



Proven Expertise & Integrity

June 25, 2020

Selectboard
Town of Wayne
P.O. Box 400
Wayne, Maine 04284

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wayne for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 20, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Wayne are described in Note 1 of Notes to Financial Statements. We noted no transactions entered into by the Town of Wayne during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of Notes to Financial Statements, the Town of Wayne changed accounting policies related to Governmental Accounting Standards Board (GASB Statement) No. 83, "*Certain Asset Retirement Obligations*" and GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*" in 2019. There was no impact in the financial statements based on the cumulative effect of these accounting changes.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wayne's financial statements were:

- Depreciation expense which is based on the estimated useful lives of capital assets
- Accrued compensation
- Deferred property tax revenues

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of both historical and future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reflected in the capital assets, long-term obligations and fund balance footnotes.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A schedule of any uncorrected misstatements has been presented to management with the management representation letter. We did not identify or propose any adjustments of misstatements as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 21, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Wayne's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Wayne's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

However, we noted certain other matters that we reported to management of the Town of Wayne in a separate letter dated June 25, 2020.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Selectboard and management of the Town of Wayne and is not intended to be, and should not be, used by anyone other than these specified parties.

Very Best,

RHR Smith & Company

RHR Smith & Company, CPAs

Audited Financial Statements and
Other Financial Information

Town of Wayne, Maine

June 30, 2019



Proven Expertise & Integrity

TOWN OF WAYNE, MAINE

CONTENTS

JUNE 30, 2019

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 10
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	11
STATEMENT B - STATEMENT OF ACTIVITIES	12 - 13
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	14
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	15
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	16
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	17
NOTES TO FINANCIAL STATEMENTS	18 - 44
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	45
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	46
SCHEDULE 2 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	47
SCHEDULE 3 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	48
SCHEDULE 4 - SCHEDULE OF CONTRIBUTIONS - OPEB	49

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	50
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	51
SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	52 - 54
SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	55
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	56
SPECIAL REVENUE FUNDS DESCRIPTION	57
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	58 - 60
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	61 - 63
CAPITAL PROJECTS FUNDS DESCRIPTION	64
SCHEDULE F - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	65 - 68
SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	69 - 72
PERMANENT FUNDS DESCRIPTION	73
SCHEDULE H - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	74
SCHEDULE I - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	75
GENERAL CAPITAL ASSETS DESCRIPTION	76
SCHEDULE J - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	77
SCHEDULE K - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	78

FEDERAL COMPLIANCE

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*

79 - 80



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INDEPENDENT AUDITORS' REPORT

Selectboard
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, 2019, 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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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, 2019, 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 and OPEB information on pages 4 through 10 and 46 through 51 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of

the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 June 25, 2020, 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
June 25, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

(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, 2019. 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, OPEB information, 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, organizations and social services, 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 "Other Governmental 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, a Schedule of Changes in Net OPEB Liability, a Schedule of Changes in Net OPEB Liability and Related Ratios, a Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

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 \$4,217,016 compared to \$4,120,353 in the prior year, an increase of 59,346 .

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 - increased to a balance of \$1,283,984 at the end of this year for governmental activities.

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

	Governmental Activities	
	2019	2018 (Restated)
Assets:		
Current Assets	\$ 1,570,994	\$ 1,378,942
Noncurrent Assets	3,580,686	3,505,531
Total Assets	5,151,680	4,884,473
Deferred Outflows of Resources:		
Deferred Outflows Related to OPEB	986	-
Total Deferred Outflows of Resources	986	-
Liabilities:		
Current Liabilities	459,946	269,800
Noncurrent Liabilities	470,554	474,784
Total Liabilities	930,500	744,584
Deferred Inflows of Resources:		
Prepaid Taxes	3,853	19,536
Deferred Inflows Related to OPEB	1,297	-
Total Deferred Inflows of Resources	5,150	19,536
Net Position:		
Net Investment in Capital Assets	2,873,686	2,808,531
Restricted	59,346	72,047
Unrestricted	1,283,984	1,239,775
Total Net Position	\$ 4,217,016	\$ 4,120,353

Revenues and Expenses

Revenues increased by 4.66% and expenses increased by 2.65% from the prior year. The increase in revenues was primarily due to an increase in tax revenue. The increase in expenditures was primarily due to increases in highways and roads and unclassified.

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

	2019	2018
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 29,359	\$ 18,860
Operating grants & contributions	30,924	31,196
<i>General Revenues:</i>		
Taxes	3,376,601	3,208,413
Grants & contributions not restricted to specific programs	136,921	137,086
Miscellaneous	135,427	148,435
Total Revenues	3,709,232	3,543,990
Expenses		
General government	315,122	291,615
Public safety	110,398	111,642
Highways and roads	440,021	413,582
Sanitation	87,487	96,944
Cobbossee watershed	2,612	2,536
Recreation	30,693	32,504
Organizations and social services	28,499	26,178
Unclassified	158,724	121,571
Education	2,218,997	2,171,858
County tax	198,029	190,010
Overlay	6,323	3,906
Interest on long-term debt	15,664	17,965
Total Expenses	3,612,569	3,519,256
 Change in Net Position	 96,663	 24,734
 Net Position - July 1, Restated	 4,120,353	 4,095,619
 Net Position - June 30	 \$ 4,217,016	 \$ 4,120,353

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,

	<u>2019</u>	<u>2018</u>
Major Funds:		
General Fund:		
Committed	\$ 100,000	\$ 100,000
Unassigned	434,928	495,661
Total Major Funds	<u>\$ 534,928</u>	<u>\$ 595,661</u>
Nonmajor Funds:		
Special Revenue Funds:		
Assigned	\$ 33,632	\$ 30,202
Unassigned	(10,042)	(7,110)
Capital Projects Funds:		
Assigned	615,983	513,627
Unassigned	(12,815)	(2,375)
Permanent Funds:		
Restricted	59,346	72,047
Total Nonmajor Funds	<u>\$ 686,104</u>	<u>\$ 606,391</u>

The general fund total fund balance decreased by \$60,733 from the prior fiscal year mainly due to transfers to other funds. The nonmajor funds total fund balances increased by \$79,713 from the prior fiscal year primarily due to revenues, bond proceeds and transfers from other funds that exceeded expenditures.

