

Audited Financial Statements

Vassalboro Sanitary District

December 31, 2015



Proven Expertise & Integrity

VASSALBORO SANITARY DISTRICT

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DECEMBER 31, 2015

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Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Vassalboro Sanitary District
Vassalboro, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of Vassalboro Sanitary District, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District'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.

Auditors' 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 of 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.

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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 Vassalboro Sanitary District as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 the management's discussion and analysis on pages 3 through 7 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.

RHR Smith & Company

Buxton, Maine
July 1, 2016

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

(UNAUDITED)

The following management's discussion and analysis of Vassalboro Sanitary District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2015. Please read it in conjunction with the District's financial statements.

Financial Statement Overview

The Vassalboro Sanitary District's basic financial statements include the following components: 1) government-wide financial statements and 2) notes to the financial statements. This report does not include any required supplementary information as the District does not prepare a legally adopted budget for property tax basis but the trustees do prepare a budget.

Basic Financial Statements

The basic financial statements include financial information in the government-wide financial statements. There are no fund financial statements as the District only has one fund. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the District's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the District's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have been presented for the District's only type of activity:

- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. All of the District's activities are business-type.

There are no fund financial statements presented as all activity for the District is proprietary in nature. The activity of the District is presented for the following:

Proprietary Funds: The Vassalboro Sanitary District maintains one proprietary fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements as they are presented on the same basis of accounting and therefore only shown in the government-wide financials.

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 Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows.

Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the District's governmental activities. The District's total net position decreased by \$768 from \$909,418 to \$908,650.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased by \$1,201 from \$198,296 to a balance of \$197,095 at the end of this year.

**Table 1
Vassalboro Sanitary District
Net Position
December 31,**

| | <u>2015</u> | <u>2014</u> |
|----------------------------------|--------------------------|--------------------------|
| Assets: | | |
| Current Assets | \$ 200,557 | \$ 220,346 |
| Capital Assets | 733,605 | 711,122 |
| Total Assets | <u><u>\$ 934,162</u></u> | <u><u>\$ 931,468</u></u> |
| Liabilities: | | |
| Current Liabilities | \$ 3,462 | \$ - |
| Noncurrent Liabilities | 22,050 | 22,050 |
| Total Liabilities | <u><u>\$ 25,512</u></u> | <u><u>\$ 22,050</u></u> |
| Net Position: | | |
| Net Investment in Capital Assets | \$ 711,555 | \$ 711,122 |
| Unrestricted | 197,095 | 198,296 |
| Total Net Position | <u><u>\$ 908,650</u></u> | <u><u>\$ 909,418</u></u> |

Revenues and Expenses

Revenues for the District's business-type activities increased by 51.64% while total expenses increased by 13.90%. The increase in revenues was mainly due to capital contributions. The largest increases in expenses were in operating expenses, repairs and maintenance, and other.

Table 2
Vassalboro Sanitary District
Changes in Net Position
For the Years Ended December 31,

| | <u>2015</u> | <u>2014</u> |
|----------------------------|-------------------|-------------------|
| Revenues | | |
| Fees | \$ 132,230 | \$ 130,380 |
| Capital contributions | 60,000 | - |
| Miscellaneous | 6,289 | 536 |
| Total Revenues | <u>198,519</u> | <u>130,916</u> |
| Expenses | | |
| Operating expenses | 67,803 | 57,430 |
| Telephone and utilities | 7,072 | 7,222 |
| Insurance | 8,463 | 9,644 |
| Contracted services | 23,695 | 16,167 |
| Repairs and maintenance | 19,839 | 5,897 |
| Depreciation | 45,129 | 45,129 |
| Upgrade planning | - | 20,259 |
| Other | 27,286 | 13,221 |
| Total Expenses | <u>199,287</u> | <u>174,969</u> |
| Change in Net Position | (768) | (44,053) |
| Net Position - January 1 | <u>909,418</u> | <u>953,471</u> |
| Net Position - December 31 | <u>\$ 908,650</u> | <u>\$ 909,418</u> |

Capital Asset and Long-Term Debt Activity

Capital Assets

As of December 31, 2015, the net book value of capital assets recorded by the District increased by \$22,483 over the prior year. The increase was the result of current year capital additions of \$67,612 less current year depreciation expense of \$45,129.

**Table 3
Vassalboro Sanitary District
Capital Assets (Net of Depreciation)
December 31,**

| | 2015 | 2014 | |
|--------------------------|-------------------|-------------------|--|
| Land | \$ 53,263 | \$ 53,263 | |
| Construction in progress | 67,612 | - | |
| Infrastructure | 612,730 | 657,859 | |
| Total | \$ 733,605 | \$ 711,122 | |

Debt

At December 31, 2015, the District had \$22,050 in outstanding notes payable. Refer to Note 4 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The District has steadily maintained a sufficient unrestricted net position to sustain government operations for a period of at least two months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Treasurer at P.O. Box 183, North Vassalboro, Maine 04962.

