Financial Statements

Town of Wayne

June 30, 2010

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Town of Wayne, Maine

June 30, 2010

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Independent Auditors' Report

To the Selectboard
Town of Wayne
Wayne, Maine

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, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

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, 2010, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, thereof and for the year then ended, in conformity with United States generally accepted accounting principles.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by United States generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Purdy Powers & Company
Professional Association

Portland, Maine
October 27, 2010

Certified Public Accountants & Business Advisors

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TOWN OF WAYNE

Incorporated February 12, 1798

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Management's Discussion and Analysis

As Management of the Town of Wayne, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010. Please read it in conjunction with the Town's financial statements, which begin on page 3.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 3-4) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 5. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Town as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the Town as a whole begins on the next page. One of the most important questions asked about the Town's finances is, "Are the Town finances as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets-the difference between assets and liabilities - as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into its government activities explained as follows:

- Governmental activities-Most of the Town's basic services are reported here, including the general administration, streets, parks, ambulance and fire. Property tax, excise taxes, registration fees, and state and federal grants finance most of these activities.

Reporting the Town's Most Significant Funds - Fund Financial Statements

Our analysis of the Town's major funds begins with the fund financial statements on page 5 and provides detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law. However, the Town Selectboard established many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- Governmental funds - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The Town as Trustee

Reporting the Town's Fiduciary Responsibilities

We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE TOWN AS A WHOLE

For the years ended June 30, 2010 and 2009, net assets changed as follows:

Governmental Activities	2010	2009
Beginning net assets	$ 3,988,707	$ 3,898,410
Increase (decrease) in net assets	(212,085)	90,297
Ending net assets	$ 3,776,622	$ 3,988,707

That reflects a decrease of approximately 5.3% for governmental activities. In January of 2009 the voters of Wayne decided to adopt the Regional School Unit plan for Wayne, Readfield, Manchester and Mount Vernon. As a part of the adopted plan the Town of Wayne handed over the Wayne Elementary School and all of its assets on July 1, 2009. This reflects the decrease in assets of 212,085 from last year.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

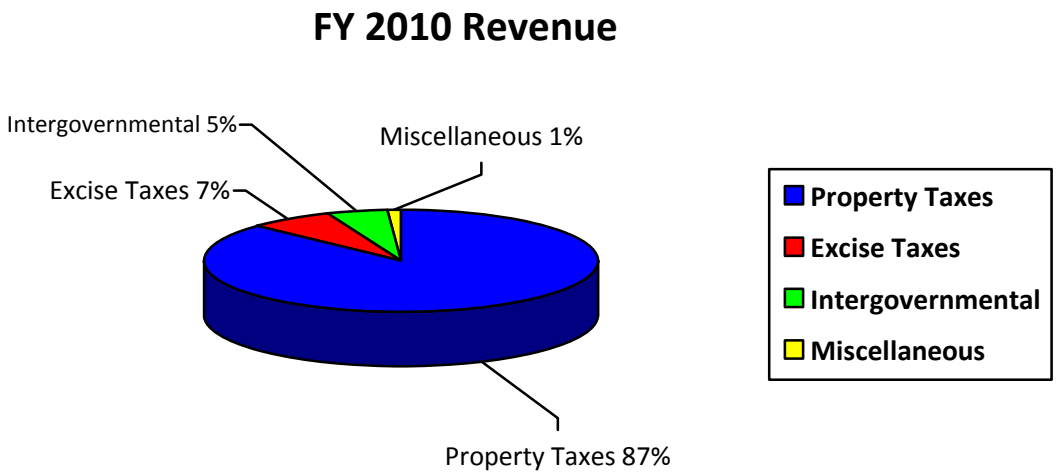
General government	Building permits, agency fees, and dog licenses.
Public services	State general assistance reimbursements.
Education	State aid grants and miscellaneous education revenue.
Public Works	State highway aid grant and transfer station receipts.

All other governmental revenues are reported as other revenues. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