Budgetary Highlights

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

The general fund actual revenues were over budgeted amounts by \$17,184. This was primarily due to all categories being receipted over budgeted amounts except for property taxes and charges for services.

The general fund actual expenditures were over budget by \$27,917. All expenditure categories were under budget with the exception of general government, highways and roads and unclassified.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Town increased by \$75,157. This increase was a result of capital additions of \$264,348 less current year depreciation expense of \$189,193.

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

	<u>2019</u>	<u>2018</u>
Land	\$ 705,000	\$ 705,000
Buildings and improvements	230,639	248,668
Machinery and equipment	30,562	37,051
Vehicles	297,425	309,060
Infrastructure	<u>2,317,062</u>	<u>2,205,752</u>
Total	<u>\$ 3,580,688</u>	<u>\$ 3,505,531</u>

Debt

At June 30, 2019, the Town had \$707,000 in bonds outstanding versus \$697,000 last year. Refer to Note 6 of Notes to Financial Statements for detailed information.

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 one month, 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.

STATEMENT A

TOWN OF WAYNE, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,358,377
Accounts receivable (net of allowance for uncollectibles):	
Taxes	117,983
Liens	69,894
Other	24,740
Total current assets	<u>1,570,994</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	705,000
Buildings, equipment and infrastructure net of accumulated depreciation	2,875,686
Total noncurrent assets	<u>3,580,686</u>
TOTAL ASSETS	<u>5,151,680</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	986
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>986</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,152,666</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 190,474
Current portion of long-term obligations	269,472
Total current liabilities	<u>459,946</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	455,800
Net OPEB liability	14,754
Total noncurrent liabilities	<u>470,554</u>
TOTAL LIABILITIES	<u>930,500</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	3,853
Deferred inflows related to OPEB	1,297
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,150</u>
NET POSITION	
Net investment in capital assets	2,873,686
Restricted	59,346
Unrestricted	1,283,984
TOTAL NET POSITION	<u>4,217,016</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 5,152,666</u>

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

STATEMENT B

TOWN OF WAYNE, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
				Governmental Activities	
Governmental activities:					
General government	\$ 315,122	\$ 7,976	\$ -	\$ -	\$ (307,146)
Public safety	110,398	-	-	-	(110,398)
Highways and roads	440,021	-	30,924	-	(409,097)
Sanitation	87,487	-	-	-	(87,487)
Cobbossee watershed	2,612	-	-	-	(2,612)
Recreation	30,693	21,383	-	-	(9,310)
Organizations and social services	28,499	-	-	-	(28,499)
Unclassified	158,724	-	-	-	(158,724)
Education	2,218,997	-	-	-	(2,218,997)
County tax	198,029	-	-	-	(198,029)
Overlay	6,323	-	-	-	(6,323)
Interest on long-term debt	15,664	-	-	-	(15,664)
Total government	<u>\$ 3,612,569</u>	<u>\$ 29,359</u>	<u>\$ 30,924</u>	<u>\$ -</u>	<u>(3,552,286)</u>

STATEMENT B (CONTINUED)

TOWN OF WAYNE, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(3,552,286)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	3,090,929
Excise taxes	285,672
Grants and contributions not restricted to specific programs	136,921
Miscellaneous	135,427
Total general revenues	3,648,949
Change in net position	96,663
NET POSITION - JULY 1, RESTATED	4,120,353
NET POSITION - JUNE 30	\$ 4,217,016

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

STATEMENT C

TOWN OF WAYNE, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,185,713	\$ 172,664	\$ 1,358,377
Accounts receivable (net of allowance for uncollectibles):			
Taxes	117,983	-	117,983
Liens	69,894	-	69,894
Other	24,740	-	24,740
Due from other funds	31,504	544,944	576,448
TOTAL ASSETS	<u>\$ 1,429,834</u>	<u>\$ 717,608</u>	<u>\$ 2,147,442</u>
LIABILITIES			
Accounts payable	\$ 190,474	\$ -	\$ 190,474
Due to other funds	544,944	31,504	576,448
TOTAL LIABILITIES	<u>735,418</u>	<u>31,504</u>	<u>766,922</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenue	155,635	-	155,635
Prepaid taxes	3,853	-	3,853
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>159,488</u>	<u>-</u>	<u>159,488</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	59,346	59,346
Committed	100,000	-	100,000
Assigned	-	649,615	649,615
Unassigned	434,928	(22,857)	412,071
TOTAL FUND BALANCES	<u>534,928</u>	<u>686,104</u>	<u>1,221,032</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,429,834</u>	<u>\$ 717,608</u>	<u>\$ 2,147,442</u>

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, 2019

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 1,221,032
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	3,580,686
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	155,635
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
OPEB	986
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(707,000)
Accrued compensated absences	(18,272)
Net OPEB liability	(14,754)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	<u>(1,297)</u>
Net position of governmental activities	<u>\$ 4,217,016</u>

