TOWN OF STETSON, MAINE

FINANCIAL STATEMENTS

For the Year Ended June 30, 2016
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Independent Auditors' Report

To The Board of Selectmen
Town of Stetson

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Stetson, Maine, as of and for the year ended June 30, 2016, 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 major fund, and the aggregate remaining
fund information of the Town of Stetson, Maine, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on Page 15 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 Stetson, Maine’s basic financial statements. The schedule of departmental operations and combining nonmajor capital projects fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of departmental operations and the combining nonmajor fund financial statements 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, schedule of departmental operations and the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Loiselle, Goodwin & Hinds

September 14, 2016
Bangor, Maine
TOWN OF STETSON  
STATEMENT OF NET POSITION  
JUNE 30, 2016

<table>
<thead>
<tr>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
</tr>
<tr>
<td>Cash</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
</tr>
<tr>
<td>Property Tax Receivables:</td>
</tr>
<tr>
<td>Taxes Receivable</td>
</tr>
<tr>
<td>Tax Liens</td>
</tr>
<tr>
<td>Tax-Acquired Property</td>
</tr>
<tr>
<td>Inventory</td>
</tr>
<tr>
<td>Capital Assets:</td>
</tr>
<tr>
<td>Investment in Joint Venture</td>
</tr>
<tr>
<td>Land</td>
</tr>
<tr>
<td>Buildings, net of depreciation</td>
</tr>
<tr>
<td>Equipment, net of depreciation</td>
</tr>
<tr>
<td>Infrastructure, net of depreciation</td>
</tr>
<tr>
<td>Signs, net of depreciation</td>
</tr>
<tr>
<td><strong>Net Capital Assets</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
</tr>
</tbody>
</table>

| **LIABILITIES**          |
| Accounts Payable         | 3,412    |
| Prepaid Taxes            | 27,133   |
| Accrued Expenses         | 2,433    |
| Long-Term Liabilities:   |          |
| Due Within One Year      | 5,991    |
| **Total Liabilities**    | 38,969   |

| **NET POSITION**         |
| Invested in Capital Assets, net of related debt | 926,121 |
| Restricted for:          |          |
| Nonexpendable Trust Principal | 8,000    |
| Cemetery Expenditures    | 2,250    |
| Subsequent Years’ Expenditures | 96,013   |
| Unrestricted             | 646,375  |
| **Total Net Position**   | $ 1,678,759|

The accompanying notes are an integral part of these financial statements.
TOWN OF STETSON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Net (Expense)

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Grants and Contributions</th>
<th>Capital Grants and Contributions</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>$ 239,927</td>
<td>$ 14,349</td>
<td>-</td>
<td>-</td>
<td>$(225,578)</td>
</tr>
<tr>
<td>Public Safety</td>
<td>50,925</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(50,925)</td>
</tr>
<tr>
<td>Highways and Streets</td>
<td>306,518</td>
<td>-</td>
<td>-</td>
<td>$ 29,156</td>
<td>(277,362)</td>
</tr>
<tr>
<td>Sanitation</td>
<td>74,856</td>
<td>9,315</td>
<td>-</td>
<td>-</td>
<td>(65,541)</td>
</tr>
<tr>
<td>Health and Welfare</td>
<td>3,082</td>
<td>-</td>
<td>$ 92</td>
<td>-</td>
<td>(2,990)</td>
</tr>
<tr>
<td>Recreation and Culture</td>
<td>8,281</td>
<td>-</td>
<td>794</td>
<td>-</td>
<td>(7,487)</td>
</tr>
<tr>
<td>Education</td>
<td>822,907</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(822,907)</td>
</tr>
<tr>
<td>County Tax</td>
<td>101,893</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(101,893)</td>
</tr>
<tr>
<td>Unclassified</td>
<td>6,611</td>
<td>-</td>
<td>71</td>
<td>-</td>
<td>(6,540)</td>
</tr>
<tr>
<td>Interest on Long-Term Debt</td>
<td>440</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(440)</td>
</tr>
<tr>
<td>Total Governmental Activities</td>
<td>$1,615,440</td>
<td>$ 23,664</td>
<td>$ 957</td>
<td>$ 29,156</td>
<td>(1,561,663)</td>
</tr>
</tbody>
</table>

General Revenues:
- Property Taxes              1,322,587
- Excise Taxes                212,958
- Grants and Contributions not restricted to specific programs 80,505
- Interest Income             2,005
- Miscellaneous Income        21,166
Total General Revenues        1,639,221

Sale of Tax-Acquired Property 23,118
Increase in Investment in Joint Venture 9,476