THE TOWN'S FUNDS

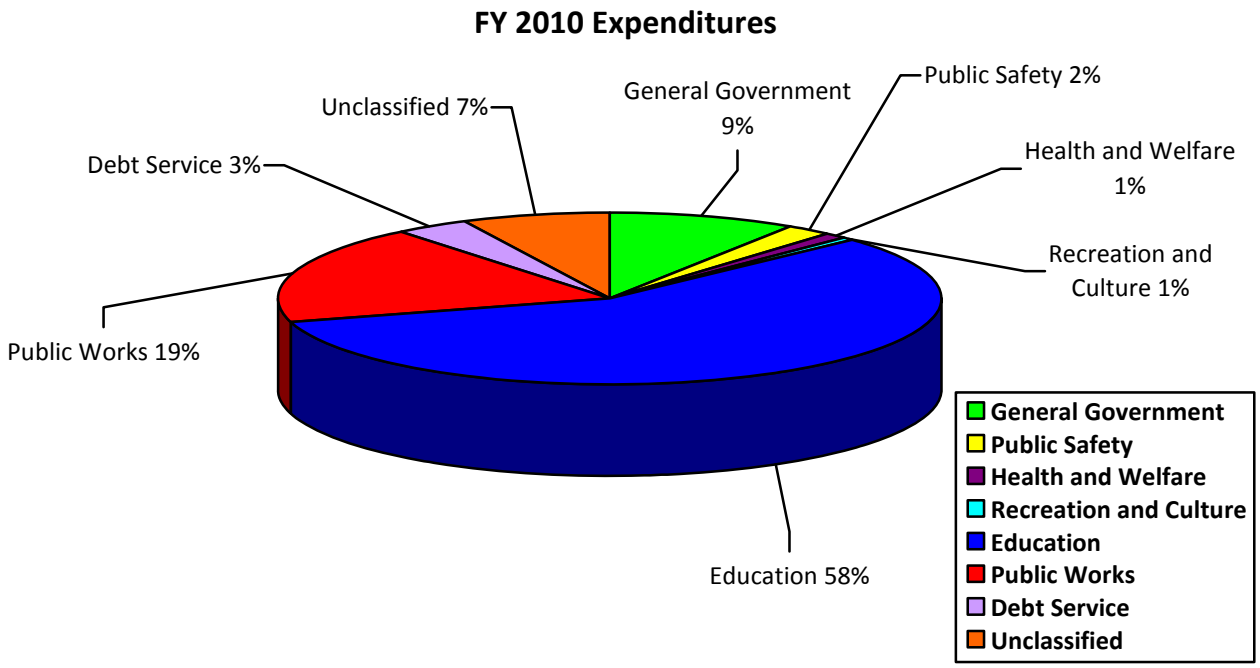
The following schedule presents a summary of general fund revenues and expenditures for the fiscal year ended June 30, 2010, and the amount and percentage of increases and decreases in relation to the prior year.

Revenue	***FY 2010 Amount***	***Percent of Total***	***Increase (Decrease) from FY 2009***
Property Taxes	$ 2,364,269	87.04%	$ 22,798
Excise Taxes	188,098	6.93%	(8,584)
Intergovernmental	135,883	5.00%	(186,499)
Miscellaneous	27,949	1.03%	(3,503)
Total Revenue	$ 2,716,199	100.00%	$ (175,788)



Revenues coming to the Town from the State of Maine described in the table above as Intergovernmental have declined as the economy has declined. However, the majority of the decline in intergovernmental revenue ($160,000) is a direct result of the formation of the new RSU # 38. These revenues are now going to the RSU directly and do not filter through the Town. As with all things in a declining economy people tend to spend less, this reflected in the excise tax. People seem to be keeping their cars for longer periods. This is reflected in the amount of excise tax the Town can collect for excise tax is a recessive tax. The longer one keeps the vehicle the less they pay excise tax on that vehicle. The optimistic view is the State projected the Town to collect $25,000 less than last year. The belief is the program “cash for clunkers” helped with collecting more than expected. Finally, property taxes have risen. Given the structure of municipal government in Maine this is the only area with limitation the Town can raise revenue. One can expect with dwindling revenue from the State and excise taxes; increases in property taxes will be necessary to keep the current level of services.

Expenditures	FY 2010 Amount	Percent of Total	Increase (Decrease) from FY 2009
General government	$ 242,261	9.25%	$ 36,306
Public safety	59,342	2.26%	2,874
Health and welfare	24,518	0.93%	(2,153)
Recreation and culture	12,707	0.49%	(13,178)
Education	1,508,019	57.58%	(154,248)
Public works	491,578	18.77%	34,824
Debt service	92,357	3.53%	(25,815)
Unclassified	188,200	7.19%	811
Total Expenditures	$ 2,618,982	100.00%	$ (120,579)



The good news is the Town is trying to cut expenditures were it is applicable and does not impact services. The net expenses are down $120,579 from last year. The Town has seen a decrease in requests from social service agencies, primarily due to the structure of the way these agencies bill is per Wayne resident serviced by the agency. It would appear there are less Wayne residents using many of these agencies. The Regional School Unit #38 received funding from the Federal government to help offset the State of Maine decrease in their funding. This was a part of the ARRA funding as part of the stimulus package passed by US Congress in January 2009. The Town of Wayne paid off the North Wayne Fire Department expansion project bond in 2009, which reflects the decrease in the debt service expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Town Meeting did not revise the General Fund budget. The budget relied heavily on the expectation of a level mill rate for this year. The development of the budget consisted of reductions were possible to achieve the same mill rate as FY 09.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2010, the Town had approximately $6,840,000 invested in capital assets including land and buildings, fire trucks and equipment, roads, and other infrastructure. (See table below)