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, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 3,075,512	\$ -	\$ 3,075,512
Excise	285,672	-	285,672
Intergovernmental	167,845	-	167,845
Charges for services	7,976	21,383	29,359
Miscellaneous revenues	38,362	97,065	135,427
TOTAL REVENUES	<u>3,575,367</u>	<u>118,448</u>	<u>3,693,815</u>
EXPENDITURES			
Current:			
General government	298,480	-	298,480
Public safety	88,077	-	88,077
Highways and roads	322,561	-	322,561
Sanitation	87,487	-	87,487
Cobbossee watershed	2,612	-	2,612
Recreation	19,350	-	19,350
Organizations and social services	28,499	-	28,499
Unclassified	5,581	153,143	158,724
Education	2,218,997	-	2,218,997
County tax	198,029	-	198,029
Overlay	6,323	-	6,323
Capital outlay	-	240,032	240,032
Debt service:			
Principal	236,000	-	236,000
Interest	15,664	-	15,664
TOTAL EXPENDITURES	<u>3,527,660</u>	<u>393,175</u>	<u>3,920,835</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>47,707</u>	<u>(274,727)</u>	<u>(227,020)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	246,000	246,000
Transfers in	6,407	114,847	121,254
Transfers (out)	(114,847)	(6,407)	(121,254)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(108,440)</u>	<u>354,440</u>	<u>246,000</u>
NET CHANGE IN FUND BALANCES	(60,733)	79,713	18,980
FUND BALANCES - JULY 1	<u>595,661</u>	<u>606,391</u>	<u>1,202,052</u>
FUND BALANCES - JUNE 30	<u>\$ 534,928</u>	<u>\$ 686,104</u>	<u>\$ 1,221,032</u>

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, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 18,980</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	264,348
Depreciation expense	<u>(189,193)</u>
	<u>75,155</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>15,417</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
OPEB	<u>986</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	
	<u>(246,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>236,000</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
OPEB	<u>(1,297)</u>
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:	
Accrued compensated absences	(1,608)
Net OPEB liability	<u>(970)</u>
	<u>(2,578)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 96,663</u>

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

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. 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 column is (a) presented on a consolidated basis by column, and (b) is 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 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.) excluding fiduciary activities. 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. Program revenues must be directly associated with the function. Operating grants include operating-specific and

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and 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:

Major Fund

- 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.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Selectboard 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.

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.

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.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$24,740 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2019.

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.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 obligations 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 obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable and net OPEB liability.

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.

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 Selectboard.

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.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 one type of this item, deferred outflows related to OPEB. This item is reported in the statement of net position.

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 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 statement of net position and governmental funds balance sheet. Deferred inflows of resources related to OPEB qualifies for this type of reporting. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied July 24, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due in three installments on October 1, 2018, January 31, 2019 and April 1, 2019. Interest on unpaid taxes commenced on October 2, 2018, February 2, 2019 and April 2, 2019, at 7% per annum.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$10,695 for the year ended June 30, 2019.

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.

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

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2019, the Town's deposits amounting to \$1,358,377 were comprised of bank deposits of \$1,253,179. Of these deposits, \$250,000 were fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining deposits of \$1,003,179 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 83
Sweep accounts	1,253,096
	<u>\$ 1,253,179</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 December 31, 2019, the Town had \$0 of investments.

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.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2019 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 31,504	\$ 544,944
Nonmajor Special Revenue Funds	33,632	10,042
Nonmajor Capital Projects Funds	511,312	12,815
	<u>\$ 576,448</u>	<u>\$ 576,448</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Disposals	Balance, 6/30/19
<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	708,159	-	-	708,159
Equipment, vehicles furniture and fixtures	836,477	-	(60,500)	775,977
Infrastructure	5,753,896	264,348	-	6,018,244
	<u>7,298,532</u>	<u>264,348</u>	<u>(60,500)</u>	<u>7,502,380</u>
Less: accumulated depreciation	(4,498,001)	(189,193)	60,500	(4,626,694)
	<u>2,800,531</u>	<u>75,155</u>	<u>-</u>	<u>2,875,686</u>
Net capital assets	<u>\$ 3,505,531</u>	<u>\$ 75,155</u>	<u>\$ -</u>	<u>\$ 3,580,686</u>
<u>Current year depreciation</u>				
General government				\$ 13,753
Public safety				22,321
Highways and roads				141,776
Recreation				11,343
Total depreciation expense				<u>\$ 189,193</u>

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of changes in the long-term debt for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
Bonds payable	\$ 697,000	\$ 246,000	\$ (236,000)	\$ 707,000	\$ 251,200

The following is a summary of the bonds outstanding as of June 30, 2019:

\$300,000 - 2014 Bond with Camden National Bank due in annual principal and interest payments through August of 2019. The interest rate is fixed at 2.21% per annum.	\$ 60,000
\$300,000 - 2015 Bond with Camden National Bank due in annual principal and interest payments through September of 2020. The interest rate is fixed at 2.16% per annum.	120,000
\$235,000 - 2016 Bond with Camden National Bank due in annual principal and interest payments through October of 2021. The interest rate is fixed at 2.10% per annum.	141,000
\$175,000 - 2017 Bond with Camden National Bank due in annual principal and interest payments through September of 2022. The interest rate is fixed at 2.49% per annum.	140,000
\$246,000 - 2018 Bond with Camden National Bank due in annual principal and interest payments through November of 2023. The interest rate is fixed at 3.84% per annum.	<u>246,000</u>
Total bonds payable	<u>\$ 707,000</u>

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

Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 251,200	\$ 20,068	\$ 271,268
2021	191,200	13,666	204,866
2022	131,200	8,514	139,714
2023	84,200	4,715	88,915
2024	49,200	1,916	51,116
	<u>\$ 707,000</u>	<u>\$ 48,879</u>	<u>\$ 755,879</u>

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2019:

	Balance, 7/1/18 (Restated)	Additions	Deletions	Balance, 6/30/19	Current Portion
Accrued compensated absences	\$ 16,664	\$ 1,608	\$ -	\$ 18,272	\$ 18,272
Net OPEB Liability	13,784	970	-	14,754	-
	<u>\$ 30,448</u>	<u>\$ 2,578</u>	<u>\$ -</u>	<u>\$ 33,026</u>	<u>\$ 18,272</u>

Please see Notes 7 and 14 for detailed information on other long-term obligations.

NOTE 7 - ACCRUED 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 obligations 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, 2019, the Town's liability for compensated absences is \$18,272.

