

Audited Financial Statements

Town of Wayne, Maine

June 30, 2016



Proven Expertise and Integrity

TOWN OF WAYNE, MAINE

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JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Wayne
Wayne, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wayne, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Wayne, Maine'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wayne, Maine as of June 30, 2016, 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 and budgetary comparison information on pages 4 through 10 and 37 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 Wayne, Maine's basic financial statements. The Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital assets schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital assets schedules are the responsibility of management and were derived from and related 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, the Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital assets schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2016, on our consideration of the Town of Wayne, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wayne, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
September 14, 2016

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

(UNAUDITED)

The following management's discussion and analysis of Town of Wayne, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Wayne's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. 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 Town'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 Town'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 one column for the Town's activity. The type of activity presented for the Town of Wayne is:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, highways and roads, education, sanitation, recreation and unclassified.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Wayne, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Wayne can be categorized as governmental funds.

Governmental funds: All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Wayne presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other

funds are shown as nonmajor and are combined in the “All Nonmajor Funds” column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

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 Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental funds is \$4,258,384 compared to \$4,317,548 in the prior year, a decrease of \$59,164.

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 to \$1,437,230 at the end of this year for governmental activities.

Table 1
Town of Wayne, Maine
Net Position
June 30,

	Governmental Activities	
	2016	2015
Assets:		
Current Assets	\$ 1,544,275	\$ 1,545,276
Capital Assets	3,386,511	3,239,110
Total Assets	<u>4,930,786</u>	<u>4,784,386</u>
Liabilities:		
Current Liabilities	180,064	115,046
Long-term Debt Outstanding	489,902	345,800
Total Liabilities	<u>669,966</u>	<u>460,846</u>
Deferred Inflows of Resources:		
Prepaid Taxes	2,436	5,992
Total Deferred Inflows of Resources	<u>2,436</u>	<u>5,992</u>
Net Position:		
Net Investment in Capital Assets	2,740,754	2,797,542
Restricted	80,400	75,537
Unrestricted	1,437,230	1,444,469
Total Net Position	<u>\$ 4,258,384</u>	<u>\$ 4,317,548</u>

Revenues and Expenses

Revenues decreased by .57% and expenses increased by 4.52% from the prior year. The decrease in revenues was primarily due to a decrease in miscellaneous revenues. The increase in expenditures was primarily due to increases in education, public safety and highways and roads.

Table 2
Town of Wayne, Maine
Change in Net Position
For the Years Ended June 30,

	<u>2016</u>	<u>2015</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 18,015	\$ 9,129
Operating grants & contributions	30,848	30,532
<i>General Revenues:</i>		
Taxes	2,894,674	2,848,100
Grants & contributions not restricted to specific programs	81,306	78,218
Miscellaneous	97,691	174,481
Total Revenues	<u>3,122,534</u>	<u>3,140,460</u>
Expenses		
General government	287,692	321,090
Public safety	120,462	87,079
Highways and roads	396,181	364,087
Sanitation	104,979	114,293
Cobbossee watershed	2,345	2,233
Recreation	22,370	24,184
Organizations and social services	27,004	21,611
Unclassified	155,864	143,210
Education	1,871,059	1,774,654
County tax	183,968	179,882
Overlay	-	7,913
Interest on long-term debt	9,774	3,944
Total Expenses	<u>3,181,698</u>	<u>3,044,180</u>
Change in Net Position	(59,164)	96,280
Net Position - July 1	<u>4,317,548</u>	<u>4,221,268</u>
Net Position - June 30	<u>\$ 4,258,384</u>	<u>\$ 4,317,548</u>

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Town of Wayne, Maine
Fund Balances - Governmental Funds
June 30,

	2016	2015
Major Funds:		
General Fund:		
Nonspendable	\$ 1,014	\$ -
Committed	300,000	-
Unassigned	707,002	1,085,862
Total Major Funds	\$ 1,008,016	\$ 1,085,862
Nonmajor Funds:		
Special Revenue Funds:		
Assigned	\$ 19,358	\$ 41,325
Unassigned	-	(542)
Capital Projects Funds:		
Assigned	321,120	242,104
Permanent Funds:		
Restricted	80,400	75,537
Total Nonmajor Funds	\$ 420,878	\$ 358,424

The general fund total fund balance decreased by \$77,846 from the prior fiscal year. The nonmajor fund balances increased by \$62,454 from the prior fiscal year.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues were over budget by \$11,870. This was primarily due to excise taxes being receipted in excess of budgeted amounts.

The general fund actual expenditures were under budget by \$36,284. All expenditure categories were under budget with the exception of general government.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2016, the net book value of capital assets recorded by the Town increased by \$147,401. This increase was a result of capital additions of \$295,526 less current year depreciation expense of \$148,125.

Table 4
Town of Wayne, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2016</u>	<u>2015</u>
Land	\$ 705,000	\$ 705,000
Buildings and improvements	229,589	245,013
Machinery and equipment	50,087	56,905
Vehicles	332,332	356,516
Infrastructure	<u>2,069,503</u>	<u>1,875,676</u>
Total	<u>\$ 3,386,511</u>	<u>\$ 3,239,110</u>

Debt

At June 30, 2016, the Town had \$642,000 in bonds outstanding versus \$436,000 last year. Other obligations include capital leases payable and accrued sick and vacation time as shown in Note 5 of Notes to Financial Statements.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately three months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at, P.O. Box 400, Wayne, Maine 04284.