	Governmental Activities	
	2010	2009
Land	$ 705,000	$ 805,000
Construction in Progress	- - -	- - -
Buildings	654,914	1,218,039
Equipment	420,891	405,911
Infrastructure (roads and dams)	5,056,291	5,013,469
TOTALS	$ 6,837,096	$ 7,442,419

The decrease in assets reflects the change of ownership of Wayne Elementary School as a part of the Regional School Unit plan adopted by the voter in January 2009.

Debt

At year-end, the Town had $240,000 in outstanding debt compared to $320,000 last year. The following table shows a comparison by year:

	Governmental Activities	
	2010	2009
Bonds payable	$ 240,000	$ 320,000

Other obligations of the Town include accrued compensated absences for unused vacation and sick time. The Town currently has two outstanding bonds the Pond Road reconstruction Bond and Village Dam Bond. These two bonds shall be paid in full by July 2012, and at that time the Town will have no outstanding debt service.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As the economic difficulty has no foreseen ending, it may result in several more years of rough budgets and increase in mill rates to keep the same level of services. The Municipal Budget for fiscal year 2010-2011 resulted in an increase of the budget of $887. The Regional School Unit budget for fiscal year 2010-2011 increased nearly $100,000, with projected decreases in funding from the State of Maine and termination of the ARRA funding from the Federal government, the Town should expect to see another large increase in appropriation for the next budget cycle. It will be a challenge to keep the level of services the same without raising taxes with the circumstances the Town faces.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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, visit the Town Office at the Wayne Elementary School, 48 Pond Road in Wayne or call 685-4983.

Statement of Net Assets

Town of Wayne, Maine

As of June 30, 2010

		Governmental Activities
Assets		
Cash (*note B*)		$ 1,283,962
Taxes receivable		85,216
Tax liens receivable		30,545
Capital assets, net of accumulated depreciation (*note C*)		2,689,686
	Total Assets	4,089,409
Liabilities		
Accounts payable		55,956
Taxes paid in advance		2,264
Accrued liabilities		1,738
Due to government agencies		5,082
Accrued interest payable		7,144
Long-term liabilities (*note F*):		
Portion due or payable within one year:		
Bonds payable		80,000
Accrued vacation		151
Portion due or payable after one year:		
Bonds payable		160,000
Accrued vacation		452
	Total Liabilities	312,787
Net Assets		
Invested in capital assets, net of related debt		2,449,686
Unrestricted		1,326,936
	Total Net Assets	$ 3,776,622

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

Statement of Activities

Town of Wayne, Maine

For the Year Ended June 30, 2010

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities:				
General government	$ 255,382	$ 6,313	$ -	$ (249,069)
Public safety	92,863	-	-	(92,863)
Health and welfare	24,518	-	1,479	(23,039)
Recreation and culture	19,183	-	-	(19,183)
Education	1,497,670	-	-	(1,497,670)
Public works	580,227	-	34,476	(545,751)
Unclassified	229,165	-	-	(229,165)
Interest on long-term debt	8,339	-	-	(8,339)
Total Governmental Activities	$ 2,707,347	$ 6,313	$ 35,955	(2,665,079)

General revenues:	
Taxes:	
Property	2,372,269
Excise	188,098
Intergovernmental	99,928
Interest income	12,201
Miscellaneous	21,279
Total General Revenues	2,693,775
Special item - transfer of building and land to RSU	(240,781)
Change in Net Assets	(212,085)
Net assets at beginning of year	3,988,707
Net Assets at End of Year	$ 3,776,622

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

Balance Sheet - Governmental Funds

Town of Wayne, Maine

As of June 30, 2010

	General	Fire Truck	Other Governmental Funds	Total Governmental Funds
Assets				
Cash (*note B*)	$ 902,128	$ 245,131	$ 136,703	$ 1,283,962
Taxes receivable	85,216	-	-	85,216
Tax liens receivable	30,545	-	-	30,545
Due from other funds (*note D*)	18,305	-	80,728	99,033
Total Assets	$ 1,036,194	$ 245,131	$ 217,431	$ 1,498,756
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 55,956	$ -	$ -	$ 55,956
Taxes paid in advance	2,264	-	-	2,264
Accrued liabilities	1,738	-	-	1,738
Due to government agencies	5,082	-	-	5,082
Due to other funds (*note D*)	80,728	4,980	13,325	99,033
Deferred property taxes	81,000	-	-	81,000
Total Liabilities	226,768	4,980	13,325	245,073
Fund Balances				
Unreserved:				
Designated (*note G*)	71,358	240,151	204,106	515,615
Undesignated	738,068	-	-	738,068
Total Fund Balances	809,426	240,151	204,106	1,253,683
Total Liabilities and Fund Balances	$ 1,036,194	$ 245,131	$ 217,431	$ 1,498,756