NOTE 8 - RESTRICTED FUND BALANCES

At June 30, 2019, the Town had the following restricted fund balances:

Nonmajor permanent funds (Schedule H)	<u>\$ 59,346</u>
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NOTE 9 - COMMITTED FUND BALANCE

At June 30, 2019, the Town had the following committed fund balance:

General fund:	
Reserved for FY 2020 budget	<u>\$ 100,000</u>

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - ASSIGNED FUND BALANCES

At June 30, 2019, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 33,632
Nonmajor capital projects funds (Schedule F)	615,983
	<u>\$ 649,615</u>

NOTE 11 - DEFICIT FUND BALANCES

At June 30, 2019, the Town had the following deficit fund balances:

Boat Launch	\$ 368
Ladd Improvements	900
Ladd Rec Center Operations	8,774
Former Pettengill Property	1,097
Land and Buildings	11,562
Emergency Management	156
	<u>\$ 22,857</u>

NOTE 12 - 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 participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2019.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL (CONTINUED)

occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is also a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association - Unemployment Compensation Group Fund ("MMA UC Fund"). The MMA UC Fund was created to assist in meeting members' obligations under the Employment Security Act in an efficient and cost-effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA's consulting actuary. Claims, if any, are paid out of the Town's own account. The Maine Department of Labor classifies MMA's UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

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, 2019. 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.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and Regional School Unit debt. At June 30, 2019, 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	\$ 13,022,283	17.04%	<u>\$ 2,218,997</u>

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Employees Covered by Benefit Terms

At January 1, 2019, the following employees were covered by the benefit terms:

Active members	3
Retirees and spouses	<u>0</u>
Total	<u><u>3</u></u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts:

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS 200	\$956.96	\$2,146.58
POS C	\$1,044.20	\$2,342.30
<u>Medicare</u>		
Medicare-Eligible Retirees	\$527.65	\$1,055.29

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Town reported a liability of \$14,754 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2019, the Town recognized OPEB expense of \$983. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 701	\$ -
Changes of assumptions	282	1,297
Contributions subsequent to the measurement date	3	-
Total	<u>\$ 986</u>	<u>\$ 1,297</u>

\$3 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2020	\$ (19)
2021	(19)
2022	(19)
2023	(19)
2024	(19)
Thereafter	(217)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of January 1, 2019. The discount rate determination is based on the high quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 4.10% per annum for December 31, 2019 was based upon a measurement date of December 31, 2018. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 17,135	\$ 14,754	\$ 12,822
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 17,135</u>	<u>\$ 14,754</u>	<u>\$ 12,822</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 12,587	\$ 14,754	\$ 17,476
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 12,587</u>	<u>\$ 14,754</u>	<u>\$ 17,476</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2018, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2017. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

Assumptions

The actuarial assumptions used in the January 1, 2019 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2018 and December 31, 2019.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2019, they are as follows:

Discount Rate - 4.10% per annum.

Trend Assumptions:

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2019, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected.

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There was no difference between expected and actual experience as of January 1, 2019.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

years for 2018. For the fiscal year ended June 30, 2019, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at P.O. Box 400, Wayne, ME 04284.

NOTE 15 - 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 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.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFERRED COMPENSATION PLAN (CONTINUED)

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Selectboard. 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 2019, 2018 and 2017, were \$3,445, \$2,410 and \$2,406, respectively.

NOTE 16 - EXPENDITURES OVER APPROPRIATIONS

The following appropriations were exceeded by actual expenditures for the year ended June 30, 2019:

	<u>Excess</u>
General Administration (Article 8)	\$ 15,239
Hearings and Elections (Article 11)	1,018
Roads (Article 18)	21,561
Land and Buildings (Article 22)	1,106
	<u>\$ 34,367</u>

NOTE 17 - CONTINGENCIES AND COMMITMENTS

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.

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.

On January 24, 2017, the Town entered into a contract with Bruen Construction for highway maintenance for fiscal years 2017 through 2021 with a renewal option for 2022. The total remaining amount of these contracts are \$522,141.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - CONTINGENCIES AND COMMITMENTS (CONTINUED)

On January 10, 2017, the Town entered into a contract with Bruen Construction for winter lot maintenance for fiscal years 2019 through 2021 with a renewal option for 2022. The total remaining amount of the contract is \$8,500.

On December 17, 2018, the Town entered into a contract with Robert J. Duplisea Jr. for assessing services for fiscal years ending 2020 through 2022. The total amount of the contract is for \$66,000.

On November 1, 2016, the Town entered into a contract with Norton's Lawncare for mowing, trimming and lawn care maintenance. The contract is for the period of April 1, 2018 through October 30, 2020. The total remaining amount of the contract is \$15,761.

On May 15, 2019, the Town entered into a contract with Somerset County for PSAP Call Handling. The contract is for the period of July 1, 2019 through June 30, 2021. The total amount of the contract is \$5,767.

On April 10, 2019, the Town entered into a contract with the State of Maine, Department of Public Safety, for rural patrol dispatch. The contract is for the period of July 1, 2019 through June 30, 2021. The total amount of the contract is \$20,352.

A summary of the Town's contracts are as follows:

Fiscal Year Ending	Bruen Const. Winter lot maintenance	Bruen Const. Highway maintenance	Robert J. Duplisea Jr. Assessor's agent	Norton Landscape	Somerset County PSAP Calls	State of Maine Rural Dispatch
2020	\$ 2,800	\$ 171,760	\$ 21,300	\$ 9,944	\$ 2,794	\$ 10,008
2021	2,800	174,968	22,000	5,817	2,973	10,344
2022	2,900	175,413	22,700	-	-	-
	<u>\$ 8,500</u>	<u>\$ 522,141</u>	<u>\$ 66,000</u>	<u>\$ 15,761</u>	<u>\$ 5,767</u>	<u>\$ 20,352</u>

NOTE 18 - RELATED PARTIES

The assistant fire chief is the employee of a company that the Town sends fire equipment to be repaired and tested. The Town used this company before the assistant fire chief became an employee.

The fire chief is also the Town's Treasurer.

TOWN OF WAYNE, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - 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.