Change in Net Position        110,152

NET POSITION—Beginning        1,554,988

NET POSITION—Ending           $ 1,665,140

The accompanying notes are an integral part of these financial statements.
TOWN OF STETSON
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>MAJOR FUND GENERAL</th>
<th>CAPITAL PROJECTS FUND</th>
<th>PERMANENT</th>
<th>TOTAL GOVERNMENTAL FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash - Checking $83,374</td>
<td></td>
<td></td>
<td></td>
<td>$83,374</td>
</tr>
<tr>
<td>Certificates of Deposit 408,541 $3,469</td>
<td></td>
<td></td>
<td></td>
<td>421,010</td>
</tr>
<tr>
<td>Property Tax Receivables:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current-Year Taxes Receivable $177,737</td>
<td></td>
<td></td>
<td></td>
<td>177,737</td>
</tr>
<tr>
<td>Prior-Years Taxes Receivable $7,891</td>
<td></td>
<td></td>
<td></td>
<td>7,891</td>
</tr>
<tr>
<td>Tax Liens 57,803 $8,427 $5,737</td>
<td></td>
<td></td>
<td></td>
<td>57,803</td>
</tr>
<tr>
<td>Tax-Acquired Property 8,427</td>
<td></td>
<td></td>
<td></td>
<td>8,427</td>
</tr>
<tr>
<td>Inventory $5,737</td>
<td></td>
<td></td>
<td></td>
<td>5,737</td>
</tr>
<tr>
<td>Due from Other Funds $46,519</td>
<td></td>
<td></td>
<td></td>
<td>46,519</td>
</tr>
<tr>
<td>Interfund Loan Receivable $27,133</td>
<td></td>
<td></td>
<td></td>
<td>27,133</td>
</tr>
<tr>
<td>TOTAL ASSETS $749,510</td>
<td>$49,988</td>
<td>$27,133</td>
<td></td>
<td>$826,631</td>
</tr>
</tbody>
</table>

LIABILITIES AND FUND BALANCES

Liabilities:
- Accounts Payable $3,412
- Accrued Expenses $2,433
- Prepaid Taxes $2,124
- Due Other Funds $46,519
- Interfund Loan Payable $27,133
- Total Liabilities $81,621

Deferred Inflows of Resources:
- Property Tax Revenue $146,604

Fund Balances:
- Nonspendable 5,737 $8,000 13,737
- Restricted  - 2,250 2,250
- Committed 46,025 $49,988 96,013
- Assigned  - 16,883 16,883
- Unassigned 469,523 469,523
- Total Fund Balances 521,285 49,988 27,133 598,406

TOTAL LIABILITIES AND FUND BALANCES $749,510 $49,988 $27,133 $826,631

Total Fund Balances—Total Governmental Funds (from above) $598,406

Amounts reported for government activities in the statement of net assets are different because:
- Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.
- Taxes receivable not available in 60 days are deferred in the fund financial statements.
- Some liabilities, including accrued vacation, are not payable in the current period and therefore are not reported in the fund financial statements.

Net Position of Governmental Activities $1,685,140

The accompanying notes are an integral part of these financial statements.
TOWN OF STETSON  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

<table>
<thead>
<tr>
<th>MAJOR FUND</th>
<th>CAPITAL PROJECTS</th>
<th>TOTAL GOVERNMENTAL FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GENERAL</td>
<td>FUNDS</td>
</tr>
</tbody>
</table>

REVENUES

Property Taxes $1,321,729 - - $1,321,729
Excise Taxes 212,958 - - 212,958
Interest and Penalties 13,858 - - 13,858
Licenses and Permits 5,142 - - 5,142
Intergovernmental 110,547 - - 110,547
Interest Income 1,952 $12 $41 2,005
Miscellaneous 47,131 - - 47,131

Total Revenues 1,713,317 12 41 1,713,370

EXPENDITURES

Current:
General Government 238,769 - - 238,769
Public Safety 21,270 - - 21,270
Highways and Streets 214,088 78,769 - 292,857
Sanitation 74,856 - - 74,856
Health and Welfare 3,082 - - 3,082
Recreation and Culture 8,281 - - 8,281
Intergovernmental 924,800 - - 924,800
Unclassified 2,003 - - 2,003
Capital Outlay 10,928 - - 10,928
Debt Service 136,963 - - 136,963

Total Expenditures 1,635,040 78,769 - 1,713,809

Excess (Deficiency) of Revenues over Expenditures 78,277 (78,757) 41 (439)

OTHER FINANCING SOURCES (USES)

Operating Transfers In - 87,000 - 87,000
Operating Transfers (Out) (87,000) - - (87,000)

Total Other Financing Sources (Uses) (87,000) 87,000 - 0

Net Change in Fund Balances (8,723) 8,243 41 (439)

FUND BALANCES—Beginning 530,008 41,745 27,092 598,845

FUND BALANCES—Ending $521,285 $49,988 $27,133 $598,406

Net Change in Fund Balances—Total Governmental Funds (from above) $ (439)

Amounts reported for governmental activities in the statement of activities are different because:
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. This is the amount by which depreciation ($46,469) exceeds capital outlays ($8,082)
in the current period. (38,387)
Revenues in the statement of activities that do not provide current financial resources are not
reported as revenues in the fund financial statements. 12,222
Payments of note principal are expenditures in the governmental funds, but reduce long-term
liabilities in the statement of net assets. 136,523
Some expenses reported in the statement of activities do not require the use of current financial
resources and therefore are not reported as expenditures in the fund financial statements. 233

Change in Net Assets of Governmental Activities $110,152
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Stetson, Maine was incorporated in 1843 under the laws of the State of Maine. The Town operates under a Board of Selectmen. The Town’s major operations include police and fire protection, park, library, public works, and general administrative services.