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

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets

Town of Wayne, Maine

As of June 30, 2010

Total Fund Balances - Governmental Funds		$ 1,253,683
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of capital assets, net of accumulated depreciation is:		2,689,686
Property tax revenues are presented on the modified accrual basis of accounting in the governmental funds but in the Statement of Activities, property tax revenue is reported under the accrual method. The balance in deferred property tax revenue in the governmental funds as a liability is:		81,000
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and related liabilities at year-end consist of:		
Bonds payable	$ (240,000)	
Accrued interest payable	(7,144)	
Accrued vacation	(603)	
		(247,747)
Total Net Assets - Governmental Activities		$ 3,776,622

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Town of Wayne, Maine

For the Year Ended June 30, 2010

	General	Fire Truck	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Property	$ 2,364,269	$ -	$ -	$ 2,364,269
Excise	188,098	-	-	188,098
Intergovernmental	135,883	-	-	135,883
Miscellaneous	27,949	1,406	10,438	39,793
Total Revenues	2,716,199	1,406	10,438	2,728,043
Expenditures				
Current				
General government	242,261	-	-	242,261
Public safety	59,342	-	-	59,342
Health and welfare	24,518	-	-	24,518
Recreation and culture	12,707	-	-	12,707
Education	1,508,019	-	-	1,508,019
Public works	491,578	-	21,243	512,821
Unclassified	188,200	-	40,965	229,165
Debt service - principal	80,000	-	-	80,000
- interest	12,357	-	-	12,357
Capital outlay	-	14,980	-	14,980
Total Expenditures	2,618,982	14,980	62,208	2,696,170
Revenues Over (Under) Expenditures	97,217	(13,574)	(51,770)	31,873
Other Financing Sources (Uses)				
Operating transfers in	-	10,000	46,000	56,000
Operating transfers out	(56,000)	-	-	(56,000)
Total Other Financing Sources (Uses)	(56,000)	10,000	46,000	-
Revenues and Other Sources Over (Under) Expenditures and Other Uses	41,217	(3,574)	(5,770)	31,873
Fund balances at beginning of year	768,209	243,725	209,876	1,221,810
Fund Balances at End of Year	$ 809,426	$ 240,151	$ 204,106	$ 1,253,683

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Town of Wayne, Maine

As of June 30, 2010

Net Change in Fund Balances - Total Governmental Funds		$ 31,873
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differed from capital asset additions in the current period:		
Capital asset additions	$ 57,802	
Depreciation expense	(163,978)	
		(106,176)
Property tax revenues are presented on the modified accrual basis of accounting in the governmental funds but in the Statement of Activities, property tax revenue is reported under the accrual method. The current year change in deferred property tax revenue reported in the governmental funds and not in the statement of activities is:		8,000
Effective July 1, 2009 the Wayne School Department became part of Regional School Unit # 38. As part of the reorganization, the Wayne Elementary School building and land were deeded to RSU # 38. This is the net book value of the assets at the time of transfer.		(240,781)
Bond proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the principal portion of debt service payments in the current period.		80,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	4,018	
Change in accrued vacation	10,981	
		14,999
Change in Net Assets of Governmental Activities		$ (212,085)

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

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund (Budgetary Basis)

