<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
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<td>Independent Auditor’s Report</td>
<td>1 - 2</td>
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<tr>
<td>Management’s Discussion &amp; Analysis</td>
<td>3 - 5</td>
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<tr>
<td>Statement of Net Position</td>
<td>A 6</td>
</tr>
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<td>Statement of Activities</td>
<td>B 7</td>
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<tr>
<td>Balance Sheet – Governmental Funds</td>
<td>C 8</td>
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<tr>
<td>Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds</td>
<td>D 9</td>
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<td>Statement of Fiduciary Net Position</td>
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<td>Statement of Changes in Fiduciary Net Position</td>
<td>F 11</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>12 - 17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Schedule</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget &amp; Actual</td>
<td>1 18</td>
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<td>Schedule of Departmental Operations</td>
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</tr>
<tr>
<td>Schedule of Valuation &amp; Assessment</td>
<td>3 20</td>
</tr>
<tr>
<td>Schedule of Expenditures of Federal Awards</td>
<td>4 21</td>
</tr>
<tr>
<td>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</td>
<td>22 - 23</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR'S REPORT

To the Selectmen
Town of Vanceboro, Maine

We have audited the accompanying financial statements of the governmental activities of Town of Vanceboro, Maine as of and for the year ended January 29, 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 an opinion 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 opinion.
Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Town of Vanceboro, Maine, as of January 29, 2016, and the results of operations of such funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management’s discussion and analysis and budgetary comparison information on pages 3 through 5 and page 18 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 an opinion on the basic financial statements taken as a whole. The other supplemental schedules as listed in the table of contents on pages 17-19 are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Town of Vanceboro, Maine. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material aspects in relation to the basic financial statements taken as a whole.

Furta & Co., LLP
Certified Public Accountants
August 17, 2016
Management of the Town of Vanceboro, Maine provides this Management's Discussion and Analysis of the Town's financial performance for readers of the Town's financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended January 29, 2016. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of the Town of Vanceboro, Maine (the Town) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:
Net Position – The assets of the Town exceeded its liabilities at fiscal year ending January 29, 2016 by $1,168,351 (presented as “net position”). Of this amount, $352,797 was reported as “unrestricted”. The unrestricted net position represents the amount available to be used to meet the Town’s ongoing obligations to citizens and creditors.


Fund Highlights:
Governmental Funds – Fund Balances – As of the close of the fiscal year ended January 29, 2016; the Town’s governmental funds reported a combined ending fund balance of $420,837 with $272,409 being general unassigned fund balance. This unassigned fund balance represents approximately 73% of the total general fund expenditures for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements
The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.
**Fund Financial Statements**
The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town’s government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town’s own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach.

**Notes to the Financial Statements**
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

**Required Supplementary Information**
This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary).

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**
59% of the Town’s net position reflects its investment in capital assets such as land, buildings, and equipment less any related debt used to acquire those assets that are still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Changes in Net Assets**
Approximately 76% of the Town’s total revenue came from property and excise taxes, approximately 21% came from State subsidies and grants, and approximately 3% came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental assets represents $28,265 of the total expenses for the fiscal year.

**FINANCIAL ANALYSIS OF THE TOWN’S INDIVIDUAL FUNDS**

**Governmental Funds**
The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town’s governmental funds reported ending fund balances of $420,837 an increase of $43,523 in comparison with the prior year. Approximately 65% of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to a variety of other purposes.
CAPITAL ASSET ADMINISTRATION

Capital Assets
The Town's investment in capital assets for its governmental activities amounts to $1,496,010 net of accumulated depreciation of $814,964 leaving a net book value of $681,046.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Vanceboro, Vanceboro, Maine 04491.
## ASSETS
- Cash - Note 4 $397,400
- Accounts receivable 13,156
- Investments - Note 4 20,000
- Taxes and tax liens receivable 56,998
- Capital Assets, Net of Depreciation - Note 7 681,046

**Total Assets** 1,168,800

### Deferred Outflows

### LIABILITIES
- Accounts payable 9,719
- Taxes paid in advance 10

**Total Liabilities** 9,729

### Deferred Inflows

### NET POSITION
- Net investment in capital assets 681,046

Restricted for:
- Cemetery 20,500
- Ministerial School Fund 2,900
- Major road improvements 3,412
- Education 98,216
- Unrestricted 352,797