TOWN OF WAYNE, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,367,090
Investments	14,863
Accounts receivable (net of allowance for uncollectibles):	
Taxes	100,150
Liens	59,437
Other	1,721
Prepaid items	1,014
Total current assets	<u>1,544,275</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	705,000
Buildings, equipment and infrastructure net of accumulated depreciation	2,681,511
Total noncurrent assets	<u>3,386,511</u>
TOTAL ASSETS	<u><u>\$ 4,930,786</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,729
Due to other governments	6,307
Current portion of long-term obligations	170,028
Total current liabilities	<u>180,064</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	488,000
Capital leases payable	1,902
Total noncurrent liabilities	<u>489,902</u>
TOTAL LIABILITIES	<u>669,966</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	2,436
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,436</u>
NET POSITION	
Net investment in capital assets	2,740,754
Restricted	80,400
Unrestricted	1,437,230
TOTAL NET POSITION	<u>4,258,384</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 4,930,786</u></u>

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

TOWN OF WAYNE, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue & Changes in Net Position
					Governmental Activities
Governmental activities:					
General government	\$ 287,692	\$ 6,881	\$ -	\$ -	\$ (280,811)
Public safety	120,462	766	-	-	(119,696)
Highways and roads	396,181	-	30,848	-	(365,333)
Sanitation	104,979	-	-	-	(104,979)
Cobbossee watershed	2,345	-	-	-	(2,345)
Recreation	22,370	10,368	-	-	(12,002)
Organizations and social services	27,004	-	-	-	(27,004)
Unclassified	155,864	-	-	-	(155,864)
Education	1,871,059	-	-	-	(1,871,059)
County tax	183,968	-	-	-	(183,968)
Interest on long-term debt	9,774	-	-	-	(9,774)
Total government	<u>\$ 3,181,698</u>	<u>\$ 18,015</u>	<u>\$ 30,848</u>	<u>\$ -</u>	<u>(3,132,835)</u>

TOWN OF WAYNE, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(3,132,835)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	2,642,647
Excise taxes	252,027
Grants and contributions not restricted to specific programs	81,306
Miscellaneous	<u>97,691</u>
Total general revenues	<u>3,073,671</u>
Change in net position	(59,164)
NET POSITION - JULY 1	<u>4,317,548</u>
NET POSITION - JUNE 30	<u><u>\$ 4,258,384</u></u>

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

TOWN OF WAYNE, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	All Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,281,174	\$ 85,916	\$ 1,367,090
Investments	-	14,863	14,863
Accounts receivable (net of allowance for uncollectibles):			
Taxes	100,150	-	100,150
Liens	59,437	-	59,437
Other	1,721	-	1,721
Prepaid items	1,014	-	1,014
Due from other funds	29	320,128	320,157
TOTAL ASSETS	\$ 1,443,525	\$ 420,907	\$ 1,864,432
LIABILITIES			
Accounts payable	\$ 3,729	\$ -	\$ 3,729
Due to other governments	6,307	-	6,307
Due to other funds	320,128	29	320,157
TOTAL LIABILITIES	330,164	29	330,193
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenue	102,909	-	102,909
Prepaid taxes	2,436	-	2,436
TOTAL DEFERRED INFLOWS OF RESOURCES	105,345	-	105,345
FUND BALANCES			
Nonspendable	1,014	-	1,014
Restricted	-	80,400	80,400
Committed	300,000	-	300,000
Assigned	-	340,478	340,478
Unassigned	707,002	-	707,002
TOTAL FUND BALANCES	1,008,016	420,878	1,428,894
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,443,525	\$ 420,907	\$ 1,864,432

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

TOWN OF WAYNE, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

	Total Governmental Funds
Total Fund Balances	\$ 1,428,894
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	3,386,511
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	102,909
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(642,000)
Capital leases payable	(3,757)
Accrued compensated absences	(14,173)
Net position of governmental activities	\$ 4,258,384

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

TOWN OF WAYNE, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	All Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 2,628,497	\$ -	\$ 2,628,497
Excise	252,027	-	252,027
Intergovernmental	112,154	-	112,154
Charges for services	7,647	10,368	18,015
Miscellaneous revenues	20,293	77,398	97,691
TOTAL REVENUES	3,020,618	87,766	3,108,384
EXPENDITURES			
Current:			
General government	274,616	-	274,616
Public safety	85,262	-	85,262
Highways and roads	305,747	-	305,747
Sanitation	104,979	-	104,979
Cobbossee watershed	2,345	-	2,345
Recreation	13,632	-	13,632
Organizations and social services	27,004	-	27,004
Unclassified	4,278	151,586	155,864
Education	1,871,059	-	1,871,059
County tax	183,968	-	183,968
Capital outlay	-	295,526	295,526
Debt service:			
Principal	94,000	-	94,000
Interest	9,774	-	9,774
TOTAL EXPENDITURES	2,976,664	447,112	3,423,776
EXCESS REVENUES OVER (UNDER) EXPENDITURES	43,954	(359,346)	(315,392)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	300,000	300,000
Transfers in	-	129,552	129,552
Transfers (out)	(121,800)	(7,752)	(129,552)
TOTAL OTHER FINANCING SOURCES (USES)	(121,800)	421,800	300,000
NET CHANGE IN FUND BALANCES	(77,846)	62,454	(15,392)
FUND BALANCES - JULY 1	1,085,862	358,424	1,444,286
FUND BALANCES - JUNE 30	\$ 1,008,016	\$ 420,878	\$ 1,428,894