Town of Wayne, Maine

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues				
Taxes				
Property	$ 2,372,267	$ 2,372,267	$ 2,364,269	$ (7,998)
Excise	165,000	165,000	188,098	23,098
Intergovernmental				
State revenue sharing	75,500	75,500	68,806	(6,694)
Local road assistance	29,000	29,000	34,476	5,476
Other	30,296	30,296	32,601	2,305
Miscellaneous	-	-	27,949	27,949
Total Revenues	2,672,063	2,672,063	2,716,199	44,136
Expenditures				
Current				
General government	255,493	255,493	242,261	13,232
Public safety	68,866	68,866	59,342	9,524
Health and welfare	27,415	27,415	24,518	2,897
Recreation and culture	12,495	12,495	12,707	(212)
Education	1,507,697	1,507,697	1,508,019	(322)
Public works	560,604	560,604	491,578	69,026
Unclassified	188,230	188,230	188,200	30
Debt service - principal	80,000	80,000	80,000	-
- interest	14,100	14,100	12,357	1,743
Total Expenditures	2,714,900	2,714,900	2,618,982	95,918
Revenues Over (Under) Expenditures	(42,837)	(42,837)	97,217	140,054
Other Financing Sources (Uses)				
Operating transfers out	(56,000)	(56,000)	(56,000)	-
Utilization of designated surplus	85,934	85,934	-	(85,934)
Utilization of undesignated surplus	50,000	50,000	-	(50,000)
Total Other Financing Sources (Uses)	79,934	79,934	(56,000)	(135,934)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 37,097	$ 37,097	41,217	$ 4,120
Fund balance at beginning of year			768,209	
Fund Balance at End of Year			$ 809,426	

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

Notes to Financial Statements

Town of Wayne, Maine

Note A - Summary of Significant Accounting Policies

The Town of Wayne, Maine was incorporated in 1798 and currently operates under a Selectboard – Manager form of government. The accounting policies of the Town of Wayne conform to generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

The basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in GAAP include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of Wayne has no component units.

Basis of Presentation

Government-wide Financial Statements

The statement of net assets and statement of activities report information about the reporting government as a whole. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Town of Wayne, Maine

Note A - Summary of Significant Accounting Policies - Continued

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures.

Governmental Activities

Governmental funds are identified as either general, special revenue, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes.

Permanent Funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization as stipulated by the specific trust instrument.

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 is related to the timing of the measurements made, regardless of the measurement focus applied.

Town of Wayne, Maine

Note A - Summary of Significant Accounting Policies - Continued

Accrual
The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual
Governmental funds 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 within 60 days after year end. 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 is recognized when due.

Cash and Cash Equivalents
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.

Investments
The Town follows GASBS No. 31, Accounting and Reporting of Certain Investments and External Investment Pools. Under GASBS No. 31, certain investments held by governments are reported at their fair value in the balance sheet. Unrealized gains and losses are included in the statement of revenues, expenditures and changes in fund balance.

Inventories
Inventories of supplies are considered to be expenditures at the time of purchase.

Capital Assets
In the government-wide financial statements, capital assets purchased or acquired with an original cost of $10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method. Estimated useful lives are as follows: buildings and improvements, 20 to 40 years; infrastructure, 5 to 50 years; and vehicles and equipment, 3 to 25 years.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

Town of Wayne, Maine

Note A - Summary of Significant Accounting Policies - Continued

Budget

The Town of Wayne'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:

- Early in the second half of the last fiscal year the Town prepared a budget for this fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.

- A meeting of the inhabitants of the Town of Wayne was then called for the purpose of adopting the proposed budget after public notice of the meeting was given.

- The budget was adopted subsequent to passage by the inhabitants of the Town.

The Town does not adopt budgets for special revenue funds.

Estimates

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

Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund loan receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide presentation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. Since not all funds maintain a separate cash account, cash is pooled in the General Fund cash account and activity for individual funds are recorded through the General Fund and each respective individual fund through the recognition of a "due to/due from" as appropriate. The due to/from other funds balances are subject to elimination upon consolidation in the government-wide presentation. All interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Town of Wayne, Maine

Note A - Summary of Significant Accounting Policies - Continued

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Debt Issuance Costs

In governmental funds, debt issuance costs are recognized in the current period. For the government - wide financial statements, governmental activity debt issuance costs are amortized over the life of the debt issue.

Revenue Recognition - Property Taxes

The Town's property tax for the current year was levied August 4, 2009, on the assessed value listed as of April 1, 2009, for all real and personal property located in the Town. Taxes were due October 1, 2009, January 31, 2010 and April 1, 2010. Interest on unpaid taxes commenced on October 2, 2009, February 1, 2010 and April 2, 2010 at 7.00% 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 $37,097 for the year ended June 30, 2010.

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.

Town of Wayne, Maine

Note B - Cash

The Town conducts all its banking transactions with its depository banks.

Custodial Credit Risk

At June 30, 2010, the carrying amount of the Town's deposits was $1,283,962 and the bank balance was $1,284,655. The difference between the carrying amount and the bank balance relates to deposits in transit, outstanding checks and cash on hand at year-end.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy on custodial credit risk. At June 30, 2010, none of the Town's bank balance was exposed to credit risk.