**Total Net Position - Exhibit B** $1,158,871

The accompanying notes are an integral part of these financial statements.
### Program Revenues

<table>
<thead>
<tr>
<th>Governmental Activities:</th>
<th>Operating Charges for Services</th>
<th>Operating Grants and Contributions</th>
<th>Net Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>36,775</td>
<td>-</td>
<td>36,775</td>
</tr>
<tr>
<td>Public safety</td>
<td>33,148</td>
<td>5,572</td>
<td>27,576</td>
</tr>
<tr>
<td>Health and sanitation</td>
<td>26,917</td>
<td>7,614</td>
<td>19,303</td>
</tr>
<tr>
<td>Roads</td>
<td>29,225</td>
<td>4,272</td>
<td>24,953</td>
</tr>
<tr>
<td>Education</td>
<td>238,675</td>
<td>86,437</td>
<td>152,238</td>
</tr>
<tr>
<td>General Assistance</td>
<td>1,240</td>
<td>-</td>
<td>1,240</td>
</tr>
<tr>
<td>Recreation and Community Center</td>
<td>17,590</td>
<td>2,164</td>
<td>15,426</td>
</tr>
<tr>
<td>Cemeteries</td>
<td>4,900</td>
<td>-</td>
<td>4,900</td>
</tr>
<tr>
<td>County tax</td>
<td>14,568</td>
<td>-</td>
<td>14,568</td>
</tr>
<tr>
<td><strong>Total Governmental Activities</strong></td>
<td><strong>403,038</strong></td>
<td><strong>106,059</strong></td>
<td><strong>296,979</strong></td>
</tr>
</tbody>
</table>

### General Revenues:

- **Taxes:**
  - Property taxes-Schedule 3: 211,164
  - Excise taxes: 23,114
  - Sale of Tax Acquired Property: 2,050
  - Revenue from other governments: 66,750
  - Miscellaneous: 3,803
  - Interest on investments: 296
  - Interest on taxes and liens: 3,244

**Total General Revenues:** 310,421

**Changes in Net Position - Exhibit D:** 13,442

**Net Position - Beginning of the Year, Restated:** 1,145,429

**Net Position - End of the Year - Exhibit A:** $1,158,871

The accompanying notes are an integral part of these financial statements.
TOWN OF VANCEBORO, MAINE
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JANUARY 29, 2016

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General Fund</th>
<th>Capital Projects</th>
<th>Permanent Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash - Note 4</td>
<td>$397,400</td>
<td>$</td>
<td>$</td>
<td>$397,400</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>13,156</td>
<td>-</td>
<td>-</td>
<td>13,156</td>
</tr>
<tr>
<td>Investments - Note 4</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Taxes and tax liens receivable</td>
<td>56,998</td>
<td>-</td>
<td>-</td>
<td>56,998</td>
</tr>
<tr>
<td>Due from General Fund</td>
<td>-</td>
<td>3,412</td>
<td>3,400</td>
<td>6,812</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$467,554</td>
<td>$3,412</td>
<td>$23,400</td>
<td>$494,366</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND FUND BALANCES</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$9,719</td>
<td>$</td>
<td>$</td>
<td>$9,719</td>
</tr>
<tr>
<td>Taxes collected in advance</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Deferred property tax revenue</td>
<td>56,988</td>
<td>-</td>
<td>-</td>
<td>56,988</td>
</tr>
<tr>
<td>Due to Trust Fund - Note 5</td>
<td>3,400</td>
<td>-</td>
<td>-</td>
<td>3,400</td>
</tr>
<tr>
<td>Due to Capital Projects Fund - Note 5</td>
<td>3,412</td>
<td>-</td>
<td>-</td>
<td>3,412</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>73,529</td>
<td></td>
<td>-</td>
<td>73,529</td>
</tr>
</tbody>
</table>

Fund Balances:
Restricted for:
Capital Projects                  | 3,412        |                  |                 | 3,412   |
Cemetery                          | -            | 20,500           |                 | 20,500  |
Ministerial School Funds         | -            | 2,900            |                 | 2,900   |
Education                        | 98,216       |                  |                 | 98,216  |

