 154.445 with Raymond. The fireground/talkaround frequency on the island is 153.830.

ANNUAL ACTIVITY REPORTS

Incident totals for the year 1998 were eight (8).

Activity for the year is as follows:

Structure fires	2
Brush / Woods fires	3
Illegal Burning	3
Rescue / Extrication	0
False Alarms / Smoke Detectors	0
Hazardous Materials	0
Mutual Aid	0
TOTAL	8

APPARATUS LISTING

<u>Company</u>	<u>Manufacturer</u>	<u>Model</u>	<u>Description</u>
Tanker 1	1953 Reo	2-1/2 Ton 6x6	250 GPM Pump 1200 gallon water tank
Engine 3	1966 Darley/ International	Loadstar 1700 All Wheel Drive	750 GPM Front Mount Darley Pump 800 gallon poly tank
Engine 6	1969 Howe/ International	Fleetstar 2010A	1000 GPM Front Mount Hale Pump 2000 gallon poly tank

PERSONNEL ROSTER

The following members have attended a mandatory number of training sessions during the year.

<u>NAME</u>	<u>TITLE</u>	<u>RADIO DESIGNATION</u>
Steve Persson	Chief / Town Fire Warden	F-1
John Crosby	Assistant Chief	F-2
Paul Bourque	Captain	F-3
Ernie Wrzesinski	Captain	F-4
Don Nolen	Lieutenant	F-5
Steve Comley	Firefighter	F-6
Ruth Bourque	Firefighter	F-7
Debbie Cooke	Firefighter	
George Dupont	Firefighter	
Laura Crosby	Firefighter	
Harry Holgersen	Firefighter	
Daniel Messer	Firefighter	

The members of the Frye Island Fire Department would like to thank those island residents who gave so generously of their manual labor and monetary contributions. Without their help and support, we would never have achieved to the level that we now possess. We would also like to acknowledge the Raymond Fire Department for their support and expertise and also to the Kennebunk Fire Department for their support and generous donation of personal protective clothing to our Department. We would be remiss if the Department did not thank the Town Selectmen and Town Manager for their assistance in helping to organize and support our organization.

During the present year, we hope to accomplish a few additional goals. We are planning on enrolling members of the Fire Department in a 40 hour First Responder training program. This will enable members to perform basic first-aid procedures while awaiting the Raymond Rescue ambulance. We would like to purchase additional firefighting equipment for the fire apparatus. Although we have basic tools and equipment, some items are old and need to be replaced while some items we just do not possess. The Department has a plan to obtain the equipment that is needed, but due to financial constraints, it may be some time before we are able to purchase those items. We are presently looking to purchase a 3/4 ton pick-up truck vehicle to be converted into a forestry unit. This truck would be equipped with items we hope to receive through the Ice Storm Grant. This vehicle would be a great addition to the Department.

In conclusion, I would like to let the islanders know that they have a cadre of devoted volunteer firefighters, dedicated to duty and committed to providing both citizens and visitors with the best fire protection that we are able to provide.

Respectfully submitted,



Stephen G. Persson
Chief of Department

GOLF COMMITTEE

SUB-COMMITTEES

A. Greens Sub-Committee	Bob Garceau, (Chair), Bill Gately, Al Cameron, Tom Burgess and Bud Falk
B. House Sub-Committee	John Folsom, (Chair), Janice Gavin, Al Klevan
C. Tournament Sub-Committee	Steve Daigle
D. Rules and Regulations	Al Cameron, (Chair), Bill Gately, Al Klevan

1998 IMPROVEMENTS – GENERAL - As usual there were a number of improvements completed at the course during 1998. These included new carpeting in the lounge and pro shop, a new irrigation pump, new cart paths on 3 and 9, a new tree on 7 and 9 (the tree on 9 was donated by Gil Priestley's family in his memory). We also purchased a portable pump, an extension limb trimmer and heads for the gang mower. The irrigation system and cart paths are discussed in more detail below.

1998 IMPROVEMENTS – IRRIGATION SYSTEM - We made tremendous strides in installing the new automated irrigation system. We are very fortunate to have an unlimited supply of free water. Over the years we have installed the basic irrigation piping. However, manually turning the system on and off is a tremendous drain on our labor force and it is impossible to apply enough water to keep the course green. Anyone who has been in the club house at 11:00 PM on a Saturday night and seen Jay come in soaking wet as the result of a manual sprinkler not seating properly can attest to this. Therefore, the Committee previously voted to automate the system. We began the process in 1997 by purchasing approximately \$5,000 of automated sprinkler heads. In the fall of 1998 we purchased additional materials, had power brought in to the area of the 6th green, and hired a Contractor to begin the installation. The fourth, fifth and sixth holes are now totally automated through a programmable control box and automatic heads and valves. (These holes were selected because they were the most difficult for Jay to water manually at night). Additionally, we had the 2nd green completed when the 6th green as done. We also automated the 3rd and 7th tees. (Many thanks to Jay who worked with our Contractor to help keep the costs down.) Therefore, the good news is we have completed 4 of the 9 greens, 5 of the 12 tees and 3 of the 9 fairways (approximately 43% complete). The bad news is we used up our reserve doing it.