Certificates of Deposit

Certificates of deposits totaling $27,629 are included in cash in the accompanying financial statements. The certificates bear interest at varying rates and have maturities ranging from one to two years, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Town of Wayne, Maine

Note C - Capital Assets

A summary of capital asset activity for the year ended June 30, 2010, follows:

	Beginning Balance	Additions	Retirements/ Completed	Ending Balance
Governmental Activities:				
Non-Depreciable Assets:				
Land	$ 805,000	$ -	$ (100,000)	$ 705,000
Construction in progress	-	-	-	-
Depreciable Assets:				
Buildings	1,218,039	-	(563,125)	654,914
Equipment	405,911	14,980	-	420,891
Infrastructure				
Roads	4,439,229	42,822	-	4,482,051
Dams	574,240	-	-	574,240
Totals at historical cost	7,442,419	57,802	(663,125)	6,837,096
Less Accumulated Depreciation:				
Buildings	748,496	15,204	(422,344)	341,356
Equipment	261,242	27,771	-	289,013
Infrastructure				
Roads	3,195,385	109,518	-	3,304,903
Dams	200,653	11,485	-	212,138
Total accumulated depreciation	4,405,776	163,978	(422,344)	4,147,410
Capital Assets, Net	$ 3,036,643	$(106,176)	$ (240,781)	$ 2,689,686

Depreciation expense was charged to the following functions:

General government	$ 13,753
Public safety	33,521
Recreation and culture	6,476
Public works	110,228
Total governmental activities depreciation expense	$ 163,978

Town of Wayne, Maine

Note D - Interfund Receivables and Payables

Interfund balances at June 30, 2010 consisted of the following individual fund receivables and payables:

	Receivables Due from	Payables Due to	Net Internal Balances
Governmental Activities			
General Fund:			
Special Revenue Fund:			
Municipal Building Engineering Analysis	$ -	$ (800)	
Fire Station Addition	-	(1,592)	
Salt and Sand Shed	-	(3,800)	
Land/Bldg	12,875	-	
Town House	-	(11,425)	
Footbridge	-	(8,331)	
Paving	-	(11,757)	
Cemetery Stone Cleaning	-	(644)	
Lord Road Paving	-	(33,144)	
Hardscrabble Road Upgrade	-	(7,419)	
Wayne Rescue	-	(200)	
Farmer's Market Fund	-	(616)	
Fire Truck Fund:			
Fire Truck	4,980	-	
Trust Fund:			
Ladd Special	-	(1,000)	
Playground	450	-	
	18,305	(80,728)	$ (62,423)
Special Revenue Fund:			
General Fund:			
Municipal Building Engineering Analysis	800	-	
Fire Station Addition	1,592	-	
Salt and Sand Shed	3,800	-	
Land	-	(12,875)	
Town House	11,425	-	
Footbridge	8,331	-	
Paving	11,757	-	
Cemetery Stone Cleaning	644	-	
Lord Road Paving	33,144	-	
Hardscrabble Road Upgrade	7,419	-	
Wayne Rescue	200	-	
Farmer's Market Fund	616	-	
	79,728	(12,875)	66,853

Town of Wayne, Maine

Note D - Interfund Receivables and Payables - Continued

	Receivables Due from	Payables Due to	Net Internal Balances
Fire Truck Fund			
General Fund:	$ -	$ (4,980)	$ (4,980)
Trust Fund:			
General Fund	1,000	-	
Playground	-	(450)	
	1,000	(450)	550
Total Governmental Activities	$ 99,033	$ (99,033)	$ -

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Note E - Interfund Transfers

Interfund transfers for the year ended June 30, 2010 consisted of the following amounts:

Governmental Activities	Transfers In	Transfers Out	Net Transfers
General Fund:			
Other Governmental Funds:			
Special Revenue (major):			
Fire Truck	$ -	$ (10,000)	
Special Revenue (nonmajor):			
Land/Bldg	-	(2,500)	
Footbridge	-	(1,500)	
Paving	-	(33,000)	
Cemetery Stone Cleaning	-	(2,500)	
Hardscrabble Road Upgrade	-	(6,500)	
	-	(56,000)	$ (56,000)
Other Governmental Funds:			
Special Revenue:			
General Fund:	56,000	-	56,000
Total Interfund Transfers	$ 56,000	$ (56,000)	$ -

Transfers are used to finance various programs accounted for in other funds in accordance with budgetary authorizations

Town of Wayne, Maine

Note F - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
General obligation debt	$ 320,000	$ -	$ 80,000	$ 240,000	$ 80,000
Compensated absences	11,584	-	10,981	603	151
Total Governmental	$ 331,584	$ -	$ 90,981	$ 240,603	$ 80,151

The following is a summary of debt outstanding at June 30, 2010:

General Long-Term Debt:

$300,000 - 2002 Municipal Bond with the Maine Municipal Bond Bank. Due in annual installments of $30,000 plus semi-annual interest payments through November of 2012. Interest begins at 2.5% and escalates to 3.45% over the term of the bond.	$ 90,000
$250,000 - 2007 General Obligation Bond with Androscoggin Savings Bank. Due in annual installments of $50,000 plus interest at 4.64% through July 2012.	150,000
	$ 240,000

The annual requirements to amortize debt payable are as follows:

Year ending June 30,	Principal	Interest	Total
2011	$ 80,000	$ 9,514	$ 89,514
2012	80,000	6,181	86,181
2013	80,000	2,844	82,844
	$ 240,000	$ 18,539	$ 258,539

Town of Wayne, Maine

Note G - Designated for Subsequent Year's Expenditures

At June 30, 2010, the following general fund account balances were carried forward:

Fire ponds	$	1,633
Comprehensive plan		125
Maine State preambulate		966
ADA compliance		1,450
Animal control		1,483
Transfer Station		53,665
Pandemic supplies		5,000
Voting machine		6,500
Conservation Committee		536
	$	71,358

Note H - Risk Management

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 either carries commercial insurance, or is effectively self-insured. Currently, the Town carries commercial insurance for any risks of loss to which it may be exposed.

Based on the coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2010.

Note I - Commitment with Related Party

The Town has entered into a contract for winter road snow removal with the deputy road commissioner, who is also a member of the Selectboard, for a one year period. The annual cost of the contract is approximately $140,000.

Town of Wayne, Maine

Note J - Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by the International City Management Association Retirement Corporation (ICMARC). The plan, available to all Town employees, permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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 solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

The Town matches participants' contributions to the plan up to 5.0% of the individual participants' compensation. The Town contributed approximately $1,300 for the year ended June 30, 2010.

PURDY POWERS
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Independent Auditors' Report on Supplemental Information

To the Selectboard
Town of Wayne
Wayne, Maine

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information for the year ended June 30, 2010, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Purdy Powers & Company
Professional Association

Portland, Maine
October 27, 2010

Certified Public Accountants & Business Advisors

Marc J. Powers, CPA, CVA **David J. Shorette,** CPA, CVA **Bruce D. Moir,** CPA, JD, MPA
Richard E. Emerson, Jr., CPA, CVA **Dana O. Dakers,** CPA, MST, MBA **James D. Tatham,** CPA

Combining Balance Sheet
Nonmajor Governmental Funds - Other Governmental Funds

Town of Wayne, Maine

As of June 30, 2010

	Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
Assets			
Cash	$ 72,929	$ 63,774	$ 136,703
Due from other funds	79,728	1,000	80,728
Total Assets	$ 152,657	$ 64,774	$ 217,431
Liabilities and Fund Balances			
Liabilities			
Due to other funds	$ 12,875	$ 450	$ 13,325
Total Liabilities	12,875	450	13,325
Fund Balances			
Unreserved:			
Designated	139,782	64,324	204,106
Total Fund Balances	139,782	64,324	204,106
Total Liabilities and Fund Balances	$ 152,657	$ 64,774	$ 217,431

See accompanying independent auditors' report on supplemental financial information.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - Other Governmental Funds

Town of Wayne, Maine

For the Year Ended June 30, 2010

	Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
Revenues			
Contributions	$ -	$ 8,063	$ 8,063
Interest	461	424	885
Miscellaneous	1,490	-	1,490
Net Revenues	1,951	8,487	10,438
Expenditures			
Current	55,075	7,133	62,208
Total Expenditures	55,075	7,133	62,208
Revenues Over (Under) Expenditures	(53,124)	1,354	(51,770)
Other Financing Sources (Uses)			
Operating transfers in	46,000	-	46,000
Operating transfers out	-	-	-
Total Other Financing Sources (Uses)	46,000	-	46,000
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(7,124)	1,354	(5,770)
Fund balances at beginning of year	146,906	62,970	209,876
Fund Balances at End of Year	$ 139,782	$ 64,324	$ 204,106

See accompanying independent auditors' report on supplemental financial information.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds (1 of 2)