Committed for:
Subsequent year's expenditures - Note 6 | 13,914 |                  |                 | 13,914  |
Unassigned                        | 281,895      |                  |                 | 281,895 |
Total Fund Balance - Exhibit D    | 394,025      | 3,412            | $23,400         | 420,837 |

TOTAL LIABILITIES AND FUND BALANCES | $467,554 | $3,412 | $23,400 | $494,366 |

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balance From Above
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds, net of accumulated depreciation. 420,837

Property Taxes Uncollected are not considered available in the Governmental Funds Statement. 681,046 56,988

Net position of governmental activities - Exhibit A 1,158,871

The accompanying notes are an integral part of these financial statements
## TOWN OF VANCEBORO, MAINE

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JANUARY 29, 2016**

### Revenues

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Capital Projects</th>
<th>Permanent Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property taxes-Schedule 3</td>
<td>$212,980</td>
<td>$ -</td>
<td>$ -</td>
<td>$212,980</td>
</tr>
<tr>
<td>Excise taxes</td>
<td>23,114</td>
<td>-</td>
<td>-</td>
<td>23,114</td>
</tr>
<tr>
<td>Sale of Tax Acquired Property</td>
<td>2,050</td>
<td>-</td>
<td>-</td>
<td>2,050</td>
</tr>
<tr>
<td>Interest on taxes and liens</td>
<td>3,244</td>
<td>-</td>
<td>-</td>
<td>3,244</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>66,750</td>
<td>-</td>
<td>-</td>
<td>66,750</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,803</td>
<td>-</td>
<td>-</td>
<td>3,803</td>
</tr>
<tr>
<td>Interest on investments</td>
<td>194</td>
<td>-</td>
<td>102</td>
<td>296</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>312,135</strong></td>
<td><strong>-</strong></td>
<td><strong>102</strong></td>
<td><strong>312,237</strong></td>
</tr>
</tbody>
</table>

### Expenditures

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Capital Projects</th>
<th>Permanent Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>36,775</td>
<td>-</td>
<td>-</td>
<td>36,775</td>
</tr>
<tr>
<td>Public safety</td>
<td>22,638</td>
<td>-</td>
<td>-</td>
<td>22,638</td>
</tr>
<tr>
<td>Health and sanitation</td>
<td>18,693</td>
<td>-</td>
<td>-</td>
<td>18,693</td>
</tr>
<tr>
<td>Roads</td>
<td>23,703</td>
<td>-</td>
<td>-</td>
<td>23,703</td>
</tr>
<tr>
<td>Education</td>
<td>130,771</td>
<td>-</td>
<td>-</td>
<td>130,771</td>
</tr>
<tr>
<td>General Assistance</td>
<td>1,240</td>
<td>-</td>
<td>-</td>
<td>1,240</td>
</tr>
<tr>
<td>Recreation</td>
<td>15,426</td>
<td>-</td>
<td>-</td>
<td>15,426</td>
</tr>
<tr>
<td>Cemeteries</td>
<td>4,900</td>
<td>-</td>
<td>-</td>
<td>4,900</td>
</tr>
<tr>
<td>County tax</td>
<td>14,568</td>
<td>-</td>
<td>-</td>
<td>14,568</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>268,714</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>268,714</strong></td>
</tr>
</tbody>
</table>

**Excess of Revenues over (under) Expenditures**

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Capital Projects</th>
<th>Permanent Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>43,421</td>
<td>-</td>
<td>102</td>
<td>43,523</td>
</tr>
</tbody>
</table>

### Other Financing Sources (Uses)

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Capital Projects</th>
<th>Permanent Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in (out)</td>
<td>102</td>
<td>-</td>
<td>(102)</td>
<td>-</td>
</tr>
</tbody>
</table>

### Net Change in Fund Balances

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Capital Projects</th>
<th>Permanent Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>43,523</td>
<td>-</td>
<td>-</td>
<td>43,523</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Capital Projects</th>
<th>Permanent Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance - Beginning of Year, Restated</td>
<td>350,502</td>
<td>3,412</td>
<td>23,400</td>
<td>377,314</td>
</tr>
<tr>
<td>Fund Balance - End of Year - Exhibit C</td>
<td>$394,025</td>
<td>$3,412</td>
<td>$23,400</td>
<td>$420,837</td>
</tr>
</tbody>
</table>