The Committee is attempting to develop means to complete the automatic irrigation as soon as possible. This will have a tremendous positive effect on the aesthetics of the course and free a considerable amount of time for our employees to work on other projects.

1998 IMPROVEMENTS – CART PATHS – As indicated above, two cart paths were re-routed. No. 9 now goes up the hill to the left of the Lady's Tee. We will loam and seed the hill in front of the Men's Tee, which will greatly improve the view up over the hill. We also had the cart path on 3 moved to the right of the men's tee. This will eliminate the carts cutting across the fairway in front of the tee. This should enhance the growth of grass in that area.

Frye Island Golf Committee

5 YEAR PLAN – In 1995 we promulgated a 5 Year Plan. You will be happy to know that that in the period between 1995 and 1998 we accomplished the large majority of the items that had been identified in that plan. The plan had 28 items identified for completion through 1998 including such items as constructing the tower on 5 and the waste bunker on 1. 21 of the 28 items have been completed. Work has begun on 5 items and the remaining 2 have been indefinitely postponed (additional traps on the 6th and 7th fairways). Clearly this type of planning is a worthwhile endeavor.

Therefore, the Committee spent a considerable amount of time updating this plan for the next 5 years. We discussed many items such as completing the automatic irrigation system; enclosing the porch, relocating the bar to be able to efficiently service the lounge, porch and pro shop from one location; building a roof over the Bar-B-Q pit; filling in fairway depressions; completing the practice green; adding a practice trap; adding a practice area; building RR tie steps on the 9th and 3rd tees; adding a rotisserie on the Bar-B-Q pit; adding fountains in the 5th and 6th water hazards; adding fairway traps on 6 and 7; filling in the trap behind 5; buying new furniture; buying new air conditioner(s); and providing a restroom on the course. **WE NEED YOUR HELP!** We will finalize the plan in April or May. Please let us know your ideas. We want to include those items that are important to the membership. Share your ideas with any member of the Committee.

WORK IN SPRING – In addition to the normal opening activities, the Committee has asked that Jay work on leveling the fairway at the top of 9. This work will be limited to filling in the holes and adding loam and seed.

WORK DAY - We will have two or three work days scheduled in the spring to build the enclosed porch and roof over the Bar-B-Q Pit. With a good response from members, these facilities can be built very quickly. Details to follow.

GRANITE MARKERS - All the Tee Markers are up for sponsor renewal this year. The fee is \$275 for two years for a repeat sponsor and \$350 for two years for a new sponsor. (The additional \$75 is for the cost of making up the 12 x 12 granite sponsor plaque). We need a few new sponsors. Jim Kuiken has agreed to be a new sponsor for the first hole.

MAINE GOLF ASSOCIATION (Men and Women) - Al Cameron volunteered to contact the MGA regarding a potential tournaments at the Island.

AGRONOMIST - The Committee believes it would be wise to hire a USGA Agronomist to evaluate the tees, fairways and greens. The cost is approximately \$1,000.

Respectfully Submitted,

Mark Thomas
Golf Committee Chair

GARDEN CLUB

In July the Frye Island Garden Club sponsored their first garden tour. It was attended and enjoyed by over 80 people.

A second garden was established on the left-hand side of the Community Center in August. Many members of the community contributed with their time and energy by gathering rocks and building a rock wall to enclose the garden area. The Club then filled the rock planter with soil and planted the garden in the early fall. Irrigation was added to both of the Community Center gardens at this time. The six planters at the entrance to the Community Center were also planted and cared for by the Garden Club. The Community Garden on the right side of the Ferry Landing was planted with daylilies and other perennials to further enhance the entrance to Frye Island.

The Club has also encouraged continuing education in gardening by sponsoring lectures and workshops on various topics during July, August and September. The members of the Club also enjoyed a potluck supper in late August.

TOWN OF FRYE ISLAND
VALUATION, ASSESSMENT AND COLLECTION OF TAXES
SIX MONTHS ENDED DECEMBER 31, 1998

VALUATION AND ASSESSMENT

Real Property	\$ 30,001,800
Tax Rate per Thousand	<u>8.50</u>
TAX COMMITMENT	<u><u>\$ 255,015</u></u>

APPROPRIATIONS

Municipal Functions	\$ 275,016
Overlay	<u>0</u>
	275,016
Less: Estimated Revenues	<u>20,000</u>
TAX COMMITMENT	<u><u>\$ 255,016</u></u>

COLLECTION OF 1998 TAXES

Original Commitment	\$ 255,016
Supplementals	<u>3,198</u>
	258,214
Less: Collections	<u>240,589</u>
BALANCE OUTSTANDING AT DECEMBER 31, 1998	<u><u>\$ 17,625</u></u>