NOTE 20 - RESTATEMENTS

The net position of the governmental activities has been restated at June 30, 2018 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$13,784. The resulting restatement decreased net position from \$4,134,137 to \$4,120,353.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental 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
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

TOWN OF WAYNE, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1,	\$ 595,661	\$ 595,661	\$ 595,661	\$ -
Resources (Inflows):				
Property taxes	3,090,825	3,090,825	3,075,512	(15,313)
Excise taxes	268,000	268,000	285,672	17,672
Intergovernmental	164,178	164,178	167,845	3,667
Charge for services	9,580	9,580	7,976	(1,604)
Interest on taxes	3,000	3,000	3,264	264
Interest income	13,300	13,300	20,553	7,253
Other revenues	9,300	9,300	14,545	5,245
Transfers from other funds	6,407	6,407	6,407	-
Amounts Available for Appropriation	<u>4,160,251</u>	<u>4,160,251</u>	<u>4,177,435</u>	<u>17,184</u>
Charges to Appropriations (Outflows):				
General government	283,649	283,649	298,480	(14,831)
Public safety	88,192	88,192	88,077	115
Highways and roads	301,000	301,000	322,561	(21,561)
Sanitation	87,991	87,991	87,487	504
Cobbossee watershed	2,612	2,612	2,612	-
Recreation	23,261	23,261	19,350	3,911
Organizations and social services	28,953	28,953	28,499	454
Unclassified	4,558	4,558	5,581	(1,023)
Education	2,218,997	2,218,997	2,218,997	-
County tax	198,029	198,029	198,029	-
Overlay	10,695	10,695	6,323	4,372
Debt service:				
Principal	236,000	236,000	236,000	-
Interest	15,806	15,806	15,664	142
Transfers to other funds	114,847	114,847	114,847	-
Total Charges to Appropriations	<u>3,614,590</u>	<u>3,614,590</u>	<u>3,642,507</u>	<u>(27,917)</u>
Budgetary Fund Balance, June 30	<u>\$ 545,661</u>	<u>\$ 545,661</u>	<u>\$ 534,928</u>	<u>\$ (10,733)</u>
Utilization of Unassigned Fund Balance	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>

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

SCHEDULE 2

TOWN OF WAYNE, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/18 (Reporting December 31, 2018)	\$ 13,784	\$ -	\$ 13,784
Changes for the year:			
Service cost	1,945	-	1,945
Interest	541	-	541
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(1,513)	-	(1,513)
Contributions - employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(3)	-	(3)
Administrative expense	-	-	-
Net changes	970	-	970
Balances at 1/1/19 (Reporting December 31, 2019)	<u>\$ 14,754</u>	<u>\$ -</u>	<u>\$ 14,754</u>

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

TOWN OF WAYNE, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>		
Service cost (BOY)	\$ 1,945	\$ 1,797
Interest (includes interest on service cost)	541	452
Changes of benefit terms	-	-
Differences between expected and actual experience	-	981
Changes of assumptions	(1,513)	396
Benefit payments, including refunds of member contributions	(3)	-
Net change in total OPEB liability	<u>\$ 970</u>	<u>\$ 3,626</u>
Total OPEB liability - beginning	\$ 13,784	\$ 10,158
Total OPEB liability - ending	\$ 14,754	\$ 13,784
<u>Plan fiduciary net position</u>		
Contributions - employer	(3)	-
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	-	-
Administrative expense	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 14,754</u>	<u>\$ 13,784</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered payroll	\$ 82,552	\$ 82,552
Net OPEB liability as a percentage of covered payroll	17.9%	16.7%

* The amounts presented for each fiscal year are for those years for which information is available.

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

TOWN OF WAYNE, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>		
Employer contributions	\$ 3	\$ -
Benefit payments	(3)	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 82,552	\$ 82,552
Contributions as a percentage of covered payroll	3.00%	3.00%

* The amounts presented for each fiscal year are for those years for which information is available.

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

TOWN OF WAYNE, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Changes of Assumptions

There was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection.

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 Governmental 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 A

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 236,240	\$ -	\$ 236,240	\$ 251,479	\$ (15,239)
Contingency	4,000	-	4,000	3,943	57
Code enforcement	17,582	-	17,582	17,213	369
Assessing	24,250	-	24,250	23,250	1,000
Elections/hearings	1,577	-	1,577	2,595	(1,018)
	<u>283,649</u>	<u>-</u>	<u>283,649</u>	<u>298,480</u>	<u>(14,831)</u>
Public safety:					
Ambulance	11,573	-	11,573	11,652	(79)
Law enforcement	4,000	-	4,000	4,160	(160)
Fire department	50,301	-	50,301	50,301	-
Animal control	3,230	-	3,230	3,230	-
PSAP/Dispatch	12,088	-	12,088	12,088	-
Street lights	7,000	-	7,000	6,646	354
	<u>88,192</u>	<u>-</u>	<u>88,192</u>	<u>88,077</u>	<u>115</u>
Highways and roads:					
Roads	301,000	-	301,000	322,561	(21,561)
	<u>301,000</u>	<u>-</u>	<u>301,000</u>	<u>322,561</u>	<u>(21,561)</u>
Sanitation:					
Transfer station	87,991	-	87,991	87,487	504
	<u>87,991</u>	<u>-</u>	<u>87,991</u>	<u>87,487</u>	<u>504</u>
Cobbossee watershed	2,612	-	2,612	2,612	-

SCHEDULE A (CONTINUED)

TOWN OF WAYNE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
County tax	198,029	-	198,029	198,029	-
Recreation	23,261	-	23,261	19,350	3,911
Organizations and social services:					
Humane Society	1,900	-	1,900	1,891	9
Cemetery Association	3,500	-	3,500	3,775	(275)
Library	6,000	-	6,000	6,000	-
Messenger	3,000	-	3,000	3,155	(155)
Archival Board	500	-	500	-	500
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	-
Children's Center	595	-	595	595	-
Community Health and Counseling Service	1,562	-	1,562	1,562	-
Aging at Home	375	-	375	-	375
Food Pantry	1,500	-	1,500	1,500	-
	<u>28,953</u>	<u>-</u>	<u>28,953</u>	<u>28,499</u>	<u>454</u>