### Reconciliation of Statement of Activities, Change in Net Position:

- Net change in Fund Balances - Above: 43,523
- Depreciation Expense - Note 7: (28,265)
- Deferred Property Tax Decrease: (1,816)
- Changes in Net Position of Governmental Activities - Exhibit B: $13,442

The accompanying notes are an integral part of these financial statements.
# Statement of Fiduciary Net Position

## Fiduciary Fund

### January 29, 2016

## Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments - Note 1</td>
<td>$20,000</td>
</tr>
<tr>
<td>Due from General Fund</td>
<td>$3,400</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$23,400</strong></td>
</tr>
</tbody>
</table>

## Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$ -</strong></td>
</tr>
</tbody>
</table>

## Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserved for ministerial school purposes</td>
<td>$2,900</td>
</tr>
<tr>
<td>Reserved for cemetery</td>
<td>$20,500</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td><strong>$23,400</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
TOWN OF VANCEBORO, MAINE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JANUARY 29, 2016

ADDITIONS
Sale of Cemetery lot $-
Interest Income 102

DEDUCTIONS
Transfers (102)

Net Position - Beginning of the Year 23,400
Net Position - End of the Year $23,400

The accompanying notes are an integral part of these financial statements
Note 1 – Summary of Significant Accounting Policies

The Town operates under a Selectman form of government and provides the following services: public safety, highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Town of Vanceboro conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three broad fund categories as follows:

Governmental Funds

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Funds

Trust Funds – Trust Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.
Note 1 – Summary of Significant Accounting Policies (Continued)

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Anticipated refunds of property taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Interest and lien costs are recognized as revenue when collected.

All proprietary funds and nonexpendable trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

C. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1) During the month of March, the townspeople approve the budget at a town meeting. The school budget is approved during June.

D. Investments

Investments are stated at cost or amortized cost, which approximates market.

E. Total Columns on Combined Statements – Overview

Total Columns on the Combined Statements – Presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this work.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposited in local institutions as well as certificates of deposit, which were purchased with a maturity date of thirty (30) days or less.

H. Deferred Property Tax Revenue

In accordance with the National Council on Government Accounting, Interpretation No. 3, property tax revenues not collected at year-end are deferred to succeeding years.
TOWN OF VANCEBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JANUARY 29, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Fund Balances

In accordance with Governmental Standards Board 54, Fund Balance Reporting and
Governmental Fund Type Definitions, the Town of Vanceboro classifies governmental
fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it
is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes
which are externally imposed by providers, such as creditors or amounts constrained
due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes
that are internally imposed by the government through formal action of the highest level
of decision making authority and does not lapse at year-end. Fund balance may be
committed by Board of Selectmen action.

Assigned – includes fund balance amounts that are intended to be used for specific
purposes that are neither considered restricted or committed. Fund balance may be
assigned by the manager and elected selectmen of the Town.

Unassigned – includes positive fund balances with the General fund which has not been
classified within the above mentioned categories and negative fund balance in other
governmental funds.

The Town has no formal revenue spending policy for programs with multiple revenue
sources. For purposes of fund balance classification, expenditures are to be spent from
restricted fund balance first, followed in order by committed fund balance, assigned fund
balance and lastly unassigned fund balance.

The Town has no fund balance policy.

Note 2 – Retirement Plan

The employees of the Town of Vanceboro are covered by Maine State Retirement
and/or Social Security, but no other retirement plan exists.
TOWN OF VANCEBORO, MAINE
NOTES TO FINANCIAL STATEMENTS
JANUARY 29, 2016

Note 3 – Property Tax

The Town’s property tax was levied August 15, 2015 on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. The assessed value for the list of April 1 upon which the fiscal year 2015 levy was based was $8,493,739.

Taxes are billed annually with interest being charged at 7% on taxes paid after October 1, 2015.

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 $2,076 or 1.0% of the property tax levy for the year ended January 29, 2016.

Property taxes levied are recorded at the time the levy is made. The receivables collected during the year, in the first sixty (60) days subsequent to the fiscal year, are recognized as revenues. The remaining receivables estimated to be collectable subsequent to the sixty (60) day period are recorded as deferred revenues.