Town of Wayne, Maine

For the Year Ended June 30, 2010

	Roads	Wayne Rescue	Salt Shed and Landfill	Land/Bldg	Snowmobile	Footbridge	Paving	Cemetery Cleaning
Revenues								
Interest	$ 339	$ -	$ 25	$ 33	$ 40	$ -	$ -	$ -
Miscellaneous	-	-	-	-	874	-	-	-
Total Revenues	339	-	25	33	914	-	-	-
Expenditures	-	-	-	28,175	2,000	-	21,243	3,657
Revenues Over (Under) Expenditures	339	-	25	(28,142)	(1,086)	-	(21,243)	(3,657)
Other Financing Sources (Uses)								
Operating transfers in	-	-	-	2,500	-	1,500	33,000	2,500
Operating transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	2,500	-	1,500	33,000	2,500
Revenues and Other Sources Over (Under) Expenditures and Other Uses	339	-	25	(25,642)	(1,086)	1,500	11,757	(1,157)
Fund balances at beginning of year	64,850	200	4,397	15,592	5,232	6,831	-	1,800
Fund Balances (Deficit) at End of Year	$ 65,189	$ 200	$ 4,422	$ (10,050)	$ 4,146	$ 8,331	$ 11,757	$ 643

See accompanying independent auditors' report on supplemental financial information.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds (2 of 2)

Town of Wayne, Maine

For the Year Ended June 30, 2010

	Town House	Building Maintenance	Fire Station Addition	Municipal Building Engineering Analysis	Lord Road Paving	Hardscrabble Road Upgrade	Farmer's Market	Total
Revenues								
Interest	$ -	$ 24	$ -	$ -	$ -	$ -	$ -	$ 461
Miscellaneous	-	-	-	-	-	-	616	1,490
Total Revenues	-	24	-	-	-	-	616	1,951
Expenditures	-	-	-	-	-	-	-	55,075
Revenues Over (Under) Expenditures	-	24	-	-	-	-	616	(53,124)
Other Financing Sources (Uses)								
Operating transfers in	-	-	-	-	-	6,500	-	46,000
Operating transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	6,500	-	46,000
Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	24	-	-	-	6,500	616	(7,124)
Fund balances at beginning of year	11,425	123	1,592	800	33,145	919	-	146,906
Fund Balances (Deficit) at End of Year	$ 11,425	$ 147	$ 1,592	$ 800	$ 33,145	$ 7,419	$ 616	$ 139,782

See accompanying independent auditors' report on supplemental financial information.

Combining Balance Sheet
Permanent Funds - Trust Funds

Town of Wayne, Maine

As of June 30, 2010

	Playground	Jaworski Fund	Ladd Recreation	Ruth Lee	Ladd Special	Total
Assets						
Cash	$ -	$ 1,126	$ 33,336	$ 8,391	$ 20,921	$ 63,774
Due from other funds	-	-	-	-	1,000	1,000
Total Assets	$ -	$ 1,126	$ 33,336	$ 8,391	$ 21,921	$ 64,774
Liabilities and Fund Balances (Deficit)						
Liabilities						
Due to other funds	$ 450	$ -	$ -	$ -	$ -	$ 450
Total Liabilities	450	-	-	-	-	450
Fund Balances (Deficit)						
Unreserved - designated	(450)	1,126	33,336	8,391	21,921	64,324
Total Fund Balances (Deficit)	(450)	1,126	33,336	8,391	21,921	64,324
Total Liabilities and Fund Balances (Deficit)	$ -	$ 1,126	$ 33,336	$ 8,391	$ 21,921	$ 64,774

See accompanying independent auditors' report on supplemental financial information.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Permanent Funds - Trust Funds

Town of Wayne, Maine

For the Year Ended June 30, 2010

	Playground	Jaworski Fund	Ladd Recreation	Ruth Lee	Ladd Special	Total
Revenues						
Contributions	$ -	$ -	$ 7,563	$ -	$ 500	$ 8,063
Interest	-	28	253	51	92	424
Total Revenues	-	28	7,816	51	592	8,487
Expenditures	-	-	7,133	-	-	7,133
Revenues Over (Under) Expenditures	-	28	683	51	592	1,354
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	28	683	51	592	1,354
Fund balances (deficit) at beginning of year	(450)	1,098	32,653	8,340	21,329	62,970
Fund Balances (Deficit) at End of Year	$ (450)	$ 1,126	$ 33,336	$ 8,391	$ 21,921	$ 64,324

See accompanying independent auditors' report on supplemental financial information.

Schedule of Valuation, Assessment and Collection of Taxes

Town of Wayne, Maine

For the Year Ended June 30, 2010

Valuation			
Real estate			$ 174,359,560
Personal property			715,500
	Total Valuation		$ 175,075,060
Assessment			
Valuation x Rate	$175,075,060 x .01355	$ 2,372,267	
Supplemental taxes		-	
	Total Assessment Charged to Collector		$ 2,372,267
Collection and Credits			
Cash collections		2,289,126	
Tax abatements		4,134	
	Total Collection and Credits		2,293,260
	2010 Taxes Receivable - June 30, 2010		$ 79,007

See accompanying independent auditors' report on supplemental financial information.