SCHEDULE A (CONTINUED)

TOWN OF WAYNE, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Unclassified:					
General assistance	1,500	-	1,500	1,417	83
Land and buildings	3,058	-	3,058	4,164	(1,106)
	<u>4,558</u>	<u>-</u>	<u>4,558</u>	<u>5,581</u>	<u>(1,023)</u>
Education	2,218,997	-	2,218,997	2,218,997	-
Debt service:					
Principal	236,000	-	236,000	236,000	-
Interest	15,806	-	15,806	15,664	142
	<u>251,806</u>	<u>-</u>	<u>251,806</u>	<u>251,664</u>	<u>142</u>
Transfers to other funds:					
Special revenue funds	16,000	-	16,000	16,000	-
Capital projects funds	98,847	-	98,847	98,847	-
	<u>114,847</u>	<u>-</u>	<u>114,847</u>	<u>114,847</u>	<u>-</u>
Overlay	10,695	-	10,695	6,323	4,372
Total Departmental Operations	<u>\$ 3,614,590</u>	<u>\$ -</u>	<u>\$ 3,614,590</u>	<u>\$ 3,642,507</u>	<u>\$ (27,917)</u>

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

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 104,671	\$ 67,993	\$ 172,664
Due from other funds	33,632	511,312	-	544,944
TOTAL ASSETS	<u>\$ 33,632</u>	<u>\$ 615,983</u>	<u>\$ 67,993</u>	<u>\$ 717,608</u>
LIABILITIES				
Due to other funds	\$ 10,042	\$ 12,815	\$ 8,647	\$ 31,504
TOTAL LIABILITIES	<u>10,042</u>	<u>12,815</u>	<u>8,647</u>	<u>31,504</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	59,346	59,346
Committed	-	-	-	-
Assigned	33,632	615,983	-	649,615
Unassigned	(10,042)	(12,815)	-	(22,857)
TOTAL FUND BALANCES	<u>23,590</u>	<u>603,168</u>	<u>59,346</u>	<u>686,104</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 33,632</u>	<u>\$ 615,983</u>	<u>\$ 67,993</u>	<u>\$ 717,608</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 GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Charges for services	\$ 21,383	\$ -	\$ -	\$ 21,383
Interest income	-	1,254	673	1,927
Other income	88,113	25	7,000	95,138
TOTAL REVENUES	<u>109,496</u>	<u>1,279</u>	<u>7,673</u>	<u>118,448</u>
EXPENDITURES				
Capital outlay	13,250	226,782	-	240,032
Other	111,748	21,021	20,374	153,143
TOTAL EXPENDITURES	<u>124,998</u>	<u>247,803</u>	<u>20,374</u>	<u>393,175</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15,502)</u>	<u>(246,524)</u>	<u>(12,701)</u>	<u>(274,727)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	246,000	-	246,000
Transfers in	16,000	98,847	-	114,847
Transfers (out)	-	(6,407)	-	(6,407)
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,000</u>	<u>338,440</u>	<u>-</u>	<u>354,440</u>
NET CHANGE IN FUND BALANCES	498	91,916	(12,701)	79,713
FUND BALANCES - JULY 1	<u>23,092</u>	<u>511,252</u>	<u>72,047</u>	<u>606,391</u>
FUND BALANCES - JUNE 30	<u>\$ 23,590</u>	<u>\$ 603,168</u>	<u>\$ 59,346</u>	<u>\$ 686,104</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, 2019

	Animal Control	Farmers Market	Wayne History Project	Boat Launch	Wayne Athletic League (WAL)
ASSETS					
Due from other funds	\$ 1,019	\$ 1,340	\$ 3,973	\$ -	\$ 2,964
TOTAL ASSETS	<u>\$ 1,019</u>	<u>\$ 1,340</u>	<u>\$ 3,973</u>	<u>\$ -</u>	<u>\$ 2,964</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 368	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>368</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	1,019	1,340	3,973	-	2,964
Unassigned	-	-	-	(368)	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,019</u>	<u>1,340</u>	<u>3,973</u>	<u>(368)</u>	<u>2,964</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,019</u>	<u>\$ 1,340</u>	<u>\$ 3,973</u>	<u>\$ -</u>	<u>\$ 2,964</u>

SCHEDULE D (CONTINUED)

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUES FUNDS
JUNE 30, 2019

	Cemetery Lot Sales	Community Directory	North Wayne School House	Water Quality	Aging at Home
ASSETS					
Due from other funds	\$ 275	\$ 155	\$ 3,880	\$ 1,025	\$ 6,471
TOTAL ASSETS	<u>\$ 275</u>	<u>\$ 155</u>	<u>\$ 3,880</u>	<u>\$ 1,025</u>	<u>\$ 6,471</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	275	155	3,880	1,025	6,471
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>275</u>	<u>155</u>	<u>3,880</u>	<u>1,025</u>	<u>6,471</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 275</u>	<u>\$ 155</u>	<u>\$ 3,880</u>	<u>\$ 1,025</u>	<u>\$ 6,471</u>

SCHEDULE D (CONTINUED)

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUES FUNDS
JUNE 30, 2019

	Insurance Claim	Ladd Improvements	Broadband Franchise Fees	Ladd Rec Center Operations	Total
ASSETS					
Due from other funds	\$ 2,530	\$ -	\$ 10,000	\$ -	\$ 33,632
TOTAL ASSETS	<u>\$ 2,530</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 33,632</u>
LIABILITIES					
Due to other funds	\$ -	\$ 900	\$ -	\$ 8,774	\$ 10,042
TOTAL LIABILITIES	<u>-</u>	<u>900</u>	<u>-</u>	<u>8,774</u>	<u>10,042</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	2,530	-	10,000	-	33,632
Unassigned	-	(900)	-	(8,774)	(10,042)
TOTAL FUND BALANCES (DEFICITS)	<u>2,530</u>	<u>(900)</u>	<u>10,000</u>	<u>(8,774)</u>	<u>23,590</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,530</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 33,632</u>