The Town’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

B. Basic Financial Statements – Government-Wide Statements

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town’s governmental fund and nonexpendable trust funds are classified as governmental activities.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reported on a full-accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town engages in no business-type activities.

The government-wide statement of activities reports both the gross and net cost of each of the Town’s functions. The functions are also supported by general revenues. The statement of activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, highways and streets, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function or business-type activity) are normally covered by general revenue (assessments from municipalities, interest income, etc.) The Town does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town’s assets resulting from the current year’s activities.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Town are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures. The various funds are reported by generic classification within the financial statements.
The following fund types are used by the Town:

1.) Governmental Funds

The focus of the governmental funds’ measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

a.) General Fund - The General Fund is the general operating fund of the Town. All general tax revenue and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the Fund are paid the general operating expenditures and the capital improvement costs not paid through other funds.

b.) Capital Projects Fund – This fund is used to account for receipt and expenditures of funds related to various future capital projects of the Town.

c.) Permanent Funds – The Permanent Funds are used to account for assets which the Town holds while acting in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. The Cemetery Trust Fund and Town Cemeteries Trust Fund are nonexpendable trust funds accounted for using the accrual method.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1.) Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2.) Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under this method, revenue generally is recorded as received except for assessments, which are recognized as revenue in the year for which assessments have been levied provided that they are collectible within 60 days of year end. Expenditures generally are recognized when they are paid or in the period in which the liability is incurred, if measurable. Encumbrances are generally not recorded. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.
3.) Budgets and Budgeting Accounting

There are no material violations of finance-related legal and contractual provisions. Budgetary comparison schedules and related disclosures are reported as Required Supplementary Information (RSI).

E. Assets, Liabilities, Equity, Revenues, and Expenditures

1.) Interfund Loan Receivable/Payable

In the government-wide financial statements, the interfund loan receivable/payable are eliminated because the general fund and permanent funds have been combined. The purpose for the interfund loan is to account for the assets of the permanent funds which have been invested in the General Fund’s certificate of deposit.

2.) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, sewer mains and similar items), purchased or acquired with an original cost of $2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received if over $2,500. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

- Buildings: 50 years
- Infrastructure: 20-25 years
- Boat Ramp: 15 years
- Equipment: 7-20 years
- Signs: 25 years

3.) Compensated Absences

The vacation policy of the Town provides for an unlimited accumulation of earned vacation leave with such leave being fully vested when earned. For the Town’s government-wide statements, an expense and a liability for compensated absences and salary-related payments are recorded as the leave is earned. The liability for these compensated absences is recorded as long-term debt, due within the year. In the fund financial statements, the expenditures are recorded when the time is used.

The Town’s sick leave policy provides no accumulation of earned sick leave.

4.) Net Position

Equity in government-wide financial statements is classified as net position. Net position is further classified as invested in capital assets, restricted, and unrestricted. Capital assets are
assets that are associated with governmental activities and arise from expenditures of governmental fund resources. Restricted net position consist of equity with constraints placed upon their use either by (1) external groups such as creditors or the laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. The Town utilizes restricted resources first to finance qualifying activities.

$96,013 of total net position is restricted by enabling legislation.

5.) Fund Balances

In the governmental fund financial statements, fund balance is composed of four classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The following is a description of the fund balances of the Town:

a) Nonspendable Fund Balance – The nonspendable fund balance consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to remain intact.

b) Restricted Fund Balance – The restricted fund balance consists of amounts that are legally restricted by external parties or laws to be used for a specific purpose.

c) Committed Fund Balance – The committed fund balance consists of amounts that can only be used for a specific purpose pursuant to constraints imposed by residents through voting for the articles proposed during a town meeting. The constraints on these amounts may only be modified or rescinded by a vote of the residents at a town meeting.

d) Assigned Fund Balance – The assigned fund balance consists of amounts that are constrained by the Selectmen’s intent to be used for specific purposes. Authorization for making such assignments is given by the consent of the townspeople.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed, unless the townspeople have provided otherwise in its commitment actions.

The Town’s policy is to use restricted resources first when expenditures are made for a purpose for which amounts are available in more than one fund balance classification. The policy for unrestricted fund balances is to use committed and assigned resources first when expenditures are made for a purpose for which amounts are available in more than one fund balance classification.

6.) Expenditures

Expenditures are recognized when the related fund liability is incurred.
7. Inventory

Inventories are valued at cost using the first-in/first-out (FIFO) method, which approximates market value. The Town’s inventory consists of culverts that are recorded as expenditures when consumed rather than when purchased.

2. PROPERTY TAXES

Property taxes for the current year were levied on September 9, 2015, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Taxes are due in two installments on November 15, 2015 and May 15, 2016. Interest on unpaid taxes commenced on November 16, 2015 and May 16, 2016, at 7% per annum.

The Town is permitted by the laws of the State of Maine to levy taxes up 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 $63,339 for the year ended June 30, 2016.

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 the tax liens and associated costs remain unpaid. Liens were placed on 2014 delinquent property taxes on September 10, 2015.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and expected to be collected in the first sixty days following the end of the fiscal year have been recorded as revenue. The remaining receivables have been recorded as deferred inflows of resources, property tax revenue.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

3. CUSTODIAL CREDIT RISK—DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Town’s policy is to deposit available funds in accounts that have the highest possible rate, in conformity with the State of Maine’s guidelines for deposits of municipal revenues, while avoiding unreasonable risk. As of June 30, 2016, $162,010 of the Town’s bank balances of $522,141 was exposed to custodial credit risk.