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FALMOUTH, MAINE 04105

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen and Town Manager
Town of Frye Island
Frye Island, Maine

We have audited the general purpose financial statements of Town of Frye Island for the six months ended December 31, 1998, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note 1 to the financial statements, the general purpose financial statements referred to above, do not include a statement of general fixed assets account group required by generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effects on the financial statements of the matter described in the preceding paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Town of Frye Island as of December 31, 1998, and the results of its operations for the six months then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The exhibits and schedule listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Certified Public Accountants
March 29, 1999

TOWN OF FRYE ISLAND
BALANCE SHEET - GENERAL FUND
DECEMBER 31,

	1998
ASSETS:	
Cash	\$ 263,589
Receivable:	
Taxes	17,625
TOTAL ASSETS	\$ 281,214
LIABILITIES AND FUND EQUITY:	
Liabilities:	
Deferred Revenues	\$ 270,951
Accounts Payable	54
	271,005
Fund Equity:	
Fund Balance:	
Unreserved, Undesignated	10,209
TOTAL LIABILITIES AND FUND EQUITY	\$ 281,214

TOWN OF FRYE ISLAND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
BUDGET BASIS
SIX MONTHS ENDED DECEMBER 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES:			
Taxes:			
Property	\$ 255,016	\$ 248,447	\$ (6,569)
Other:			
Interest:			
Bank	0	112	112
Taxes	0	1,161	1,161
Miscellaneous	0	144	144
	<u>0</u>	<u>1,417</u>	<u>1,417</u>
Charges for Services:			
Permits	11,500	2,629	(8,871)
Registrations	0	3,676	3,676
Other	8,500	18,637	10,137
	<u>20,000</u>	<u>24,942</u>	<u>4,942</u>
TOTAL REVENUES	<u>275,016</u>	<u>274,806</u>	<u>(210)</u>
EXPENDITURES:			
Administration	5,992	2,939	3,053
Assessor	0	2,400	(2,400)
Code Enforcement	5,800	246	5,554
Planning Board	1,000	0	1,000
Town Council	0	228	(228)
Appeals	1,000	75	925
Dispatch	1,500	0	1,500
Education	227,502	226,487	1,015
County Tax	32,222	32,222	0
	<u>275,016</u>	<u>264,597</u>	<u>10,419</u>
TOTAL EXPENDITURES	<u>275,016</u>	<u>264,597</u>	<u>10,419</u>
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	<u>\$ 0</u>	<u>\$ 10,209</u>	<u>\$ 10,209</u>

TOWN OF FRYE ISLAND
COMPARATIVE BALANCE SHEET - GENERAL FUND
DECEMBER 31,

	<u>1998</u>
ASSETS:	
Cash/Investments	\$ 263,589
Receivable:	
Taxes	<u>17,625</u>
TOTAL ASSETS	<u><u>\$ 281,214</u></u>
 LIABILITIES AND FUND BALANCES:	
Liabilities:	
Deferred Revenue	\$ 270,951
Accounts Payable	<u>54</u>
	<u>271,005</u>
Fund Balances:	
Unreserved:	
Undesignated	<u>10,209</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 281,214</u></u>

TOWN OF FRYE ISLAND
STATEMENT OF REVENUES, EXPENDITURES - BUDGET AND ACTUAL
AND CHANGES IN FUND BALANCE- GENERAL FUND
SIX MONTHS ENDED DECEMBER 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Taxes:			
Property	\$ 255,016	\$ 248,447	\$ (6,569)
Other:			
Interest:			
Bank	0	112	112
Taxes	0	1,161	1,161
Miscellaneous	0	144	144
	<u>0</u>	<u>1,417</u>	<u>1,417</u>
Charges for Services:			
Permits	11,500	2,629	(8,871)
Registrations	0	3,676	3,676
Other	0	75	75
	<u>11,500</u>	<u>6,380</u>	<u>(5,120)</u>
TOTAL REVENUES	<u>266,516</u>	<u>256,244</u>	<u>(10,272)</u>
EXPENDITURES:			
Administration	5,992	2,939	3,053
Assessor	0	2,400	(2,400)
Code Enforcement	5,800	246	5,554
Planning Board	1,000	0	1,000
Town Council	0	228	(228)
Appeals	1,000	75	925
Dispatch	1,500	0	1,500
Education	227,502	226,487	1,015
County Tax	32,222	32,222	0
TOTAL EXPENDITURES	<u>275,016</u>	<u>264,597</u>	<u>10,419</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,500)	(8,353)	147
OTHER FINANCING SOURCES (USES)			
Transfers from Frye Island MSC	<u>8,500</u>	<u>18,562</u>	<u>10,062</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 0</u>	10,209	<u>\$ 10,209</u>
FUND BALANCE - JULY 1, 1998		<u>0</u>	
FUND BALANCE - DECEMBER 31, 1998		<u>\$ 10,209</u>	



BERRY, FOWLES & CO.
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

Members of the Board of Trustees
Frye Island Municipal Services Corporation
Frye Island, Maine

We have audited the general purpose financial statements of Frye Island Municipal Services Corporation for the year ended December 31, 1998, as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note 1 to the financial statements, the general purpose financial statements referred to above, do not include a statement of general fixed assets account group required by generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effects on the financial statements of the matter described in the preceding paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Frye Island Municipal Services Corporation as of December 31, 1998, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Berry, Fowles & Co.