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

SCHEDULE E

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Animal Control	Farmers Market	Wayne History Project	Boat Launch	Wayne Athletic League (WAL)
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	630	-	3,252	1,275
TOTAL REVENUES	-	630	-	3,252	1,275
EXPENDITURES					
Capital outlay	-	-	-	-	-
Other	143	562	-	-	1,060
TOTAL EXPENDITURES	143	562	-	-	1,060
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(143)	68	-	3,252	215
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(143)	68	-	3,252	215
FUND BALANCES (DEFICITS) - JULY 1	1,162	1,272	3,973	(3,620)	2,749
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,019	\$ 1,340	\$ 3,973	\$ (368)	\$ 2,964

SCHEDULE E (CONTINUED)

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Cemetery Lot Sales	Community Directory	North Wayne School House	Water Quality	Aging at Home
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	25	-	9,161
TOTAL REVENUES	-	-	25	-	9,161
EXPENDITURES					
Capital outlay	-	-	-	-	-
Other	-	-	609	-	8,535
TOTAL EXPENDITURES	-	-	609	-	8,535
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(584)	-	626
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(584)	-	626
FUND BALANCES (DEFICITS) - JULY 1	275	155	4,464	1,025	5,845
FUND BALANCES (DEFICITS) - JUNE 30	\$ 275	\$ 155	\$ 3,880	\$ 1,025	\$ 6,471

SCHEDULE E (CONTINUED)

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Insurance Claim	Ladd Improvements	Broadband Franchise Fees	Ladd Rec Center Operations	Total
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ 21,383	\$ 21,383
Other income	-	-	-	73,770	88,113
TOTAL REVENUES	-	-	-	95,153	109,496
EXPENDITURES					
Capital outlay	-	13,250	-	-	13,250
Other	-	-	-	100,839	111,748
TOTAL EXPENDITURES	-	13,250	-	100,839	124,998
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(13,250)	-	(5,686)	(15,502)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	11,000	5,000	-	16,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	11,000	5,000	-	16,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(2,250)	5,000	(5,686)	498
FUND BALANCES (DEFICITS) - JULY 1	2,530	1,350	5,000	(3,088)	23,092
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,530	\$ (900)	\$ 10,000	\$ (8,774)	\$ 23,590

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, 2019

	Transfer Station	Road Reserve	Fire Truck Reserve	Sand/Salt Shed
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 104,671	\$ -
Due from other funds	31,263	305,614	38,420	2,918
TOTAL ASSETS	<u>\$ 31,263</u>	<u>\$ 305,614</u>	<u>\$ 143,091</u>	<u>\$ 2,918</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	31,263	305,614	143,091	2,918
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>31,263</u>	<u>305,614</u>	<u>143,091</u>	<u>2,918</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 31,263</u>	<u>\$ 305,614</u>	<u>\$ 143,091</u>	<u>\$ 2,918</u>

SCHEDULE F (CONTINUED)

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	Former Pettengill Property	Fire Equipment	Road Maintenance	Foot Bridge
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	15,551	17,695	3,561
TOTAL ASSETS	\$ -	\$ 15,551	\$ 17,695	\$ 3,561
LIABILITIES				
Due to other funds	\$ 1,097	\$ -	\$ -	\$ -
TOTAL LIABILITIES	1,097	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	15,551	17,695	3,561
Unassigned	(1,097)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	(1,097)	15,551	17,695	3,561
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 15,551	\$ 17,695	\$ 3,561

SCHEDULE F (CONTINUED)

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	Lovejoy Pond Dam	Land and Buildings	Cemetery Stone Cleaning	Future Town Office
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	13,797	-	9,900	62,428
TOTAL ASSETS	<u>\$ 13,797</u>	<u>\$ -</u>	<u>\$ 9,900</u>	<u>\$ 62,428</u>
LIABILITIES				
Due to other funds	\$ -	\$ 11,562	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>11,562</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	13,797	-	9,900	62,428
Unassigned	-	(11,562)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>13,797</u>	<u>(11,562)</u>	<u>9,900</u>	<u>62,428</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 13,797</u>	<u>\$ -</u>	<u>\$ 9,900</u>	<u>\$ 62,428</u>

SCHEDULE F (CONTINUED)

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	Village Improvements	Technology	Emergency Management	Fire Pond	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 104,671
Due from other funds	199	8,363	-	1,603	511,312
TOTAL ASSETS	<u>\$ 199</u>	<u>\$ 8,363</u>	<u>\$ -</u>	<u>\$ 1,603</u>	<u>\$ 615,983</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 156	\$ -	\$ 12,815
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>156</u>	<u>-</u>	<u>12,815</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	199	8,363	-	1,603	615,983
Unassigned	-	-	(156)	-	(12,815)
TOTAL FUND BALANCES (DEFICITS)	<u>199</u>	<u>8,363</u>	<u>(156)</u>	<u>1,603</u>	<u>603,168</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 199</u>	<u>\$ 8,363</u>	<u>\$ -</u>	<u>\$ 1,603</u>	<u>\$ 615,983</u>

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

TOWN OF WAYNE, MAINE

SCHEDULE G

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Transfer Station	Road Reserve	Fire Truck Reserve	Sand/Salt Shed
REVENUES				
Interest income	\$ -	\$ -	\$ 1,254	\$ -
Other income	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>1,254</u>	<u>-</u>
EXPENDITURES				
Capital outlay	-	225,782	-	-
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>225,782</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(225,782)</u>	<u>1,254</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	246,000	-	-
Transfers in	-	50,000	35,847	-
Transfers (out)	(6,407)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,407)</u>	<u>296,000</u>	<u>35,847</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(6,407)</u>	<u>70,218</u>	<u>37,101</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>37,670</u>	<u>235,396</u>	<u>105,990</u>	<u>2,918</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 31,263</u>	<u>\$ 305,614</u>	<u>\$ 143,091</u>	<u>\$ 2,918</u>

SCHEDULE G (CONTINUED)