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

TOWN OF WAYNE, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (15,392)</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	295,526
Depreciation expense	<u>(148,125)</u>
	<u>147,401</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds</p>	
Taxes and liens receivable	<u>14,150</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position</p>	
	<u>(300,000)</u>
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position</p>	
	<u>95,811</u>
<p>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 governmental funds:</p>	
Accrued compensated absences	<u>(1,134)</u>
	<u>(1,134)</u>
Change in net position of governmental activities (Statement B)	<u>\$ (59,164)</u>

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

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Wayne was incorporated under the laws of the State of Maine. The Town operates under the Town manager form of government and provides the following services: general government, public safety, highways and roads, sanitation, education, recreation and unclassified.

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

Implementation of New Accounting Standards

During the year ended June 30, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, “*Certain External Investment Pools and Pool Participants*”. This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial 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. All activities for the Town are categorized as governmental.

In the government-wide Statement of Net Position, the governmental 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 Town's net position is reported in three parts – net investment in capital assets; restricted net position; and

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. 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 (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

- a. 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.

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in the governmental activity category. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. Both fiduciary funds and component units that are fiduciary in nature have been excluded from these financial statements.

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.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund 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 fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Selectmen was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

The Town'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.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- 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 Town of Wayne 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.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2016.

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

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 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 long-term debt consists of bonds payable, capital leases payable, and compensated absences.

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.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2016, the Town's liability for compensated absences is \$14,173.

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 its use either through enabling legislations adopted by the Town 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, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectmen.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are 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 finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 11, 2015 on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Taxes were due in three installments on October 1, 2015, January 31, 2016 and April 1, 2016. Interest on unpaid taxes commenced on October 2, 2015, February 2, 2016 and April 2, 2016, at 7% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

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 \$15,224 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 tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

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 Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town'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.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town 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 June 30, 2016, the Town's deposits amounting to \$1,367,090 were comprised of bank deposits of \$1,399,843. Of these deposits, \$302,619 were fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining deposits of \$1,097,224 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 4,704
Sweep accounts	1,344,945
Savings accounts	50,194
	<u>\$ 1,399,843</u>

Investments:

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

At June 30, 2016, the Town's investments balance of \$14,863 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2016, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Certificates of deposit	\$ 14,863	\$ -	\$ 14,863	\$ -
	<u>\$ 14,863</u>	<u>\$ -</u>	<u>\$ 14,863</u>	<u>\$ -</u>

Credit risk – Statutes for the State of Maine authorize the Town 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 Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various insured certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 29	\$ 320,128
Nonmajor Special Revenue Funds	16,962	29
Nonmajor Capital Projects Funds	303,166	-
	<u>\$ 320,157</u>	<u>\$ 320,157</u>

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016:

	Balance, 7/1/15	Additions	Disposals	Balance, 6/30/16
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 705,000	\$ -	\$ -	\$ 705,000
	<u>705,000</u>	<u>-</u>	<u>-</u>	<u>705,000</u>
Depreciated assets:				
Buildings and improvements	658,231	-	-	658,231
Equipment, vehicles furniture and fixtures	836,477	-	-	836,477
Infrastructure	5,063,652	295,526	-	5,359,178
	<u>6,558,360</u>	<u>295,526</u>	<u>-</u>	<u>6,853,886</u>
Less: accumulated depreciation	<u>(4,024,250)</u>	<u>(148,125)</u>	<u>-</u>	<u>(4,172,375)</u>
	<u>2,534,110</u>	<u>147,401</u>	<u>-</u>	<u>2,681,511</u>
Net capital assets	<u>\$ 3,239,110</u>	<u>\$ 147,401</u>	<u>\$ -</u>	<u>\$ 3,386,511</u>
<u>Current year depreciation</u>				
General government				\$ 13,753
Public safety				35,200
Highways and roads				90,434
Recreation				8,738
Total depreciation expense				<u>\$ 148,125</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2016:

	Balance, 7/1/15	Additions	Deletions	Balance, 6/30/16	Current Portion
Bonds payable	\$ 436,000	\$ 300,000	\$ (94,000)	\$ 642,000	\$ 154,000
Capital leases payable	5,568	-	(1,811)	3,757	1,855
Accrued compensated absences	13,039	1,134	-	14,173	14,173
Totals	<u>\$ 454,607</u>	<u>\$ 301,134</u>	<u>\$ (95,811)</u>	<u>\$ 659,930</u>	<u>\$ 170,028</u>

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the bonds outstanding as of June 30, 2016:

Bonds payable:

\$170,000 - 2013 Bond with TD Bank due in annual principal and interest payments through August of 2018. The interest rate is set at 2.32% per annum.	\$ 102,000
\$300,000 - 2014 Bond with Camden National Bank due in annual principal and interest payments through August of 2019. The interest rate is set at 2.21% per annum.	240,000
\$300,000 - 2015 Bond with Camden National Bank due in annual principal and interest payments through September of 2020. The interest rate is set at 2.16% per annum.	<u>300,000</u>
Total Bonds Payable	<u>\$ 642,000</u>

The annual principal and interest requirements to amortize the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 154,000	\$ 13,580	\$ 167,580
2018	154,000	10,807	164,807
2019	154,000	7,383	161,383
2020	120,000	3,954	123,954
2021	60,000	1,318	61,318
	<u>\$ 642,000</u>	<u>\$ 37,042</u>	<u>\$ 679,042</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ending June 30, 2016 was \$9,774.

A summary of the outstanding capital lease payable is as follows:

The Town leases a copier under a non-cancelable lease agreement dated May of 2013. The term of the lease is for a four-year period expiring in July of 2017. Annual principal and interest payments are \$1,948.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Future minimum payments, by year and in the aggregate, under this lease is as follows:

2017	\$ 1,948
2018	1,948
2019	-
2020	-
2021	-
Total minimum lease payments	<u>3,896</u>
Less: Amount representing interest	<u>(139)</u>
Present value of future minimum lease payments	<u><u>\$ 3,757</u></u>

NOTE 6 - NONSPENDABLE FUND BALANCES

At June 30, 2016, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	<u>\$ 1,014</u>
	<u><u>\$ 1,014</u></u>

NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2016, the Town had the following restricted fund balances:

Nonmajor permanent funds (Schedule H)	<u><u>\$ 80,400</u></u>
---------------------------------------	-------------------------

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2016, the Town had the following committed fund balances:

General fund:	
Reserved for FY 2017 budget	<u>\$ 300,000</u>
	<u><u>\$ 300,000</u></u>

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2016, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 19,358
Nonmajor capital projects funds (Schedule F)	321,120
	<u>\$ 340,478</u>

NOTE 10 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal Association.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2016. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 11 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and Regional School Unit debt. At June 30, 2016, the County of Kennebec had no outstanding debt. The Town's share of school debt was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU #38	\$ 3,951,750	16.70%	<u>\$ 660,083</u>

NOTE 12 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION RETIREMENT CORPORATION

A. Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to all full-time Town employees, permits them to defer a portion of their salary, in addition to

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFERRED COMPENSATION PLAN (CONTINUED)

Town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. The plan is being maintained by ICMA Retirement Corporation.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. The Town will contribute up to 5% of annual salary for employees that participate in the Town's defined benefit plan.

The Town's contributions to the plan for 2016, 2015, and 2014 were \$2,413, \$1,504, and \$313, respectively.

NOTE 13 - EXPENDITURES OVER APPROPRIATIONS

The following appropriations were exceeded by actual expenditures for the year ended June 30, 2016:

	<u>Excess</u>
General Administration (Article 11)	\$ 1,886
	<u>\$ 1,886</u>

NOTE 14 - CONTINGENCIES

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 - CONTINGENCIES (CONTINUED)

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

NOTE 15 - 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 Town'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.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund

TOWN OF WAYNE, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,085,862	\$ 1,085,862	\$ 1,085,862	\$ -
Resources (Inflows):				
Property taxes	2,652,647	2,652,647	2,628,497	(24,150)
Excise taxes	202,000	202,000	252,027	50,027
Intergovernmental	107,765	108,401	112,154	3,753
Charge for services	6,750	6,750	7,647	897
Interest on taxes	17,000	17,000	12,288	(4,712)
Interest income	1,000	1,000	2,246	1,246
Other revenues	14,200	14,700	5,759	(8,941)
Transfers from other funds	6,250	6,250	-	(6,250)
Amounts Available for Appropriation	<u>4,093,474</u>	<u>4,094,610</u>	<u>4,106,480</u>	<u>11,870</u>
Charges to Appropriations (Outflows):				
General government	273,823	274,323	274,616	(293)
Public safety	90,145	90,145	85,262	4,883
Highways and roads	306,343	306,343	305,747	596
Sanitation	118,498	118,498	104,979	13,519
Cobbossee watershed	2,345	2,345	2,345	-
Recreation	13,933	13,933	13,632	301
Organizations and social services	27,648	27,648	27,004	644
Unclassified	5,040	5,676	4,278	1,398
Education	1,871,059	1,871,059	1,871,059	-
County tax	183,969	183,969	183,968	1
Overlay	15,224	15,224	-	15,224
Debt service:				
Principal	94,000	94,000	94,000	-
Interest	9,785	9,785	9,774	11
Transfers to other funds	121,800	121,800	121,800	-
Total Charges to Appropriations	<u>3,133,612</u>	<u>3,134,748</u>	<u>3,098,464</u>	<u>36,284</u>
Budgetary Fund Balance, June 30	<u>\$ 959,862</u>	<u>\$ 959,862</u>	<u>\$ 1,008,016</u>	<u>\$ 48,154</u>
Utilization of Unassigned Fund Balance	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ (100,000)</u>