Certified Public Accountants
March 29, 1999

FRYE ISLAND MUNICIPAL SERVICES CORPORATION
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
DECEMBER 31, 1998

	Governmental Fund Type		Totals	
	General	Special Revenue	1998	1997
ASSETS:				
Cash	\$ 221,950	\$ 0	\$ 221,950	\$ 515,171
Receivable:				
Taxes	1,909	0	1,909	223,130
Tax Liens	11,242	0	11,242	6,762
Prepaid Expenses	0	0	0	612
Tax Acquired Property	3,196	0	3,196	2,698
TOTAL ASSETS	\$ 238,297	\$ 0	\$ 238,297	\$ 748,373
LIABILITIES AND FUND EQUITY:				
Liabilities:				
Accounts Payable	\$ 2,273	\$ 0	\$ 2,273	\$ 0
Deferred Revenues	15,183	0	15,183	469,780
	17,456	0	17,456	\$ 469,780
Fund Equity:				
Fund Balance:				
Reserved for Specific Purposes	113,321	0	113,321	153,298
Unreserved, Undesignated	107,520	0	107,520	125,295
	220,841	0	220,841	278,593
TOTAL LIABILITIES AND FUND EQUITY	\$ 238,297	\$ 0	\$ 238,297	\$ 748,373

FRYE ISLAND MUNICIPAL SERVICES CORPORATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 1998

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Memorandum Only</u>
REVENUES:			
Taxes	\$ 454,597	\$ 0	\$ 454,597
Intergovernmental	0	32,887	32,887
Other Revenues	23,399	0	23,399
Charges for Services	207,974	0	207,974
TOTAL REVENUES	<u>685,970</u>	<u>32,887</u>	<u>718,857</u>
EXPENDITURES:			
Administration	228,125	0	228,125
Public Works	138,061	0	138,061
Protection, Health and Sanitation	99,121	0	99,121
Ferry Service	187,733	0	187,733
Recreation	33,670	0	33,670
For Designated Purpose	0	31,360	31,360
TOTAL EXPENDITURES	<u>686,710</u>	<u>31,360</u>	<u>718,070</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(740)	1,527	787
OTHER FINANCING SOURCES (USES)	<u>(18,562)</u>	<u>0</u>	<u>(18,562)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(19,302)	1,527	(17,775)
RECONCILIATION TO GAAP BASIS:			
Reserve Activity (Net)	<u>(39,977)</u>	<u>0</u>	<u>(39,977)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(59,279)	1,527	(57,752)
FUND BALANCE - JANUARY 1	278,593	0	278,593
RESIDUAL EQUITY TRANSFER TO GENERAL FUND	<u>1,527</u>	<u>(1,527)</u>	<u>0</u>
FUND BALANCE - DECEMBER 31	<u>\$ 220,841</u>	<u>\$ 0</u>	<u>\$ 220,841</u>

FRYE ISLAND MUNICIPAL SERVICES CORPORATION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
BUDGET BASIS
YEAR ENDED DECEMBER 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Taxes:			
Property	\$ 460,333	\$ 454,597	\$ (5,736)
Other:			
Interest:			
Bank	4,500	11,507	7,007
Taxes	1,500	2,712	1,212
Lien Fees	0	1,030	1,030
Miscellaneous	1,500	8,150	6,650
	<u>7,500</u>	<u>23,399</u>	<u>15,899</u>
Charges for Services:			
Ferry Fees	155,000	186,935	31,935
Water Hookup and Soil Test Fees	650	1,675	1,025
Management Fee	12,390	12,390	0
Other - Brush Dump Fees	250	750	500
Recreation	5,300	6,224	924
	<u>173,590</u>	<u>207,974</u>	<u>34,384</u>
TOTAL REVENUES	<u>\$ 641,423</u>	<u>\$ 685,970</u>	<u>\$ 44,547</u>
EXPENDITURES:			
Administration	225,696	228,125	(2,429)
Public Works	134,352	138,061	(3,709)
Protection, Health and Sanitation	62,950	99,121	(36,171)
Ferry Service	179,504	187,733	(8,229)
Recreation	38,921	33,670	5,251
	<u>\$ 641,423</u>	<u>\$ 686,710</u>	<u>\$ (45,287)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 0</u>	<u>\$ (740)</u>	<u>\$ (740)</u>