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Former Pettengill Property	Fire Equipment	Road Maintenance	Foot Bridge
REVENUES				
Interest income	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>(1,097)</u>	<u>15,551</u>	<u>17,695</u>	<u>3,561</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (1,097)</u>	<u>\$ 15,551</u>	<u>\$ 17,695</u>	<u>\$ 3,561</u>

SCHEDULE G (CONTINUED)

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Lovejoy Pond Dam	Land and Buildings	Cemetery Stone Cleaning	Future Town Office
REVENUES				
Interest income	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	25
TOTAL REVENUES	-	-	-	25
EXPENDITURES				
Capital outlay	-	-	-	-
Other	-	20,439	-	-
TOTAL EXPENDITURES	-	20,439	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(20,439)	-	25
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Transfers in	-	10,000	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	10,000	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(10,439)	-	25
FUND BALANCES (DEFICITS) - JULY 1	13,797	(1,123)	9,900	62,403
FUND BALANCES (DEFICITS) - JUNE 30	\$ 13,797	\$ (11,562)	\$ 9,900	\$ 62,428

SCHEDULE G (CONTINUED)

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Village Improvements	Technology	Emergency Management	Fire Pond	Total
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ 1,254
Other income	-	-	-	-	25
TOTAL REVENUES	-	-	-	-	1,279
EXPENDITURES					
Capital outlay	1,000	-	-	-	226,782
Other	-	582	-	-	21,021
TOTAL EXPENDITURES	1,000	582	-	-	247,803
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,000)	(582)	-	-	(246,524)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	246,000
Transfers in	1,000	2,000	-	-	98,847
Transfers (out)	-	-	-	-	(6,407)
TOTAL OTHER FINANCING SOURCES (USES)	1,000	2,000	-	-	338,440
NET CHANGE IN FUND BALANCES (DEFICITS)	-	1,418	-	-	91,916
FUND BALANCES (DEFICITS) - JULY 1	199	6,945	(156)	1,603	511,252
FUND BALANCES (DEFICITS) - JUNE 30	\$ 199	\$ 8,363	\$ (156)	\$ 1,603	\$ 603,168

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.

SCHEDULE H

TOWN OF WAYNE, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2019

	Jaworksi Fund	Ladd Recreation	Ruth Lee	Ladd Special	Total
ASSETS					
Cash and cash equivalents	\$ 1,161	\$ 35,527	\$ 8,625	\$ 22,680	\$ 67,993
TOTAL ASSETS	<u>\$ 1,161</u>	<u>\$ 35,527</u>	<u>\$ 8,625</u>	<u>\$ 22,680</u>	<u>\$ 67,993</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 8,647	\$ 8,647
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,647</u>	<u>8,647</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,161	35,527	8,625	14,033	59,346
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,161</u>	<u>35,527</u>	<u>8,625</u>	<u>14,033</u>	<u>59,346</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,161</u>	<u>\$ 35,527</u>	<u>\$ 8,625</u>	<u>\$ 22,680</u>	<u>\$ 67,993</u>

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

SCHEDULE I

TOWN OF WAYNE, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Jaworksi Fund	Ladd Recreation	Ruth Lee	Ladd Special	Total
REVENUES					
Interest income	\$ 11	\$ 366	\$ 78	\$ 218	\$ 673
Other income	-	5,500	-	1,500	7,000
TOTAL REVENUES	<u>11</u>	<u>5,866</u>	<u>78</u>	<u>1,718</u>	<u>7,673</u>
EXPENDITURES					
Other	-	12,253	-	8,121	20,374
TOTAL EXPENDITURES	<u>-</u>	<u>12,253</u>	<u>-</u>	<u>8,121</u>	<u>20,374</u>
NET CHANGE IN FUND BALANCES	11	(6,387)	78	(6,403)	(12,701)
FUND BALANCES - JULY 1	<u>1,150</u>	<u>41,914</u>	<u>8,547</u>	<u>20,436</u>	<u>72,047</u>
FUND BALANCES - JUNE 30	<u>\$ 1,161</u>	<u>\$ 35,527</u>	<u>\$ 8,625</u>	<u>\$ 14,033</u>	<u>\$ 59,346</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.

SCHEDULE J

TOWN OF WAYNE, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 190,000	\$ 132,380	\$ -	\$ 574,240	\$ 896,620
Public safety	40,000	263,497	753,360	-	1,056,857
Highways and roads	-	3,316	-	5,444,004	5,447,320
Recreation	100,000	308,966	22,617	-	431,583
Cemeteries	210,000	-	-	-	210,000
Town-wide	165,000	-	-	-	165,000
Total General Capital Assets	705,000	708,159	775,977	6,018,244	8,207,380
Less: Accumulated Depreciation	-	(477,520)	(447,989)	(3,701,182)	(4,626,691)
Net General Capital Assets	\$ 705,000	\$ 230,639	\$ 327,988	\$ 2,317,062	\$ 3,580,689

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

TOWN OF WAYNE, MAINE

SCHEDULE K

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2019

	General Capital Assets 7/1/18	Additions	Deletions	General Capital Assets 6/30/19
General government	\$ 896,620	\$ -	\$ -	\$ 896,620
Public safety	1,117,357	-	(60,500)	1,056,857
Highways and roads	5,182,972	264,348	-	5,447,320
Recreation	431,583	-	-	431,583
Cemeteries	210,000	-	-	210,000
Town-wide	165,000	-	-	165,000
Total General Capital Assets	8,003,532	264,348	(60,500)	8,207,380
Less: Accumulated Depreciation	(4,497,998)	(189,193)	60,500	(4,626,691)
Net General Capital Assets	<u>\$ 3,505,531</u>	<u>\$ 75,155</u>	<u>\$ -</u>	<u>\$ 3,580,689</u>

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



Proven Expertise & 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

Selectboard
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, 2019, 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 June 25, 2020.

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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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*. We noted certain other matters that we reported to management of the Town of Wayne, Maine in a separate letter dated June 25, 2020.

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
June 25, 2020