Note 4 - Deposits and Investments

As of January 29, 2016, the Town had the following deposits and investments with the following maturities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Fair Value</th>
<th>Less than 1 year</th>
<th>1-5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on Hand</td>
<td>$9,384</td>
<td>$9,384</td>
<td>$-</td>
</tr>
<tr>
<td>Bank Deposits</td>
<td>388,016</td>
<td>388,016</td>
<td>$-</td>
</tr>
<tr>
<td>Certificate of Deposit</td>
<td>20,000</td>
<td>-</td>
<td>20,000</td>
</tr>
</tbody>
</table>

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. As of January 29, 2016, the Town had bank balances of $408,016 with The First N.A. of which $158,016 is not covered under FDIC and is therefore subject to custodial credit risk because they were not insured and not collateralized.

The Town does not have a formal policy regarding credit risk. Maine statutes authorize the Town to invest its municipal revenues in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds.

Cemetery Trust Funds are regulated by State of Maine statutes that give broad authority to use such funds. No significant violations of these restrictions occurred during the year.
Note 5 – Inter-Fund Payables

At January 29, 2016 the General Fund recognized obligations of $3,400 to the Trust Fund and $3,412 due to the road improvement account in the Capital Projects Fund.

Note 6 – General Fund Balances Carried

The following funds were unexpended as of January 29, 2016 and were carried forward into the operations of fiscal year 2016.

<table>
<thead>
<tr>
<th>Account Name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Department – Building Fund</td>
<td>$ 3,054</td>
</tr>
<tr>
<td>Town Road Maintenance</td>
<td>1,025</td>
</tr>
<tr>
<td>Road Improvement Account</td>
<td>9,493</td>
</tr>
<tr>
<td>Cemeteries</td>
<td>342</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 13,914</strong></td>
</tr>
</tbody>
</table>

Note 7 – Capital Assets

Capital asset activity for the year ended January 29, 2016 was as follows:

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets being depreciated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicles</td>
<td>$ 90,000</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 90,000</td>
</tr>
<tr>
<td>Roads</td>
<td>25,000</td>
<td></td>
<td></td>
<td>25,000</td>
</tr>
<tr>
<td>Buildings</td>
<td>1,332,457</td>
<td></td>
<td></td>
<td>1,332,457</td>
</tr>
<tr>
<td>Equipment</td>
<td>48,553</td>
<td></td>
<td></td>
<td>48,553</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated</strong></td>
<td><strong>1,496,010</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>1,496,010</strong></td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(786,699)</td>
<td>(28,265)</td>
<td></td>
<td>(814,964)</td>
</tr>
<tr>
<td>Net capital assets being depreciated</td>
<td>709,311</td>
<td>(28,265)</td>
<td></td>
<td>681,046</td>
</tr>
</tbody>
</table>

Governmental Activities

| **Capital Assets Total** | $ 709,311 | (28,265) | $ - | $ 681,046 |

Governmental Activities

<table>
<thead>
<tr>
<th>Roads</th>
<th>Health</th>
<th>Protection</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 1,250</td>
<td>610</td>
<td>4,938</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>21,467</td>
</tr>
</tbody>
</table>

Total Depreciation Expense – Governmental Activities | $ 28,265
Note 7 – Capital Assets (continued)

Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation. Infrastructure assets (e.g. roads, bridges and similar items) are being reported prospectively beginning in fiscal year 2004 in accordance with GASB 34.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>50</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>20</td>
</tr>
<tr>
<td>Equipment</td>
<td>5</td>
</tr>
<tr>
<td>Fire Trucks</td>
<td>15</td>
</tr>
</tbody>
</table>

Note 8 - Subsequent Events

The Town has considered all subsequent events occurring through August 17, 2016, the date the financial statements were available to be issued.
## General Fund