FRYE ISLAND MUNICIPAL SERVICES CORPORATION
COMPARATIVE BALANCE SHEET - GENERAL FUND
DECEMBER 31,

	<u>1998</u>	<u>1997</u>
ASSETS:		
Cash/Investments	\$ 221,950	\$ 515,171
Receivable:		
Taxes	1,909	223,130
Tax Liens	11,242	6,762
Prepaid Expenses	0	612
Tax Acquired Property	<u>3,196</u>	<u>2,698</u>
TOTAL ASSETS	<u><u>\$ 238,297</u></u>	<u><u>\$ 748,373</u></u>
 LIABILITIES AND FUND BALANCES:		
Liabilities:		
Accounts Payable	\$ 2,273	\$ 0
Deferred Revenue	<u>15,183</u>	<u>469,780</u>
	<u>17,456</u>	<u>\$ 469,780</u>
 Fund Balances:		
Reserved:		
For Specific Purposes	113,321	153,298
Unreserved:		
Undesignated	<u>107,520</u>	<u>125,295</u>
	<u>220,841</u>	<u>278,593</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 238,297</u></u>	<u><u>\$ 748,373</u></u>

FRYE ISLAND MUNICIPAL SERVICES CORPORATION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Taxes:			
Property	\$ 460,333	\$ 454,597	\$ (5,736)
Other:			
Interest:			
Bank	4,500	11,507	7,007
Taxes	1,500	2,712	1,212
Lien Fees	0	1,030	1,030
Miscellaneous	1,500	8,150	6,650
	<u>7,500</u>	<u>23,399</u>	<u>15,899</u>
Charges for Services:			
Ferry Fees	155,000	186,935	31,935
Water Hookup and Soil Test Fees	650	1,675	1,025
Management Fee	12,390	12,390	0
Other - Brush Dump Fees	250	750	500
Recreation	5,300	6,224	924
	<u>173,590</u>	<u>207,974</u>	<u>34,384</u>
TOTAL REVENUES	<u>641,423</u>	<u>685,970</u>	<u>44,547</u>
EXPENDITURES:			
Administration	225,696	228,125	(2,429)
Public Works	134,352	138,061	(3,709)
Protection, Health and Sanitation	62,950	99,121	(36,171)
Ferry Service	179,504	187,733	(8,229)
Recreation	38,921	33,670	5,251
	<u>641,423</u>	<u>686,710</u>	<u>(45,287)</u>
TOTAL EXPENDITURES	<u>641,423</u>	<u>686,710</u>	<u>(45,287)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 0</u>	<u>\$ (740)</u>	<u>\$ (740)</u>
OTHER FINANCING SOURCES (USES)			
Transfers to the Town of Frye Island		<u>(18,562)</u>	
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		<u>\$ (19,302)</u>	
RECONCILIATION TO GAAP BASIS:			
Budgeted Transfers and Interest Income to Reserves		15,908	
Expenditures by Reserve		<u>(55,885)</u>	
		<u>(39,977)</u>	
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		<u>\$ (59,279)</u>	

FRYE ISLAND MUNICIPAL SERVICES CORPORATION
 STATEMENT OF CHANGES IN FUND BALANCE - GENERAL FUND
 YEAR ENDED DECEMBER 31, 1998

	<u>Reserved</u>	<u>Unreserved</u>	
	Specific Purpose (Schedule 1)	<u>Undesignated</u>	<u>Total</u>
FUND BALANCE - JANUARY 1, 1998	\$ 153,298	\$ 125,295	\$ 278,593
EXCESS OF ACTUAL REVENUES AND OTHER SOURCES OVER (UNDER) ACTUAL EXPENDITURES AND OTHER USES	(39,977)	(19,302)	(59,279)
RESIDUAL EQUITY TRANSFER	<u>0</u>	<u>1,527</u>	<u>1,527</u>
FUND BALANCE - DECEMBER 31, 1998	<u>\$ 113,321</u>	<u>\$ 107,520</u>	<u>\$ 220,841</u>

FRYE ISLAND MUNICIPAL SERVICES CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
 YEAR ENDED DECEMBER 31, 1998

	<u>FEMA</u>
REVENUES:	
Intergovernmental	\$ 32,887
EXPENDITURES:	
For Designated Purpose	<u>31,360</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,527
FUND BALANCE - JANUARY 1	0
RESIDUAL EQUITY TRANSFER TO GENERAL FUND	<u>(1,527)</u>
FUND BALANCE - DECEMBER 31	<u><u>\$ 0</u></u>