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

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF WAYNE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Salaries	\$ 147,219	\$ -	\$ 147,219	\$ 152,788	\$ (5,569)
Operating	27,250	-	27,250	28,842	(1,592)
Contractual	50,840	-	50,840	45,652	5,188
Utilities	2,800	-	2,800	2,713	87
Contingency	5,000	500	5,500	4,862	638
Code enforcement	16,214	-	16,214	16,086	128
Assessing	22,000	-	22,000	22,000	-
Elections/hearings	2,500	-	2,500	1,673	827
	<u>273,823</u>	<u>500</u>	<u>274,323</u>	<u>274,616</u>	<u>(293)</u>
Public safety:					
Ambulance	9,810	-	9,810	9,809	1
Law enforcement	4,000	-	4,000	4,260	(260)
Fire department	53,995	-	53,995	49,603	4,392
Animal control	3,230	-	3,230	3,230	-
PSAP/Dispatch	12,610	-	12,610	11,513	1,097
Street lights	6,500	-	6,500	6,847	(347)
	<u>90,145</u>	<u>-</u>	<u>90,145</u>	<u>85,262</u>	<u>4,883</u>
Highways and roads:					
Roads	306,343	-	306,343	305,747	596
	<u>306,343</u>	<u>-</u>	<u>306,343</u>	<u>305,747</u>	<u>596</u>
Sanitation:					
Transfer station	112,248	-	112,248	104,979	7,269
Roll off containers	6,250	-	6,250	-	6,250
	<u>118,498</u>	<u>-</u>	<u>118,498</u>	<u>104,979</u>	<u>13,519</u>
Cobbossee watershed	2,345	-	2,345	2,345	-

TOWN OF WAYNE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
County tax	183,969	-	183,969	183,968	1
Recreation	13,933	-	13,933	13,632	301
Organizations and social services:					
Humane Society	1,950	-	1,950	1,891	59
Cemetery Association	3,500	-	3,500	3,500	-
Library	6,000	-	6,000	6,000	-
Messenger	2,000	-	2,000	2,000	-
Archival Board	600	-	600	15	585
Rural Community Action	3,700	-	3,700	3,700	-
Senior Spectrum - KAA	1,004	-	1,004	1,004	-
Hospice of Kennebec	1,000	-	1,000	1,000	-
Family Violence	1,000	-	1,000	1,000	-
Maine Public Broadcasting	100	-	100	100	-
Kennebec Valley Behavioral Health	1,600	-	1,600	1,600	-
Red Cross	1,200	-	1,200	1,200	-
Sexual Assault Crisis Support Center	417	-	417	417	-
Crisis and Counseling Center	1,977	-	1,977	1,977	-
Community Health and Counseling Service	100	-	100	100	-
Food Pantry	1,500	-	1,500	1,500	-
	<u>27,648</u>	<u>-</u>	<u>27,648</u>	<u>27,004</u>	<u>644</u>

TOWN OF WAYNE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Unclassified:					
General assistance	2,500	-	2,500	1,545	955
Snowmobile	-	636	636	636	-
Land and buildings	2,540	-	2,540	2,097	443
	<u>5,040</u>	<u>636</u>	<u>5,676</u>	<u>4,278</u>	<u>1,398</u>
Education	<u>1,871,059</u>	<u>-</u>	<u>1,871,059</u>	<u>1,871,059</u>	<u>-</u>
Debt service:					
Principal	94,000	-	94,000	94,000	-
Interest	9,785	-	9,785	9,774	11
	<u>103,785</u>	<u>-</u>	<u>103,785</u>	<u>103,774</u>	<u>11</u>
Transfers to other funds:					
Special revenue funds	9,300	-	9,300	9,300	-
Capital projects funds	112,000	-	112,000	112,000	-
Permanent funds	500	-	500	500	-
	<u>121,800</u>	<u>-</u>	<u>121,800</u>	<u>121,800</u>	<u>-</u>
Overlay	<u>15,224</u>	<u>-</u>	<u>15,224</u>	<u>-</u>	<u>15,224</u>
Total Expenditures	<u>\$ 3,133,612</u>	<u>\$ 1,136</u>	<u>\$ 3,134,748</u>	<u>\$ 3,098,464</u>	<u>\$ 36,284</u>

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

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,425	\$ 17,954	\$ 65,537	\$ 85,916
Investments	-	-	14,863	14,863
Due from other funds	16,962	303,166	-	320,128
TOTAL ASSETS	\$ 19,387	\$ 321,120	\$ 80,400	\$ 420,907
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	29	-	-	29
TOTAL LIABILITIES	29	-	-	29
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	80,400	80,400
Committed	-	-	-	-
Assigned	19,358	321,120	-	340,478
Unassigned	-	-	-	-
TOTAL FUND BALANCES	19,358	321,120	80,400	420,878
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,387	\$ 321,120	\$ 80,400	\$ 420,907