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Original &amp; Final Budget</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property taxes - Schedule 3</td>
<td>$ 209,795</td>
<td>$ 212,980</td>
<td>$ 3,185</td>
</tr>
<tr>
<td>Excise taxes</td>
<td>16,254</td>
<td>23,114</td>
<td>6,860</td>
</tr>
<tr>
<td>Sale of Tax Acquired Property</td>
<td>-</td>
<td>2,050</td>
<td>2,050</td>
</tr>
<tr>
<td>Interest on taxes and liens</td>
<td>-</td>
<td>3,244</td>
<td>3,244</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>226,049</strong></td>
<td><strong>241,388</strong></td>
<td><strong>15,339</strong></td>
</tr>
<tr>
<td>State of Maine Revenue Sharing</td>
<td>10,228</td>
<td>11,919</td>
<td>1,691</td>
</tr>
<tr>
<td>State of Maine Tree Growth</td>
<td>21,129</td>
<td>27,906</td>
<td>6,777</td>
</tr>
<tr>
<td>Conservation Revenue</td>
<td>12,166</td>
<td>21,129</td>
<td>8,963</td>
</tr>
<tr>
<td>Homestead &amp; Veteran's reimbursements</td>
<td>4,284</td>
<td>5,796</td>
<td>1,512</td>
</tr>
<tr>
<td><strong>Subtotal Intergovernmental Revenues</strong></td>
<td><strong>47,807</strong></td>
<td><strong>66,750</strong></td>
<td><strong>18,943</strong></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>3,803</td>
<td>3,803</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>-</td>
<td>194</td>
<td>194</td>
</tr>
<tr>
<td><strong>Subtotal Other</strong></td>
<td>-</td>
<td><strong>3,997</strong></td>
<td><strong>3,997</strong></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>273,856</strong></td>
<td><strong>312,135</strong></td>
<td><strong>38,279</strong></td>
</tr>
</tbody>
</table>

## Expenditures (Net of Receipts)

<table>
<thead>
<tr>
<th>Expenditures (Net of Receipts)</th>
<th>Original &amp; Final Budget</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>43,600</td>
<td>36,775</td>
<td>6,825</td>
</tr>
<tr>
<td>Public safety</td>
<td>25,540</td>
<td>22,638</td>
<td>2,902</td>
</tr>
<tr>
<td>Health and sanitation</td>
<td>24,000</td>
<td>18,693</td>
<td>5,307</td>
</tr>
<tr>
<td>Roads</td>
<td>27,960</td>
<td>23,703</td>
<td>4,257</td>
</tr>
<tr>
<td>Welfare</td>
<td>1,000</td>
<td>1,240</td>
<td>(240)</td>
</tr>
<tr>
<td>Education</td>
<td>129,862</td>
<td>130,771</td>
<td>(909)</td>
</tr>
<tr>
<td>Recreation and Community Center</td>
<td>30,500</td>
<td>15,426</td>
<td>15,074</td>
</tr>
<tr>
<td>Cemeteries</td>
<td>4,750</td>
<td>4,900</td>
<td>(150)</td>
</tr>
<tr>
<td>County tax</td>
<td>14,568</td>
<td>14,568</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>301,780</strong></td>
<td><strong>268,714</strong></td>
<td><strong>33,066</strong></td>
</tr>
</tbody>
</table>

### Excess (Deficiency) of Revenues over Expenditures

<table>
<thead>
<tr>
<th>Excess (Deficiency) of Revenues over Expenditures</th>
<th>Original &amp; Final Budget</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(27,924)</td>
<td>43,421</td>
<td></td>
<td>71,345</td>
</tr>
</tbody>
</table>

### Other Financing Sources (Uses)

<table>
<thead>
<tr>
<th>Other Financing Sources (Uses)</th>
<th>Original &amp; Final Budget</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in (out)</td>
<td></td>
<td>102</td>
<td>102</td>
</tr>
<tr>
<td>Appropriated from prior year's funds</td>
<td></td>
<td>30,000</td>
<td>-</td>
</tr>
</tbody>
</table>

### Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses

<table>
<thead>
<tr>
<th>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</th>
<th>Original &amp; Final Budget</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,076</td>
<td>43,523</td>
<td>$ 71,447</td>
<td></td>
</tr>
</tbody>
</table>

### Fund Balance at the Beginning of Year, Restated

<table>
<thead>
<tr>
<th>Fund Balance at the Beginning of Year, Restated</th>
<th>Original &amp; Final Budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>350,502</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Fund Balance at the End of Year - Exhibit C

<table>
<thead>
<tr>
<th>Fund Balance at the End of Year - Exhibit C</th>
<th>Original &amp; Final Budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>394,025</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.