FRYE ISLAND MUNICIPAL SERVICES CORPORATION
COMBINING STATEMENT OF GENERAL FUND RESERVES
YEAR ENDED DECEMBER 31, 1998

	<u>Equipment Reserve</u>	<u>Ferry Dock and Ferry Reserve</u>	<u>Water System Reserve</u>	<u>Recreation Reserve</u>	<u>Capital Funds Reserve</u>	<u>Fire and Safety Reserve</u>	<u>Total</u>
REVENUES:							
Interest	\$ 607	\$ 992	\$ 310	\$ 924	\$ 1,459	\$ 1,616	\$ 5,908
EXPENDITURES FOR DESIGNATED PURPOSES	<u>0</u>	<u>0</u>	<u>10,300</u>	<u>0</u>	<u>1,700</u>	<u>43,885</u>	<u>55,885</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	607	992	(9,990)	924	(241)	(42,269)	(49,977)
OTHER FINANCING SOURCES (USES):							
Appropriations	<u>0</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	607	5,992	(4,990)	924	(241)	(42,269)	(39,977)
BALANCE - JANUARY 1, 1998	13,261	25,888	10,538	22,542	33,066	48,003	153,298
INTRAFUND TRANSFER	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>	<u>0</u>	<u>0</u>
BALANCE - DECEMBER 31, 1998	<u>\$ 13,868</u>	<u>\$ 31,880</u>	<u>\$ 15,548</u>	<u>\$ 23,466</u>	<u>\$ 22,825</u>	<u>\$ 5,734</u>	<u>\$ 113,321</u>

**FRYE ISLAND MUNICIPAL SERVICES CORPORATION
VALUATION, ASSESSMENT AND COLLECTION OF TAXES
YEAR ENDED DECEMBER 31, 1998**

VALUATION AND ASSESSMENT

Real Property	\$ 29,698,900
Tax Rate per Thousand	<u>15.50</u>
TAX COMMITMENT	<u><u>\$ 460,333</u></u>

APPROPRIATIONS

Municipal Functions	\$ 639,317
Overlay	<u>2,106</u>
	641,423
Less: Estimated Revenues	<u>181,090</u>
TAX COMMITMENT	<u><u>\$ 460,333</u></u>

COLLECTION OF 1998 TAXES

Original Commitment	\$ 460,333
Less: Collections	<u>451,807</u>
BALANCE TO TAX LIENS AT DECEMBER 31, 1998	<u><u>\$ 8,526</u></u>

FRYE ISLAND MUNICIPAL SERVICES CORPORATION
STATEMENT OF DEPARTMENTAL OPERATIONS
YEAR ENDED DECEMBER 31, 1998

	Administration		Public Works		Protection-Health and Sanitation		Ferry Service		Recreation	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
EXPENDITURES:										
Payroll and Benefits	\$ 122,015	\$ 132,696	\$ 89,582	\$ 90,160	\$ 0	\$ 0	\$ 128,454	\$ 116,832	\$ 7,827	\$ 4,190
Lease/Rent Payments	16,425	16,025	7,200	7,691	500	0	200	120	0	0
Utilities and Fuel	6,700	6,447	5,600	4,712	7,250	7,411	10,100	7,343	1,200	1,886
Taxes, Insurance and Permits	16,150	14,808	3,900	2,811	4,400	5,226	11,500	11,013	11,694	9,526
Professional Outside Services	4,700	8,426	0	66	12,500	13,269	1,000	2,443	200	545
Special Events	0	0	0	0	0	0	0	0	5,500	11,679
Supplies and Maintenance	11,000	11,261	22,300	31,395	15,300	46,331	21,000	39,342	2,000	1,635
Capital Acquisitions and Repairs	7,500	10,171	5,250	1,121	3,500	6,932	900	3,059	10,500	4,209
Security	0	0	0	0	14,000	13,953	0	0	0	0
Miscellaneous	6,100	8,303	520	105	500	999	1,350	2,581	0	0
Overlay	2,106	0	0	0	0	0	0	0	0	0
Secession	17,000	14,211	0	0	0	0	0	0	0	0
Town Set-up Costs	16,000	5,777	0	0	0	0	0	0	0	0
General Fund Reserve Appropriation	0	0	0	0	5,000	5,000	5,000	5,000	0	0
TOTAL	\$ 225,696	\$ 228,125	\$ 134,352	\$ 138,061	\$ 62,950	\$ 99,121	\$ 179,504	\$ 187,733	\$ 38,921	\$ 33,670

JONES & MATTHEWS

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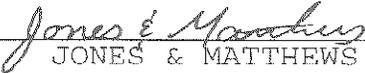
To The Board of Directors
Frye Island, Inc.

We have reviewed the accompanying balance sheets of Frye Island, Inc. as of December 31, 1998 and 1997 and the related statements of income and retained earnings, and cash flows for the years then ended, in accordance with statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Frye Island, Inc.

A review consists of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedule of operating expenses is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.


JONES & MATTHEWS

March 3, 1999

FRYE ISLAND, INC.
BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

ASSETS

	<u>1998</u>	<u>1997</u>
Current Assets:		
Cash in Bank and on Hand	\$ 76,559	\$ 99,465
Income Tax Reund Receivable	4,133	-0-
Inventory (Note 1)	6,736	2,728
Current Portion of Notes Receivable (Note 2)	<u>1,781</u>	<u>1,696</u>
Total Current Assets	89,209	103,889
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	143,719	106,667
Vehicle	17,360	17,360
Other Fixed Assets	<u>7,326</u>	<u>7,326</u>
Total Fixed Assets	461,142	424,090
Less: Accumulated Depreciation	<u>265,594</u>	<u>249,370</u>
Net Fixed Assets	195,548	174,720
Other Assets:		
Notes Receivable - Less Current Portion (Note 2)	<u>9,755</u>	<u>11,455</u>
 TOTAL ASSETS	 <u>\$294,512</u>	 <u>\$290,064</u>

See accompanying notes and accountants' report.