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

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Charges for services	\$ 10,368	\$ -	\$ -	\$ 10,368
Interest income	-	36	172	208
Other income	66,598	1,793	8,799	77,190
TOTAL REVENUES	<u>76,966</u>	<u>1,829</u>	<u>8,971</u>	<u>87,766</u>
EXPENDITURES				
Capital outlay	-	295,526	-	295,526
Other	107,691	39,287	4,608	151,586
TOTAL EXPENDITURES	<u>107,691</u>	<u>334,813</u>	<u>4,608</u>	<u>447,112</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(30,725)</u>	<u>(332,984)</u>	<u>4,363</u>	<u>(359,346)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	300,000	-	300,000
Transfers in	9,300	119,752	500	129,552
Transfers (out)	-	(7,752)	-	(7,752)
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,300</u>	<u>412,000</u>	<u>500</u>	<u>421,800</u>
NET CHANGE IN FUND BALANCES	(21,425)	79,016	4,863	62,454
FUND BALANCES - JULY 1	<u>40,783</u>	<u>242,104</u>	<u>75,537</u>	<u>358,424</u>
FUND BALANCES - JUNE 30	<u>\$ 19,358</u>	<u>\$ 321,120</u>	<u>\$ 80,400</u>	<u>\$ 420,878</u>

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

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUES FUNDS
JUNE 30, 2016

	Animal Control	Water Quality	Softball	Baseball	Farmers Market
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	2,100	5,474	621	119	476
TOTAL ASSETS	\$ 2,100	\$ 5,474	\$ 621	\$ 119	\$ 476
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	2,100	5,474	621	119	476
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	2,100	5,474	621	119	476
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,100	\$ 5,474	\$ 621	\$ 119	\$ 476

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUES FUNDS
 JUNE 30, 2016

	Wayne History Project	Junkyard Clean-up	Ladd Rec Center Operations	Boat Launch	Soccer
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	3,973	-	1,570	-	2,239
TOTAL ASSETS	\$ 3,973	\$ -	\$ 1,570	\$ -	\$ 2,239
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	3,973	-	1,570	-	2,239
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	3,973	-	1,570	-	2,239
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,973	\$ -	\$ 1,570	\$ -	\$ 2,239

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUES FUNDS
 JUNE 30, 2016

	Cemetery Lot Sales	Community Directory	North Wayne School House	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 2,425	\$ 2,425
Due from other funds	275	115	-	16,962
TOTAL ASSETS	<u>\$ 275</u>	<u>\$ 115</u>	<u>\$ 2,425</u>	<u>\$ 19,387</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	29	29
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>29</u>	<u>29</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	275	115	2,396	19,358
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>275</u>	<u>115</u>	<u>2,396</u>	<u>19,358</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 275</u>	<u>\$ 115</u>	<u>\$ 2,425</u>	<u>\$ 19,387</u>

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

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUES FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Animal Control	Water Quality	Softball	Baseball	Farmers Market
REVENUES					
Charges for services	\$ -	\$ -	\$ 290	\$ 710	\$ -
Other income	-	-	-	-	390
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>290</u>	<u>710</u>	<u>390</u>
EXPENDITURES					
Other	-	2,180	304	1,043	668
TOTAL EXPENDITURES	<u>-</u>	<u>2,180</u>	<u>304</u>	<u>1,043</u>	<u>668</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(2,180)</u>	<u>(14)</u>	<u>(333)</u>	<u>(278)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	5,000	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	2,820	(14)	(333)	(278)
FUND BALANCES - JULY 1	<u>2,100</u>	<u>2,654</u>	<u>635</u>	<u>452</u>	<u>754</u>
FUND BALANCES - JUNE 30	<u>\$ 2,100</u>	<u>\$ 5,474</u>	<u>\$ 621</u>	<u>\$ 119</u>	<u>\$ 476</u>

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUES FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Wayne History Project	Junkyard Clean-up	Ladd Rec Center Operations	Boat Launch	Soccer
REVENUES					
Charges for services	\$ -	\$ -	\$ 8,728	\$ -	\$ 640
Other income	-	10,873	53,907	542	-
TOTAL REVENUES	<u>-</u>	<u>10,873</u>	<u>62,635</u>	<u>542</u>	<u>640</u>
EXPENDITURES					
Other	-	10,873	91,562	-	283
TOTAL EXPENDITURES	<u>-</u>	<u>10,873</u>	<u>91,562</u>	<u>-</u>	<u>283</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(28,927)</u>	<u>542</u>	<u>357</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	4,300	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>4,300</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	(24,627)	542	357
FUND BALANCES - JULY 1	<u>3,973</u>	<u>-</u>	<u>26,197</u>	<u>(542)</u>	<u>1,882</u>
FUND BALANCES - JUNE 30	<u>\$ 3,973</u>	<u>\$ -</u>	<u>\$ 1,570</u>	<u>\$ -</u>	<u>\$ 2,239</u>

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUES FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Cemetery Lot Sales	Community Directory	North Wayne School House	Total
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ 10,368
Other income	275	85	526	66,598
TOTAL REVENUES	<u>275</u>	<u>85</u>	<u>526</u>	<u>76,966</u>
EXPENDITURES				
Other	-	40	738	107,691
TOTAL EXPENDITURES	<u>-</u>	<u>40</u>	<u>738</u>	<u>107,691</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>275</u>	<u>45</u>	<u>(212)</u>	<u>(30,725)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	9,300
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,300</u>
NET CHANGE IN FUND BALANCES	275	45	(212)	(21,425)
FUND BALANCES - JULY 1	<u>-</u>	<u>70</u>	<u>2,608</u>	<u>40,783</u>
FUND BALANCES - JUNE 30	<u>\$ 275</u>	<u>\$ 115</u>	<u>\$ 2,396</u>	<u>\$ 19,358</u>