18
## TOWN OF VANCEBORO, MAINE
### SCHEDULE OF DEPARTMENTAL OPERATIONS
#### FOR THE YEAR ENDED JANUARY 29, 2016

<table>
<thead>
<tr>
<th></th>
<th>Forward 2/1/2015</th>
<th>Appropriations</th>
<th>Other Credits</th>
<th>Expenditures</th>
<th>(Over) Under Expended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Government</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>$</td>
<td>$ 37,000</td>
<td>$ -</td>
<td>$ 30,095</td>
<td>$ 6,905</td>
</tr>
<tr>
<td>Tax Collector</td>
<td>-</td>
<td>3,000</td>
<td>-</td>
<td>3,000</td>
<td>-</td>
</tr>
<tr>
<td>Social security</td>
<td>-</td>
<td>3,600</td>
<td>-</td>
<td>3,680</td>
<td>(80)</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL GOVERNMENT</strong></td>
<td>-</td>
<td>43,600</td>
<td>-</td>
<td>36,775</td>
<td>6,825</td>
</tr>
<tr>
<td><strong>Public Safety</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ambulance</td>
<td>-</td>
<td>1,040</td>
<td>-</td>
<td>1,040</td>
<td>-</td>
</tr>
<tr>
<td>Fire department - operations</td>
<td>-</td>
<td>12,000</td>
<td>5,149</td>
<td>16,908</td>
<td>241</td>
</tr>
<tr>
<td>Fire department - equipment</td>
<td>-</td>
<td>3,000</td>
<td>423</td>
<td>669</td>
<td>2,754</td>
</tr>
<tr>
<td>Fire department - building fund</td>
<td>4,000</td>
<td>2,000</td>
<td>-</td>
<td>2,946</td>
<td>3,054</td>
</tr>
<tr>
<td>Street lights</td>
<td>-</td>
<td>7,500</td>
<td>-</td>
<td>6,647</td>
<td>853</td>
</tr>
<tr>
<td><strong>TOTAL PUBLIC SAFETY</strong></td>
<td>4,000</td>
<td>25,540</td>
<td>5,572</td>
<td>28,210</td>
<td>6,902</td>
</tr>
<tr>
<td><strong>Health and Sanitation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Animal control</td>
<td>-</td>
<td>-</td>
<td>30</td>
<td>245</td>
<td>(215)</td>
</tr>
<tr>
<td>Transfer station</td>
<td>-</td>
<td>24,000</td>
<td>7,584</td>
<td>26,062</td>
<td>5,522</td>
</tr>
<tr>
<td><strong>TOTAL HEALTH AND SANITATION</strong></td>
<td>-</td>
<td>24,000</td>
<td>7,614</td>
<td>26,307</td>
<td>5,307</td>
</tr>
<tr>
<td><strong>Roads</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town road maintenance</td>
<td>1,040</td>
<td>960</td>
<td>-</td>
<td>975</td>
<td>1,025</td>
</tr>
<tr>
<td>Road improvement account (DOT)</td>
<td>5,221</td>
<td>-</td>
<td>4,272</td>
<td>-</td>
<td>9,493</td>
</tr>
<tr>
<td>Snow removal</td>
<td>-</td>
<td>25,000</td>
<td>-</td>
<td>25,000</td>
<td>-</td>
</tr>
<tr>
<td>Camp roads</td>
<td>-</td>
<td>2,000</td>
<td>-</td>
<td>2,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ROADS</strong></td>
<td>6,261</td>
<td>27,960</td>
<td>4,272</td>
<td>27,975</td>
<td>10,518</td>
</tr>
<tr>
<td><strong>Welfare</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>General assistance</td>
<td>2,900</td>
<td>-</td>
<td>-</td>
<td>240</td>
<td>2,660</td>
</tr>
<tr>
<td><strong>TOTAL WELFARE</strong></td>
<td>2,900</td>
<td>1,000</td>
<td>-</td>
<td>1,240</td>
<td>2,660</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>98,951</td>
<td>129,862</td>
<td>86,437</td>
<td>217,034</td>
<td>98,216</td>
</tr>
<tr>
<td>Ministerial</td>
<td>174</td>
<td>-</td>
<td>-</td>
<td>174</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EDUCATION</strong></td>
<td>99,125</td>
<td>129,862</td>
<td>86,437</td>
<td>217,208</td>
<td>98,216</td>
</tr>
<tr>
<td><strong>Recreation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Center</td>
<td>-</td>
<td>30,000</td>
<td>50</td>
<td>15,754</td>
<td>14,296</td>
</tr>
<tr>
<td>Snowmobile</td>
<td>-</td>
<td>-</td>
<td>205</td>
<td>377</td>
<td>(172)</td>
</tr>
<tr>
<td>Recreation Committee</td>
<td>500</td>
<td>309</td>
<td>-</td>
<td>809</td>
<td>-</td>
</tr>
<tr>
<td>Boat landing</td>
<td>-</td>
<td>-</td>
<td>1,600</td>
<td>650</td>
<td>950</td>
</tr>
<tr>
<td><strong>TOTAL RECREATION</strong></td>
<td>-</td>
<td>30,500</td>
<td>2,164</td>
<td>17,590</td>
<td>15,074</td>
</tr>
<tr>
<td><strong>Cemeteries</strong></td>
<td>390</td>
<td>4,750</td>
<td>102</td>
<td>4,900</td>
<td>342</td>
</tr>
<tr>
<td><strong>County Tax</strong></td>
<td>-</td>
<td>14,568</td>
<td>-</td>
<td>14,568</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ALL DEPARTMENTS</strong></td>
<td>$ 112,676</td>
<td>$ 301,780</td>
<td>$ 106,161</td>
<td>$ 374,773</td>
<td>$ 145,844</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
TOWN OF VANCEBORO, MAINE  
SCHEDULE OF VALUATION AND ASSESSMENT  
FOR THE YEAR ENDED JANUARY 29, 2016  