VASSALBORO SANITARY DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2015

ASSETS

Current assets:

| | |
|-----------------------------------------------------------|----------------|
| Cash and cash equivalents | \$ 89,677 |
| Accounts receivable (net of allowance for uncollectibles) | 110,567 |
| Prepaid items | 313 |
| Total current assets | <u>200,557</u> |

Noncurrent assets:

Capital assets:

| | |
|--------------------------------|--------------------|
| Land | 53,263 |
| Construction in progress | 67,612 |
| Sludge site | 14,492 |
| Infrastructure | 2,094,053 |
| Total capital assets | <u>2,229,420</u> |
| Less: accumulated depreciation | <u>(1,495,815)</u> |
| Total noncurrent assets | <u>733,605</u> |

TOTAL ASSETS

| | |
|--|-------------------|
| | <u>\$ 934,162</u> |
|--|-------------------|

LIABILITIES

Current liabilities:

| | |
|---------------------------|--------------|
| Accounts payable | \$ 3,462 |
| Total current liabilities | <u>3,462</u> |

Noncurrent liabilities:

| | |
|------------------------------|---------------|
| Note payable | 22,050 |
| Total noncurrent liabilities | <u>22,050</u> |

TOTAL LIABILITIES

| | |
|--|---------------|
| | <u>25,512</u> |
|--|---------------|

NET POSITION

| | |
|----------------------------------|----------------|
| Net investment in capital assets | 711,555 |
| Unrestricted | 197,095 |
| TOTAL NET POSITION | <u>908,650</u> |

TOTAL LIABILITIES AND NET POSITION

| | |
|--|-------------------|
| | <u>\$ 934,162</u> |
|--|-------------------|

See accompanying independent auditors' report and notes to financial statements.

VASSALBORO SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

| | |
|----------------------------------------|-------------------|
| OPERATING REVENUES | |
| Fees | \$ 132,230 |
| Miscellaneous | 6,282 |
| TOTAL OPERATING REVENUES | <u>138,512</u> |
| OPERATING EXPENSES | |
| Operating expenses | 67,803 |
| Telephone and utilities | 7,072 |
| Insurance | 8,463 |
| Contracted services | 23,695 |
| Repairs and maintenance | 19,839 |
| Depreciation | 45,129 |
| Other | 27,286 |
| TOTAL OPERATING EXPENSES | <u>199,287</u> |
| OPERATING INCOME (LOSS) | <u>(60,775)</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest income | 7 |
| Capital contributions | 60,000 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>60,007</u> |
| CHANGE IN NET POSITION | (768) |
| NET POSITION - JANUARY 1, 2015 | <u>909,418</u> |
| NET POSITION - DECEMBER 31, 2015 | <u>\$ 908,650</u> |

See accompanying independent auditors' report and notes to financial statements.

VASSALBORO SANITARY DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

| | |
|------------------------------------------------------------------------------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers | \$ 163,400 |
| Other receipts | 6,282 |
| Payments to suppliers | <u>(150,696)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>18,986</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest income | <u>7</u> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>7</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Proceeds from capital contributions | 60,000 |
| (Purchase) disposals of capital assets | <u>(67,612)</u> |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(7,612)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 11,381 |
| CASH AND CASH EQUIVALENTS - JANUARY 1 | <u>78,296</u> |
| CASH AND CASH EQUIVALENTS - DECEMBER 31 | <u><u>\$ 89,677</u></u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | |
| Operating income (loss) | \$ (60,775) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation expense | 45,129 |
| Changes in operating assets and liabilities: | |
| (Increase) decrease in accounts receivable | 31,231 |
| (Increase) decrease in prepaid items | (61) |
| Increase (decrease) in accounts payable | <u>3,462</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u><u>\$ 18,986</u></u> |

See accompanying independent auditors' report and notes to financial statements.

VASSALBORO SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Vassalboro Sanitary District was incorporated under the laws of the State of Maine. The District operates under a board of director - treasurer form of government and provides sanitary services.

The District'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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so.

The District's combined financial statements include all accounts and all operations of the District. We have determined that the District has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Government-Wide and Fund Financial Statements

The District's basic financial statements include government-wide statements (reporting the District as a whole).

The government-wide financial statements categorize primary activities as business-type.

In the government-wide Statement of Net Position, the business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

VASSALBORO SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements & Fund Financial Statements

1. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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.

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.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

VASSALBORO SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the District's policy to value investments at fair value. None of the District's investments are reported at amortized cost.