4. LONG-TERM LIABILITIES

The following schedule summarizes compensated absences liability as of June 30, 2016:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Increase</th>
<th>Decrease</th>
<th>Ending Balance</th>
<th>Amount due within one year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensated Absences</td>
<td>$6,222</td>
<td>$ -</td>
<td>$231</td>
<td>$5,991</td>
<td>$5,991</td>
</tr>
</tbody>
</table>
5. INVESTMENT IN JOINT VENTURE

The Town of Stetson, along with certain other municipalities that are members of the Municipal Review Committee, Inc. (“MRC”), has entered into a joint venture to handle its present and projected volumes of municipal solid waste. The joint venture is administered by MRC, a nonprofit corporation that was formed by municipalities with waste disposal agreements with Penobscot Energy Recovery Company Limited Partnership (“PERC”). The Board of Directors of MRC is elected from among its member municipalities. In exchange for certain guarantees made by its members in 1998, the joint venture receives one-third of the Net Distributable Cash from the operation of PERC’s waste-to-energy facility through 2018, and received $2,000,000 in cash, warrants to acquire Bangor Hydro-Electric, Inc. common stock, and an option to acquire up to 50% of PERC. As of December 31, 2008, the joint venture had exercised all of the warrants and acquired a 23% interest in PERC. From its cash flows, the joint venture pays an amount to its members to offset the difference between the tipping fee paid to PERC for each ton of municipal solid waste delivered and a target price set by MRC.

At December 31, 2015, the joint venture had $36,780,717 in net assets, which increased by $1,870,509 from December 31, 2014. The Town of Stetson's share in the equity of the joint venture at December 31, 2015, was approximately 0.28% or $101,162. Financial statements are available for the joint venture at MRC’s administrative office, 395 State Street, Ellsworth, Maine 04605. (See also Note 8.)

6. NONSPENDABLE, RESTRICTED, COMMITTED, AND UNASSIGNED FUND BALANCES

The following summarizes the fund balances as of June 30, 2016:

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Capital Projects Fund</th>
<th>Permanent Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>$ 5,737</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Town Cemeteries Trust Fund</td>
<td>-</td>
<td>-</td>
<td>$ 8,000</td>
</tr>
<tr>
<td>Restricted:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cemetery Trust Fund Income</td>
<td>-</td>
<td>-</td>
<td>2,250</td>
</tr>
<tr>
<td>Committed:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town Office Structure Improvements</td>
<td>-</td>
<td>- $24,000</td>
<td>-</td>
</tr>
<tr>
<td>Town Office Building Improvements</td>
<td>-</td>
<td>- 8,684</td>
<td>-</td>
</tr>
<tr>
<td>Town Road Improvements</td>
<td>-</td>
<td>- 13,835</td>
<td>-</td>
</tr>
<tr>
<td>Fire Truck Maintenance Reserve</td>
<td>-</td>
<td>- 3,469</td>
<td>-</td>
</tr>
<tr>
<td>Fire Station/Library Complex</td>
<td>28,584</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Stetson Days</td>
<td>5,570</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EMS</td>
<td>4,720</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lake Property Reserve</td>
<td>2,419</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>2,101</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fire Department Turnout Gear</td>
<td>942</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Meetinghouse Capital Improvements</td>
<td>800</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EMS Truck Reserve</td>
<td>721</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State Implementation Program</td>
<td>168</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assigned</td>
<td></td>
<td>-</td>
<td>16,883</td>
</tr>
<tr>
<td>Unassigned</td>
<td>469,523</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Fund Balances</td>
<td>$521,285</td>
<td>$49,988</td>
<td>$27,133</td>
</tr>
</tbody>
</table>
7. CAPITAL ASSETS

A summary of changes in capital assets follows:

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Balance July 1, 2015</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$ 45,000</td>
<td>-</td>
<td>-</td>
<td>$ 45,000</td>
</tr>
<tr>
<td>Boat Ramp</td>
<td>2,846</td>
<td>-</td>
<td>$ 2,846</td>
<td>-</td>
</tr>
<tr>
<td>Total Capital Assets Not Being Depreciation</td>
<td>47,846</td>
<td>-</td>
<td>2,846</td>
<td>45,000</td>
</tr>
</tbody>
</table>

**Capital assets being depreciated:**

| Infrastructure          | 194,342              | $ 10,928  | -         | 205,270              |
| Buildings               | 634,316              | -         | -         | 634,316              |
| Equipment               | 502,981              | -         | -         | 502,981              |
| Signs                   | 3,232                | -         | -         | 3,232                |
| **Total Capital Assets Being Depreciated** | 1,334,871           | 10,928    | -         | 1,345,799            |

**Less accumulated depreciation for:**

| Infrastructure          | 57,418               | 8,275     | -         | 65,693               |
| Buildings               | 185,278              | 12,687    | -         | 197,964              |
| Machinery, Equipment, Furniture and Fixtures | 275,354           | 25,379    | -         | 300,733              |
| Signs                   | 1,323                | 127       | -         | 1,450                |
| **Total Accumulated Depreciation** | 519,373             | 46,467    | -         | 565,840              |

**Net Capital Assets Being Depreciated**

815,498                  (35,539)          -         779,959

**Investment in Joint Venture**

91,686                   9,476              -         101,162

**Governmental Activities - Capital assets, net**

$ 955,030                $(26,063)          $ 2,846  $ 926,121

Depreciation expense for the current year was recorded for the General Government, Public Safety, Highway and Streets, and Unclassified, at $1,391, $29,655, $13,661, and $1,760, respectively.