Total Assessed Valuation $ 8,493,739

Current Tax Rate 0.0247
Current Year Tax Commitment 209,795

Add: Supplemental Taxes 1,369

Less: Abatements -

Gross Property Tax Revenue - Exhibit B 211,164

Add: Deferred Taxes prior year 58,804

Less: Deferred Taxes current year (56,988)

Net Property Tax Revenue - Exhibit D $ 212,980

**COMPUTATION OF ASSESSMENT**

Requirements:

Town Appropriations $ 157,350
County Tax 14,568
Education 129,862 301,780

Available:

Tax Commitment $ 209,795
Homestead Reimbursement 4,284
State Revenue Sharing 10,228
Other Revenue 49,549
Prior year’s unexpended funds 30,000 $ 303,856

Overlay: Schedule 1 $ 2,076

The accompanying notes are an integral part of these financial statements 20
## TOWN OF VANCEBORO
### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
#### FOR THE YEAR ENDED JANUARY 31, 2016

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
</table>

### Federal Grantor/Direct Federal Funding

**U.S. Department of Education:**

- Rural Education Achievement Program: 84.358A $15,728
  - Total Direct Federal Funding: 15,728

### Federal Grantor/Pass-through Grantor Program

**U.S. Department of Education:**

- Title II-A Teacher Quality: 84.367 697

**U.S. Department of Agriculture:**

- National School Lunch Program (NSLP): 10.555 1,911
- Fresh Fruit & Vegetable Program (FFVP): 10.582 756
  - Total Pass-through Grantor Program: 3,364

**Total:** 19,092

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The accompanying notes are an integral part of these financial statements.
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance With Generally Accepted Auditing Standards

To the Selectpersons
Town of Vanceboro, Maine

In planning and performing our audit of the financial statements of the Town of Vanceboro for the year ended January 29, 2016 in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Vanceboro’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity’s internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process or report data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.
FY16-1 Bank Deposits without supporting documentation

The Town made various deposits throughout the year without keeping adequate documentation of what the deposits were for. Accordingly, the revenues associated with these deposits may not have been properly credited. We recommend that the town always make a copy of all receipts prior to depositing funds.

FY 16-2 Untimely Bank Deposits

We noted that various taxpayer receipts for property and excise taxes collected in December 2015 and January 2016 were not deposited to the bank until late February 2016. We recommend that the Tax Collector promptly forwards receipts to the Town Clerk and the monies be deposited timely.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity’s internal control.

Our consideration of the internal control over the financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that number 16 - 1 of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Vanceboro, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended solely for the information and use of management, others within the entity and the Selectmen, and is not intended to be and should not be used by anyone other than these specified parties.


tate, + Co. LLP

Certified Public Accountants
August 17, 2016