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

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	Transfer Station	Voting Machine	Road Reserve	Fire Truck Reserve	Sand/Salt Shed
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 17,954	\$ -
Due from other funds	43,572	-	83,203	24,975	2,918
TOTAL ASSETS	\$ 43,572	\$ -	\$ 83,203	\$ 42,929	\$ 2,918
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	43,572	-	83,203	42,929	2,918
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	43,572	-	83,203	42,929	2,918
TOTAL LIABILITIES AND FUND BALANCES	\$ 43,572	\$ -	\$ 83,203	\$ 42,929	\$ 2,918

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2016

	Former Pettengill Property	Fire Equipment	Building Maintenance	Fire Station Addition	Lord Road Paving	Foot Bridge
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	3,522	6,573	-	1,592	30,411	3,617
TOTAL ASSETS	\$ 3,522	\$ 6,573	\$ -	\$ 1,592	\$ 30,411	\$ 3,617
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	3,522	6,573	-	1,592	30,411	3,617
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	3,522	6,573	-	1,592	30,411	3,617
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,522	\$ 6,573	\$ -	\$ 1,592	\$ 30,411	\$ 3,617

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2016

	Hardscrabble Road	Lovejoy Pond Dam	Land & Buildings	Cemetery Stone Cleaning	Future Town Office	Besse Road Chip Seal
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	2,811	16,561	3,084	9,900	47,402	4,800
TOTAL ASSETS	<u>\$ 2,811</u>	<u>\$ 16,561</u>	<u>\$ 3,084</u>	<u>\$ 9,900</u>	<u>\$ 47,402</u>	<u>\$ 4,800</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	2,811	16,561	3,084	9,900	47,402	4,800
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,811</u>	<u>16,561</u>	<u>3,084</u>	<u>9,900</u>	<u>47,402</u>	<u>4,800</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,811</u>	<u>\$ 16,561</u>	<u>\$ 3,084</u>	<u>\$ 9,900</u>	<u>\$ 47,402</u>	<u>\$ 4,800</u>

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	Village Improvements	Technology	GIS Map	Emergency Management	Fire Pond	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,954
Due from other funds	2,738	8,654	-	5,200	1,633	303,166
TOTAL ASSETS	\$ 2,738	\$ 8,654	\$ -	\$ 5,200	\$ 1,633	\$ 321,120
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	2,738	8,654	-	5,200	1,633	321,120
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	2,738	8,654	-	5,200	1,633	321,120
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,738	\$ 8,654	\$ -	\$ 5,200	\$ 1,633	\$ 321,120

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

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Transfer Station	Voting Machine	Road Reserve	Fire Truck Reserve	Sand/Salt Shed
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ 36	\$ -
Other income	-	-	-	1,466	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,502</u>	<u>-</u>
EXPENDITURES					
Capital outlay	-	-	295,526	-	-
Other	-	-	18,585	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>314,111</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(314,111)</u>	<u>1,502</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	300,000	-	-
Transfers in	-	-	50,000	25,000	-
Transfers (out)	-	(6,500)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(6,500)</u>	<u>350,000</u>	<u>25,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(6,500)	35,889	26,502	-
FUND BALANCES - JULY 1	<u>43,572</u>	<u>6,500</u>	<u>47,314</u>	<u>16,427</u>	<u>2,918</u>
FUND BALANCES - JUNE 30	<u>\$ 43,572</u>	<u>\$ -</u>	<u>\$ 83,203</u>	<u>\$ 42,929</u>	<u>\$ 2,918</u>

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Former Pettengill Property	Fire Equipment	Building Maintenance	Fire Station Addition	Lord Road Paving	Foot Bridge
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	327	-	-	-	-
TOTAL REVENUES	-	327	-	-	-	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	11,478	-	-	-	-	150
TOTAL EXPENDITURES	11,478	-	-	-	-	150
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,478)	327	-	-	-	(150)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	-
Transfers in	15,000	-	-	-	-	-
Transfers (out)	-	-	(152)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	15,000	-	(152)	-	-	-
NET CHANGE IN FUND BALANCES	3,522	327	(152)	-	-	(150)
FUND BALANCES - JULY 1	-	6,246	152	1,592	30,411	3,767
FUND BALANCES - JUNE 30	\$ 3,522	\$ 6,573	\$ -	\$ 1,592	\$ 30,411	\$ 3,617