8. LONG-TERM CONTRACTS

The Town of Stetson has entered into an agreement with Penobscot Energy Recovery Company (PERC) expiring in 2018. The contract rate per ton is adjusted quarterly. As part of this contract, the Town of Stetson, along with a number of other towns that are members of the Municipal Review Committee, has acquired an equity interest in PERC. (See also Note 5.)

The Town of Stetson has entered into a three-year contract, commencing October 1, 2016 and ending May 30, 2019, with F.A.R. & Beyond for snow removal and sanding of 34.27 miles of town ways, for mixing the sand and salt, and moving the mix to the Stetson Sand/Salt Shed for storage. The contract price for these services is $122,460 for 2016, $124,173 for 2017, and $125,886 for 2018, payable in seven monthly installments each October 15 through April 15.
9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from other funds:

<table>
<thead>
<tr>
<th>Receivable Fund</th>
<th>Payable Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town Office Structure</td>
<td>General Fund</td>
<td>$24,000</td>
</tr>
<tr>
<td>Improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town Road Improvements</td>
<td>General Fund</td>
<td>13,835</td>
</tr>
<tr>
<td>Town office Improvements</td>
<td>General Fund</td>
<td>8,684</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$46,519</td>
</tr>
</tbody>
</table>

Transfers are used to move revenues from one fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

10. BENEFICIAL INTEREST IN THE PARTRIDGE FUND

The Town is a beneficiary of the Partridge Trust, which is a perpetual trust fund held and administered by State Street Bank and Trust Company. The Town receives a distribution of income from the Trust of $1,500 each year.

11. OVERLAPPING DEBT

The Town is a member of Maine School Administrative District No. 64. The outstanding debt of the school district is eligible for State reimbursement, and therefore, at June 30, 2016, no contingent liability was allocable to the Town.

12. INSURANCE

The Town is exposed to a variety of risks in the ordinary course of its daily activities. Some of these risks include workers’ compensation, fire, and accidents. The Town of Stetson has purchased commercial insurance policies to cover potential claims.
# TOWN OF STETSON
## GENERAL FUND
### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
#### FOR THE YEAR ENDED JUNE 30, 2016

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>BUDGETED AMOUNTS</th>
<th>ACTUAL AMOUNTS</th>
<th>VARIANCE FAVORABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORIGINAL</td>
<td>FINAL</td>
<td>ORIGINAL</td>
</tr>
<tr>
<td><strong>Taxes:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Property</td>
<td>$1,319,517</td>
<td>$1,319,517</td>
<td>$1,321,729</td>
</tr>
<tr>
<td>Excise</td>
<td>140,000</td>
<td>140,000</td>
<td>212,858</td>
</tr>
<tr>
<td>Interest and Penalties</td>
<td>4,000</td>
<td>4,000</td>
<td>13,858</td>
</tr>
<tr>
<td><strong>Total Taxes</strong></td>
<td>1,463,517</td>
<td>1,463,517</td>
<td>1,548,545</td>
</tr>
<tr>
<td><strong>Licenses and Permits</strong></td>
<td>3,000</td>
<td>3,000</td>
<td>5,142</td>
</tr>
<tr>
<td><strong>Intergovernmental Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State of Maine</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue Sharing</td>
<td>40,000</td>
<td>40,000</td>
<td>55,449</td>
</tr>
<tr>
<td>Highway Block Grant</td>
<td>26,000</td>
<td>26,000</td>
<td>29,156</td>
</tr>
<tr>
<td>Homestead Reimbursement</td>
<td>30,758</td>
<td>30,758</td>
<td>25,056</td>
</tr>
<tr>
<td>Tree Growth Tax and Veterans' Reimbursement</td>
<td>5,000</td>
<td>5,000</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td></td>
<td>886</td>
</tr>
<tr>
<td><strong>Total Intergovernmental Revenues</strong></td>
<td>101,758</td>
<td>101,758</td>
<td>110,547</td>
</tr>
<tr>
<td><strong>Other Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>-</td>
<td>-</td>
<td>2,171</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>1,952</td>
</tr>
<tr>
<td>Cemeteries</td>
<td>-</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td>Sale of Tax-Acquired Property</td>
<td>-</td>
<td>-</td>
<td>23,118</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>10,000</td>
<td>10,000</td>
<td>21,782</td>
</tr>
<tr>
<td><strong>Total Other Revenues</strong></td>
<td>10,000</td>
<td>10,000</td>
<td>49,083</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>1,578,275</td>
<td>1,578,275</td>
<td>1,713,317</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>249,500</td>
<td>249,500</td>
<td>238,769</td>
</tr>
<tr>
<td>Public Safety</td>
<td>33,250</td>
<td>33,250</td>
<td>21,270</td>
</tr>
<tr>
<td>Highways and Streets</td>
<td>231,000</td>
<td>231,000</td>
<td>214,088</td>
</tr>
<tr>
<td>Sanitation</td>
<td>85,000</td>
<td>85,000</td>
<td>74,856</td>
</tr>
<tr>
<td>Health and Welfare</td>
<td>6,500</td>
<td>6,500</td>
<td>3,082</td>
</tr>
<tr>
<td>Recreation and Culture</td>
<td>11,425</td>
<td>11,425</td>
<td>8,281</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>923,261</td>
<td>923,261</td>
<td>924,800</td>
</tr>
<tr>
<td>Unclassified</td>
<td>78,339</td>
<td>78,339</td>
<td>12,931</td>
</tr>
<tr>
<td>Debt Service</td>
<td>140,000</td>
<td>140,000</td>
<td>136,963</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>1,758,275</td>
<td>1,758,275</td>
<td>1,635,040</td>
</tr>
<tr>
<td><strong>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</strong></td>
<td>(180,000)</td>
<td>(180,000)</td>
<td>78,277</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budgeted Transfers (Out) In</td>
<td>(87,000)</td>
<td>(87,000)</td>
<td>(87,000)</td>
</tr>
<tr>
<td><strong>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</strong></td>
<td>(267,000)</td>
<td>(267,000)</td>
<td>(8,723)</td>
</tr>
<tr>
<td><strong>FUND BALANCE - July 1, 2015</strong></td>
<td>530,008</td>
<td>530,008</td>
<td>530,008</td>
</tr>
<tr>
<td><strong>FUND BALANCE - June 30, 2016</strong></td>
<td>$263,008</td>
<td>$263,008</td>
<td>$521,285</td>
</tr>
</tbody>
</table>