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The District has no formal investment policy but instead follows the State of Maine Statutes.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

Allowance for Uncollectible Accounts

Prior to December 31, 2013, the District was not very diligent in collecting outstanding balances from customers. It should be known that the District, as allowed by Maine statutes, did not place any liens on the customers to perfect its balance owed to the District. In 2014, the District utilized a third party for billing and collection services. This third party has industry knowledge of this practice. The third party is attempting to collect all past due debts owed to the District. At this time, no estimation has been made for an allowance for uncollectible accounts, but it is probable in 2016 that some of this receivable will be deemed uncollectible. At that time, an allowance will be made.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs 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 estimated useful lives

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

VASSALBORO SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the District.

Estimated useful lives are as follows:

| | |
|-------------------------|----------------|
| Buildings | 20 - 50 years |
| Infrastructure | 50 - 100 years |
| Machinery and equipment | 3 - 50 years |

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The District's long-term debt consists primarily of notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or restricted net position.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

VASSALBORO SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating/Non-Operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The District does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The District follows state statutes for the investment of funds, which authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These apply to all District funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits. The District does not have a policy covering custodial credit risk for deposits. However, the District maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At December 31, 2015, the District's cash balance of \$89,677 was comprised of bank deposits amounting to \$117,577. All of these bank deposits were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

VASSALBORO SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

| <u>Account Type</u> | <u>Bank Balance</u> |
|---------------------|-------------------------|
| Checking account | \$ 97,525 |
| Savings account | 20,052 |
| | <u>\$ 117,577</u> |

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the District does not have a policy for custodial credit risk for investments.

The District did not have any investments as of December 31, 2015.

Credit risk – Statutes for the State of Maine authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The District does not have an investment policy on credit risk. Generally, the District invests excess funds in money market accounts and various certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a policy related to interest rate risk.

VASSALBORO SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2015:

| | Balance, 1/1/15 | Additions | Disposals | Balance, 12/31/15 |
|--------------------------------|--------------------|------------------|-------------|----------------------|
| Non-depreciated assets: | | | | |
| Land | \$ 53,263 | \$ - | \$ - | \$ 53,263 |
| Construction in progress | - | 67,612 | - | 67,612 |
| | <u>53,263</u> | <u>67,612</u> | <u>-</u> | <u>120,875</u> |
| Depreciated assets: | | | | |
| Sludge site | 14,492 | - | - | 14,492 |
| Infrastructure | 2,094,053 | - | - | 2,094,053 |
| | <u>2,108,545</u> | <u>-</u> | <u>-</u> | <u>2,108,545</u> |
| Less: accumulated depreciation | <u>(1,450,686)</u> | <u>(45,129)</u> | <u>-</u> | <u>(1,495,815)</u> |
| Net depreciated assets | <u>657,859</u> | <u>(45,129)</u> | <u>-</u> | <u>612,730</u> |
| Net capital assets | <u>\$ 711,122</u> | <u>\$ 22,483</u> | <u>\$ -</u> | <u>\$ 733,605</u> |

NOTE 4 – LONG-TERM DEBT

A summary of long-term debt is as follows:

| | Balance, 1/1/15 | Additions | Deletions | Balance, 12/31/15 |
|---------------|--------------------|-------------|-------------|----------------------|
| Notes payable | \$ 22,050 | \$ - | \$ - | \$ 22,050 |
| Totals | <u>\$ 22,050</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 22,050</u> |

The following is a summary of the note outstanding as of December 31, 2015:

\$22,050 Note payable to Maine Municipal Bond Bank, issued August 1, 2014, with an interest rate of 0%. Maturity date of August 1, 2017. \$ 22,050

VASSALBORO SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4 – LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding note principal and interest requirements for the following fiscal years ending December 31:

| | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> |
|------|------------------|-----------------|-------------------------------|
| 2016 | \$ - | \$ - | \$ - |
| 2017 | 22,050 | - | 22,050 |
| | <u>\$ 22,050</u> | <u>\$ -</u> | <u>\$ 22,050</u> |

NOTE 5 – RELATED PARTIES

A trustee of the District provides bookkeeping services to the District, which ended in September 2015. The total amount paid to this individual for bookkeeping services for the year ended December 31, 2015 was \$5,275.

A trustee of the District provides bookkeeping services to the District. The total amount paid to this individual for bookkeeping services for the year ended December 31, 2015 was \$770.

A trustee of the District provides services to the District. The total amount paid to this individual for the year ended December 31, 2015 was \$805.

The nephew of a Trustee provides services to the District. The total amount paid to this individual for the year ended December 31, 2015 was \$5,090.

NOTE 6 – COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.