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>1998</u>	<u>1997</u>
Current Liabilities:		
Accounts Payable	\$ 766	\$ -0-
Accrued Expenses	2,200	2,200
Deposits on Land Sales	200	200
Current Portion of Long-Term Debt (Note 5)	<u>8,924</u>	<u>7,903</u>
Total Current Liabilities	12,090	10,303
Long-Term Debt - Net of		
Current Portion (Note 5)	38,731	47,634
Deferred Income Taxes (Note 6)	9,257	7,270
Deferred Gain on Installment Land Sales (Note 3)	<u>11,536</u>	<u>13,151</u>
Total Liabilities	71,614	78,358
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>97,233</u>	<u>86,041</u>
Total Stockholders' Equity	<u>222,898</u>	<u>211,706</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$294,512</u>	<u>\$290,064</u>

See accompanying notes and accountants' report.

FRYE ISLAND, INC.
 STATEMENTS OF INCOME AND RETAINED EARNINGS
 YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
INCOME		
Lease Income (Note 4)	\$ 13,125	\$ 13,125
Golf Course	54,756	57,456
Membership Fees	30,300	28,955
Maintenance Building Lease	7,200	7,200
Rentals	24,787	27,209
Pro-Shop-Gross Profit	13,565	11,764
Marina Membership Fees	21,250	22,450
Quail Circle Fees	7,175	10,850
Special Events	<u>1,130</u>	<u>2,853</u>
Total Income	173,288	181,862
 OPERATING EXPENSES (Schedule)	 <u>160,336</u>	 <u>211,564</u>
 INCOME FROM OPERATIONS	 12,952	 (29,702)
OTHER INCOME (EXPENSE)		
Boat Basin	-0-	7,355
Land Sales (Note 3)	1,615	1,538
Interest Income	3,307	3,524
Interest Expense	(5,059)	(5,928)
Miscellaneous Income	<u>431</u>	<u>952</u>
Total Other Income (Expense)	<u>294</u>	<u>7,441</u>
 INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS AND INCOME TAXES	 13,246	 (22,261)
EXTRAORDINARY ITEMS		
Casualty Gain (Note 8)	<u>-0-</u>	<u>47,260</u>
 INCOME BEFORE INCOME TAXES	 13,246	 24,999
PROVISION FOR INCOME TAXES (Note 6)		
Federal	1,665	4,713
State	<u>389</u>	<u>1,096</u>
Total Provision for Income Taxes	<u>2,054</u>	<u>5,809</u>
 NET INCOME	 11,192	 19,190
 RETAINED EARNINGS - JANUARY 1	 <u>86,041</u>	 <u>66,851</u>
 RETAINED EARNINGS - DECEMBER 31	 <u>\$ 97,233</u>	 <u>\$ 86,041</u>

See accompanying notes and accountants' report.

FRYE ISLAND, INC.
SCHEDULE OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Salaries and Wages	\$ 50,559	\$ 51,131
Repairs & Maintenance	8,695	8,961
Real Estate Taxes	23,810	21,309
Depreciation	16,224	18,565
Insurance	13,039	13,439
Supplies	10,032	9,047
Legal and Accounting	2,211	2,300
Electricity	2,398	2,686
Payroll Taxes	6,708	6,782
Management Services (Note 9)	12,390	12,390
Telephone	434	388
Office Supplies & Expense	30	152
Outside Services	7,501	9,641
Licenses and Permits	1,716	1,638
Advertising (Note 10)	296	459
Travel and Meetings	179	338
Contributions	950	700
Equipment Rental	936	1,227
Fuel	-0-	1,121
Dues and Subscriptions	1,135	695
Miscellaneous Expenses	197	336
Fire & Safety (Note 9)	-0-	47,260
Bank & Credit Card Charges	<u>896</u>	<u>999</u>
 Total Operating Expenses	 <u>\$160,336</u>	 <u>\$211,564</u>

See accompanying notes and accountants' report.