See independent auditors' report and notes to the required supplemental information.
Budgetary Information

A budget is adopted for the General Fund only and is not required for the other funds. The original budget and related estimated revenues and expenditures represent the spending authority enacted at the town meeting where the budget was discussed and approved by the residents of the Town on June 9, 2015, and includes estimated approved budgetary carry-forwards from the prior fiscal year. This budget is established in accordance with the various laws which govern the Town’s operations.

The Town’s budget is prepared on a modified accrual basis, which is consistent with generally accepted accounting principles.

Budgetary Compliance

Expenditures may not legally exceed budgeted appropriations without approval of the townspeople at a special Town meeting. There are two exceptions regarding expenditures in excess of budgeted appropriations. Municipal officers are legally obligated to provide financial assistance to eligible applicants of the general assistance program even if doing so creates an overdraft. Another exception is provided by Title 23, Section 2705, M.R.S.A. which allows road maintenance accounts to be overdrawn by not more than 15% of the budgeted appropriation. The following accounts had actual expenditures that exceeded budgeted appropriations in the General Fund as of June 30, 2016:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$8,396</td>
</tr>
<tr>
<td>County Tax</td>
<td>$1,539</td>
</tr>
<tr>
<td>Street Lights</td>
<td>$243</td>
</tr>
<tr>
<td>Social Agency Support</td>
<td>$200</td>
</tr>
</tbody>
</table>

The Town will vote at the next Town meeting to cover all of the overdrawn accounts out of surplus.
SUPPLEMENTARY INFORMATION
## TOWN OF STETSON
### SCHEDULE OF DEPARTMENTAL OPERATIONS
**FOR THE YEAR ENDED JUNE 30, 2016**

#### General Government:

<table>
<thead>
<tr>
<th></th>
<th>BALANCES 07/01/15</th>
<th>APPROPRIATIONS &amp; CREDITS</th>
<th>TRANSFERS</th>
<th>TOTAL AVAILABLE</th>
<th>EXPENDITURES</th>
<th>BALANCES 06/30/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td></td>
<td>150,000 $</td>
<td>1,412</td>
<td>$ 151,412</td>
<td>$ 159,808</td>
<td>(8,396)</td>
</tr>
<tr>
<td>Town Charges</td>
<td></td>
<td>60,000 $</td>
<td>4,456</td>
<td>64,456</td>
<td>62,419</td>
<td>2,037</td>
</tr>
<tr>
<td>Town Office Building</td>
<td></td>
<td>12,000 $</td>
<td></td>
<td>12,000</td>
<td>2,831</td>
<td>9,169</td>
</tr>
<tr>
<td>Town Office Building Improvements</td>
<td>$ 8,684</td>
<td>-</td>
<td></td>
<td>8,684</td>
<td>-</td>
<td>8,684</td>
</tr>
<tr>
<td>Town Office Capital Improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve, Structure</td>
<td>12,000 $</td>
<td>12,000 $</td>
<td></td>
<td>24,000</td>
<td>-</td>
<td>24,000</td>
</tr>
<tr>
<td>Town Meetinghouse Operations</td>
<td>- 10,000 $</td>
<td>2,650</td>
<td>12,650</td>
<td>8,009</td>
<td>4,641</td>
<td></td>
</tr>
<tr>
<td>Meetinghouse Capital Improvements</td>
<td>800</td>
<td>-</td>
<td>800</td>
<td>-</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Planning Board</td>
<td></td>
<td>500 $</td>
<td>8</td>
<td>508</td>
<td>-</td>
<td>492</td>
</tr>
<tr>
<td>Fire Station/Library Complex</td>
<td>17,278</td>
<td>17,000</td>
<td>-</td>
<td>34,278</td>
<td>5,694</td>
<td>28,584</td>
</tr>
<tr>
<td>Total</td>
<td>38,762 $</td>
<td>261,500 $</td>
<td>8,518</td>
<td>308,780</td>
<td>238,769</td>
<td>7,943</td>
</tr>
</tbody>
</table>