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Hardscrabble Road</u>	<u>Lovejoy Pond Dam</u>	<u>Land & Buildings</u>	<u>Cemetery Stone Cleaning</u>	<u>Future Town Office</u>	<u>Besse Road Chip Seal</u>
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	-	1,623	3,744	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>1,623</u>	<u>3,744</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(1,623)</u>	<u>(3,744)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	-
Transfers in	-	-	2,500	-	15,152	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>15,152</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(1,623)	(1,244)	-	15,152	-
FUND BALANCES - JULY 1	<u>2,811</u>	<u>18,184</u>	<u>4,328</u>	<u>9,900</u>	<u>32,250</u>	<u>4,800</u>
FUND BALANCES - JUNE 30	<u>\$ 2,811</u>	<u>\$ 16,561</u>	<u>\$ 3,084</u>	<u>\$ 9,900</u>	<u>\$ 47,402</u>	<u>\$ 4,800</u>

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Village Improvements	Technology	GIS Map	Emergency Management	Fire Pond	Total
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36
Other income	-	-	-	-	-	1,793
TOTAL REVENUES	-	-	-	-	-	1,829
EXPENDITURES						
Capital outlay	-	-	-	-	-	295,526
Other	2,043	1,664	-	-	-	39,287
TOTAL EXPENDITURES	2,043	1,664	-	-	-	334,813
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,043)	(1,664)	-	-	-	(332,984)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	300,000
Transfers in	2,500	9,600	-	-	-	119,752
Transfers (out)	-	-	(1,100)	-	-	(7,752)
TOTAL OTHER FINANCING SOURCES (USES)	2,500	9,600	(1,100)	-	-	412,000
NET CHANGE IN FUND BALANCES	457	7,936	(1,100)	-	-	79,016
FUND BALANCES - JULY 1	2,281	718	1,100	5,200	1,633	242,104
FUND BALANCES - JUNE 30	\$ 2,738	\$ 8,654	\$ -	\$ 5,200	\$ 1,633	\$ 321,120

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Wayne, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes.

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
 JUNE 30, 2016

	Jaworksi Fund	Ladd Recreation	Ruth Lee	Ladd Special	Total
ASSETS					
Cash and cash equivalents	\$ 1,142	\$ 32,240	\$ 8,486	\$ 23,669	\$ 65,537
Investments	-	14,863	-	-	14,863
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ 1,142	\$ 47,103	\$ 8,486	\$ 23,669	\$ 80,400
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,142	47,103	8,486	23,669	80,400
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	1,142	47,103	8,486	23,669	80,400
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,142	\$ 47,103	\$ 8,486	\$ 23,669	\$ 80,400

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

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Jaworksi Fund	Ladd Recreation	Ruth Lee	Ladd Special	Total
REVENUES					
Interest income	\$ 2	\$ 126	\$ 12	\$ 32	\$ 172
Other income	-	5,500	-	3,299	8,799
TOTAL REVENUES	<u>2</u>	<u>5,626</u>	<u>12</u>	<u>3,331</u>	<u>8,971</u>
EXPENDITURES					
Other	-	-	-	4,608	4,608
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,608</u>	<u>4,608</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2</u>	<u>5,626</u>	<u>12</u>	<u>(1,277)</u>	<u>4,363</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	500	500
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
NET CHANGE IN FUND BALANCES	2	5,626	12	(777)	4,863
FUND BALANCES - JULY 1	<u>1,140</u>	<u>41,477</u>	<u>8,474</u>	<u>24,446</u>	<u>75,537</u>
FUND BALANCES - JUNE 30	<u>\$ 1,142</u>	<u>\$ 47,103</u>	<u>\$ 8,486</u>	<u>\$ 23,669</u>	<u>\$ 80,400</u>

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

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF WAYNE, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 190,000	\$ 132,380	\$ -	\$ 574,240	\$ 896,620
Public safety	40,000	263,497	813,860	-	1,117,357
Highways and roads	-	3,316	-	4,784,938	4,788,254
Recreation	100,000	259,038	22,617	-	381,655
Cemeteries	210,000	-	-	-	210,000
Town-wide	165,000	-	-	-	165,000
Total General Capital Assets	705,000	658,231	836,477	5,359,178	7,558,886
Less: Accumulated Depreciation	-	(428,642)	(454,058)	(3,289,675)	(4,172,375)
Net General Capital Assets	\$ 705,000	\$ 229,589	\$ 382,419	\$ 2,069,503	\$ 3,386,511

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

TOWN OF WAYNE, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2016

	General Capital Assets 7/1/15	Additions	Deletions	General Capital Assets 6/30/16
General government	\$ 896,620	\$ -	\$ -	\$ 896,620
Public safety	1,117,357	-	-	1,117,357
Highways and roads	4,492,728	295,526	-	4,788,254
Recreation	381,655	-	-	381,655
Cemeteries	210,000	-	-	210,000
Town-wide	165,000	-	-	165,000
Total General Capital Assets	7,263,360	295,526	-	7,558,886
Less: Accumulated Depreciation	<u>(4,024,250)</u>	<u>(148,125)</u>	-	<u>(4,172,375)</u>
Net General Capital Assets	<u>\$ 3,239,110</u>	<u>\$ 147,401</u>	<u>\$ -</u>	<u>\$ 3,386,511</u>

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



Proven Expertise and Integrity

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 GOVERNMENT AUDITING STANDARDS

Board of Selectmen
Town of Wayne
Wayne, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wayne, Maine as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Wayne, Maine's basic financial statements, and have issued our report thereon dated September 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Wayne, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Wayne, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wayne, Maine's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wayne, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
September 14, 2016