FRYE ISLAND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 11,192	\$ 19,190
Adjustments to Reconcile Net Income to Cash Provided by Operations:		
Depreciation	16,224	18,565
Gain on Deferred Installment Sales	(1,615)	(1,538)
(Increase) Decrease in Inventory	(4,008)	3,116
Decrease in Accounts Receivable - Boat Basin	-0-	15,300
Increase (Decrease) in Accounts Payable (Decrease) in Accounts Payable - Boat Basin	766	(965)
(Increase) in Corporate Income Taxes Refund Receivable	-0-	(102,745)
Increase in Deferred Income Taxes	(4,133)	-0-
	<u>1,987</u>	<u>7,270</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	20,413	(41,807)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(37,052)	-0-
Note Payments Received	<u>1,615</u>	<u>1,538</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(35,437)	1,538
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Notes Payable and Long-Term Debt	(7,882)	(6,891)
NET CASH (USED) by FINANCING ACTIVITIES	(7,882)	(6,891)
NET (DECREASE) IN CASH	(22,906)	(47,160)
CASH ON JANUARY 1	<u>99,465</u>	<u>146,625</u>
CASH ON DECEMBER 31	<u>\$ 76,559</u>	<u>\$ 99,465</u>
Cash paid for interest on loans	\$ 5,059	\$ 5,982
Cash paid for income taxes	\$ 67	\$ -0-

See accompanying notes and accountants' report.

1986-1988 SUPBILLINGS

NAME	TAX DUE
P. HALLOWAY	\$103.15
F. MALONEY	\$220.11
C. NEILSON	\$220.11
M. SPEAR	\$293.49
A. STEINACKLI	\$293.49
E. STRATTON	\$586.97
R. HANSEN	\$193.59
TOTAL	\$1,910.91

1989 OUTSTANDING TAXES

NAME	TAX DUE
F. MALON	\$147.60
E. STRAT	\$393.58
TOTAL	\$541.18

1990 OUTSTANDING TAXES

NAME	TAX DUE
F. MALONEY	\$94.55
E. STRATTON	\$157.59
E. STRATTON	\$94.55
TOTAL	\$346.69

1991 OUTSTANDING TAXES

NAME	Tax Due
F. MALONI	\$93.02
M. SPEAR	\$124.02
E. STRATT	\$155.03
E. STRATT	\$93.02
TOTAL	\$465.09

1992 OUTSTANDING TAXES

NAME	Tax Due
F. MALONEY	\$90.68
M. SPEAR	\$120.90
E. STRATTON	\$151.13
E. STRATTON	\$90.68
TOTAL	\$2,288.53

1993 OUTSTANDING TAXES

NAME	Tax Due
MALONEY	\$90.68
SPEAR	\$120.90
TOTAL	\$211.58

1994 OUTSTANDING TAXES

Name	Tax Due
MALONEY	\$91.45
SPEAR	\$120.90
TOTAL	\$212.35

1995 OUTSTANDING TAXES

Name	Tax Due
MALONEY	\$91.45
SPEAR	\$120.90
TOTAL	\$212.35

1996 OUTSTANDING TAXES

Name	Tax Due
Carro	\$120.90
Maloney	\$27.90
Sardilli	\$91.45
Spear	\$35.65
Stratton	\$91.45
Stratton	\$151.90
Wolanski	\$120.90
TOTAL	\$640.15

1997 OUTSTANDING TAXES

NAME	Tax Due
Bush	\$91.45
Carro	\$120.90
Gelb	\$948.60
Jakublak	\$91.45
Knapp	\$556.45
Landers, Jr.	\$91.45
Maloney	\$27.90
Napolitano	\$82.15
Norton	\$80.60
Pease	\$120.90
Sardilli	\$91.45
Simoneau	\$77.65
Spear	\$35.65
Stratton	\$151.90
Stratton	\$91.45
Wolanski	\$120.90
TOTAL	\$2,780.85

1998 MSC, OUSTANDING TAXES

NAME	Tax Due
Bush	\$91.45
Carro	\$120.90
Elder	\$120.90
Fencer	\$116.25
Gelb	\$948.60
Jakubiak	\$91.45
Kane	\$1,793.35
Knapp	\$556.45
Koch	\$120.90
Landers, Jr.	\$91.45
Maloney	\$27.90
Mascari	\$5.77
Napolitano	\$82.15
Nielson	\$91.45
Norton	\$80.60
Pease	\$120.90
Sardilli	\$91.45
Simoneau	\$120.90
Spear	\$35.65
Stratton	\$91.45
Stratton	\$151.90
Toste	\$69.75
Wolanski	\$120.90
TOTAL	\$5,142.47

1998 TOWN OF FRYE ISLAND

NAME	Tax Due
Bush	\$50.15
Carro	\$66.30
Chevrette	\$1,059.95
Daiello	\$920.55
Elder	\$66.30
Fencer	\$63.75
Gelb	\$520.20
Jakubiak	\$50.15
Kane	\$983.45
Knapp	\$305.15
Landers, Jr.	\$50.15
Leshane	\$50.15
Maloney	\$15.30
Mascari	\$66.30
Masulla	\$328.10
Napolitano	\$45.05
Nielson	\$50.15
Norton	\$44.20
Pearson	\$50.15
Pease	\$66.30
Sardilli	\$50.15
Simoneau	\$66.30
Stratton	\$50.15
Stratton	\$83.30
Tsopanides	\$293.25
Wolanski	\$66.30
TOTAL	\$5,461.25