#### Public Safety:

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Department</td>
<td>22,500 $</td>
<td>-</td>
<td></td>
<td>22,500</td>
<td>13,299</td>
</tr>
<tr>
<td>Fire Department Turnout Gear</td>
<td>942</td>
<td>-</td>
<td>942</td>
<td>-</td>
<td>942</td>
</tr>
<tr>
<td>Fire Truck Maintenance Reserve</td>
<td>3,459</td>
<td>- 10</td>
<td>3,469</td>
<td>-</td>
<td>3,469</td>
</tr>
<tr>
<td>Street Lights</td>
<td>3,000 $</td>
<td>-</td>
<td></td>
<td>3,000</td>
<td>3,243</td>
</tr>
<tr>
<td>EMS</td>
<td>4,250 $</td>
<td>-</td>
<td></td>
<td>6,963</td>
<td>2,243</td>
</tr>
<tr>
<td>EMS Truck Reserve</td>
<td>721 $</td>
<td>-</td>
<td></td>
<td>721</td>
<td>-</td>
</tr>
<tr>
<td>Animal Control</td>
<td>3,500 $</td>
<td>-</td>
<td></td>
<td>3,500</td>
<td>2,485</td>
</tr>
<tr>
<td>Total</td>
<td>7,835 $</td>
<td>33,250 $</td>
<td>10</td>
<td>41,095</td>
<td>21,270</td>
</tr>
</tbody>
</table>

#### Highways and Streets:

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Town Road Maintenance</td>
<td>70,000 $</td>
<td>-</td>
<td></td>
<td>70,000</td>
<td>67,855</td>
</tr>
<tr>
<td>Snow and Ice Control</td>
<td>160,000 $</td>
<td>-</td>
<td></td>
<td>160,000</td>
<td>145,486</td>
</tr>
<tr>
<td>Town Road Improvements</td>
<td>17,604 $</td>
<td>75,000</td>
<td>-</td>
<td>92,604</td>
<td>78,769</td>
</tr>
<tr>
<td>Sand/Salt Shed</td>
<td>1,000 $</td>
<td>-</td>
<td></td>
<td>1,000</td>
<td>747</td>
</tr>
<tr>
<td>Total</td>
<td>17,604 $</td>
<td>306,000 $</td>
<td></td>
<td>323,604</td>
<td>292,857</td>
</tr>
</tbody>
</table>

#### Sanitation:

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Collection</td>
<td>85,000 $</td>
<td>-</td>
<td></td>
<td>85,000</td>
<td>74,856</td>
</tr>
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</table>

#### Health and Welfare:

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Welfare</td>
<td>5,000 $</td>
<td>92</td>
<td></td>
<td>5,092</td>
<td>1,382</td>
</tr>
<tr>
<td>Social Agency Support</td>
<td>1,500 $</td>
<td>-</td>
<td></td>
<td>1,500</td>
<td>1,700</td>
</tr>
<tr>
<td>Total</td>
<td>6,500 $</td>
<td>92</td>
<td></td>
<td>6,592</td>
<td>3,082</td>
</tr>
</tbody>
</table>

#### Recreation and Culture:

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Parks and Recreation</td>
<td>803 $</td>
<td>4,200</td>
<td></td>
<td>5,003</td>
<td>2,902</td>
</tr>
<tr>
<td>Newsletter</td>
<td>1,200 $</td>
<td>-</td>
<td></td>
<td>1,200</td>
<td>510</td>
</tr>
<tr>
<td>Stetson Days Reserve</td>
<td>4,568 $</td>
<td>1,000</td>
<td>2</td>
<td>5,570</td>
<td>-</td>
</tr>
<tr>
<td>Snowmobile</td>
<td>-</td>
<td>794</td>
<td></td>
<td>794</td>
<td>-</td>
</tr>
<tr>
<td>Boys’ and Girls’ State</td>
<td>275 $</td>
<td>-</td>
<td></td>
<td>275</td>
<td>-</td>
</tr>
<tr>
<td>Scholarships</td>
<td>1,000 $</td>
<td>-</td>
<td></td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Library</td>
<td>3,750 $</td>
<td>-</td>
<td></td>
<td>3,750</td>
<td>3,075</td>
</tr>
<tr>
<td>Total</td>
<td>5,371 $</td>
<td>11,425</td>
<td>796</td>
<td>17,592</td>
<td>8,281</td>
</tr>
</tbody>
</table>

#### Intergovernmental:

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>822,907 $</td>
<td>-</td>
<td></td>
<td>822,907</td>
<td>822,907</td>
</tr>
<tr>
<td>County Tax</td>
<td>100,354 $</td>
<td>-</td>
<td></td>
<td>100,354</td>
<td>101,893</td>
</tr>
<tr>
<td>Total</td>
<td>923,261 $</td>
<td>-</td>
<td></td>
<td>923,261</td>
<td>924,800</td>
</tr>
</tbody>
</table>

#### Unclassified:

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Services</td>
<td>5,000 $</td>
<td>-</td>
<td></td>
<td>5,000</td>
<td>128</td>
</tr>
<tr>
<td>Upper Dam Maintenance</td>
<td>1,000 $</td>
<td>9,930</td>
<td></td>
<td>10,930</td>
<td>8,082</td>
</tr>
<tr>
<td>Cemeteries</td>
<td>7,000 $</td>
<td>20</td>
<td></td>
<td>7,020</td>
<td>4,721</td>
</tr>
<tr>
<td>Cleaning Service</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State Implementation Program</td>
<td>168</td>
<td>-</td>
<td>168</td>
<td>-</td>
<td>168</td>
</tr>
<tr>
<td>Contingency</td>
<td>2,000 $</td>
<td>-</td>
<td></td>
<td>2,000</td>
<td>-</td>
</tr>
<tr>
<td>Lake Property Reserve</td>
<td>12,339 $</td>
<td>(9,914)</td>
<td></td>
<td>2,419</td>
<td>-</td>
</tr>
<tr>
<td>Overlay</td>
<td>63,339 $</td>
<td>-</td>
<td></td>
<td>63,339</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>12,501 $</td>
<td>78,339</td>
<td>36</td>
<td>90,876</td>
<td>12,931</td>
</tr>
</tbody>
</table>

#### Debt Service:

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sand/Salt Shed Payment</td>
<td>140,000 $</td>
<td>133,198</td>
<td></td>
<td>273,198</td>
<td>136,963</td>
</tr>
</tbody>
</table>

### DEPARTMENTAL TOTALS

|                      | $ 82,073 $                        | $ 1,845,275 $           | $ 142,850 | $ 2,069,998 | $ 1,713,800 | $ 260,176 | $ 96,013 |

The accompanying notes are an integral part of these financial statements.
## TOWN OF STETSON
### COMBINING BALANCE SHEET
#### CAPITAL PROJECTS FUND
##### JUNE 30, 2016

### CAPITAL PROJECTS FUNDS

<table>
<thead>
<tr>
<th></th>
<th>TOWN OFFICE IMPROVEMENTS</th>
<th>TOWN OFFICE STRUCTURE IMPROVEMENTS</th>
<th>TOWN ROADS IMPROVEMENTS</th>
<th>FIRE TRUCK MAINTENANCE</th>
<th>TOTAL CAPITAL PROJECTS FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 3,469</td>
<td>$ 3,469</td>
</tr>
<tr>
<td>Due from other Funds</td>
<td>$ 8,684</td>
<td>$ 24,000</td>
<td>$ 13,835</td>
<td>-</td>
<td>46,519</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 8,684</td>
<td>$ 24,000</td>
<td>$ 13,835</td>
<td>$ 3,469</td>
<td>$ 49,088</td>
</tr>
</tbody>
</table>

### LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th>Fund Balances:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Committed</td>
<td>$ 8,684</td>
<td>$ 24,000</td>
<td>$ 13,835</td>
<td>$ 3,469</td>
<td>$ 49,088</td>
</tr>
<tr>
<td>Assigned</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td>$ 8,684</td>
<td>$ 24,000</td>
<td>$ 13,835</td>
<td>$ 3,469</td>
<td>$ 49,088</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND FUND BALANCES** $ 8,684 $ 24,000 $ 13,835 $ 3,469 $ 49,088

The accompanying notes are an integral part of these financial statements.
TOWN OF STETSON  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2016  

<table>
<thead>
<tr>
<th></th>
<th>TOWN OFFICE IMPROVEMENTS</th>
<th>TOWN OFFICE STRUCTURE IMPROVEMENTS</th>
<th>TOWN ROADS IMPROVEMENTS</th>
<th>FIRE TRUCK MAINTENANCE</th>
<th>TOTAL CAPITAL PROJECTS FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td></td>
<td></td>
<td></td>
<td>$12</td>
<td>$12</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highways</td>
<td></td>
<td></td>
<td>$78,769</td>
<td></td>
<td>$78,769</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues over Expenditures</td>
<td>-</td>
<td></td>
<td>(78,769)</td>
<td>12</td>
<td>(78,757)</td>
</tr>
<tr>
<td>OTHER FINANCING SOURCES (USES)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Transfers In</td>
<td></td>
<td>$12,000</td>
<td>75,000</td>
<td></td>
<td>87,000</td>
</tr>
<tr>
<td>Operating Transfers (Out)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Other Financing Sources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Change in Fund Balances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FUND BALANCES—Beginning</td>
<td>$8,684</td>
<td>$12,000</td>
<td>$17,604</td>
<td>$3,457</td>
<td>$41,746</td>
</tr>
<tr>
<td>FUND BALANCES—Ending</td>
<td>$8,684</td>
<td>$24,000</td>
<td>$13,835</td>
<td>$3,469</td>
<td>$49,968</td>
</tr>
</tbody>
</table>