TOWN OF WALDO, MAINE

ANNUAL FINANCIAL REPORT
with Independent Auditors Report

For the Year Ending January 31, 2017
TOWN OF WALDO, MAINE
ANNUAL FINANCIAL REPORT
Year Ended January 31, 2017

Table of Contents

<table>
<thead>
<tr>
<th>Independent Auditors Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Financial Statements:</td>
</tr>
<tr>
<td>government-wide financial statements:</td>
</tr>
<tr>
<td>Statement of Net Position</td>
</tr>
<tr>
<td>Statement of Activities</td>
</tr>
<tr>
<td>Fund Financial Statements</td>
</tr>
<tr>
<td>Balance Sheet - Governmental Funds</td>
</tr>
<tr>
<td>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</td>
</tr>
<tr>
<td>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities</td>
</tr>
<tr>
<td>Statement of Fiduciary Net Position</td>
</tr>
<tr>
<td>Statement of Changes in Fiduciary Net Position</td>
</tr>
</tbody>
</table>

Notes to the Financial Statements

Required Supplementary Information

<table>
<thead>
<tr>
<th>Budgetary Comparison Schedule - General Fund</th>
<th>Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS REPORT

March 14, 2017

Board of Selectmen
Town of Waldo
Waldo, Maine

Report on the Financial Statements
I have audited the accompanying financial statements of the governmental activities and the major fund of Town of Waldo, Maine, as of and for the year ended January 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit 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. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town of Waldo, Maine as of January 31, 2017 and the respective changes in financial position, and where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.
Other Matters
Required Supplementary Information

Management has omitted Management's Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. My opinion of the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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. I 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 for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtain during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 14, 2017, on my consideration of Town of Waldo, Maine's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 and should be considered in assessing the results of my audit.

[Signature]
TOWN OF WALDO, MAINE
Statement of Net Positions
January 31, 2017

ASSETS

Current Assets:
Cash $ 402,313
Receivables
Taxes 79,125
Liens 30,971
TAP 1,353
Other Governments 7,262
Total Current Assets 521,024

Noncurrent Assets:
Capital assets net 749,159
Total Assets 1,270,183

LIABILITIES

Current Liabilities:
Due to other governments 9
Total Current Liabilities 9

Total Liabilities 9

NET POSITION

Invested in capital assets, net of related debt 749,159
Unrestricted 521,015
Total net position $ 1,270,174
# TOWN OF WALDO, MAINE
## Statement of Activities
### For the Year Ended January 31, 2017

<table>
<thead>
<tr>
<th>Function/Programs</th>
<th>Operating Expenses</th>
<th>Charges for Services</th>
<th>Capital Grants and Contributions</th>
<th>Net (Expense) Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>77,575</td>
<td>2,913</td>
<td>(74,662)</td>
<td></td>
</tr>
<tr>
<td>Public safety</td>
<td>55,258</td>
<td>900</td>
<td>(54,358)</td>
<td></td>
</tr>
<tr>
<td>Public works</td>
<td>167,402</td>
<td></td>
<td>(145,735)</td>
<td></td>
</tr>
<tr>
<td>Health and sanitation</td>
<td>39,698</td>
<td>16,081</td>
<td>(23,617)</td>
<td></td>
</tr>
<tr>
<td>Special assessments</td>
<td>635,164</td>
<td></td>
<td>(535,164)</td>
<td></td>
</tr>
<tr>
<td>Unclassified</td>
<td>3,610</td>
<td></td>
<td>(3,610)</td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>3,560</td>
<td></td>
<td>(3,560)</td>
<td></td>
</tr>
<tr>
<td>Debt service</td>
<td>586</td>
<td></td>
<td>(586)</td>
<td></td>
</tr>
<tr>
<td>Capital outlay</td>
<td>2,750</td>
<td></td>
<td>(2,750)</td>
<td></td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td><strong>985,604</strong></td>
<td><strong>19,894</strong></td>
<td><strong>21,668</strong></td>
<td><strong>(944,042)</strong></td>
</tr>
</tbody>
</table>

**Governmental Activities**

Net (expense) / revenue:
- General revenues:
  - Property taxes: 740,470
  - Excise taxes: 126,179
  - Interest and costs on taxes: 8,836
- Intergovernmental:
  - State revenue sharing: 23,694
  - Homestead exemption: 26,540
  - Tree Growth: 471
  - Veterans Reimbursement: 556
  - Unrestricted interest: 281
  - Restricted interest: 68
  - **Total general revenues: 927,095**

Change in Net Position:
- **1,287,121**

Net Position - beginning:
- $1,287,121

Net Position - ending:
- $1,270,174

The accompanying notes to the financial statements are an integral part of this statement.
TOWN OF WALDO, MAINE
Balance Sheet
Governmental Funds
January 31, 2017

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General Fund</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 402,313</td>
<td>$ 402,313</td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>79,125</td>
<td>79,125</td>
</tr>
<tr>
<td>Liens</td>
<td>30,971</td>
<td>30,971</td>
</tr>
<tr>
<td>Other governments</td>
<td>7,262</td>
<td>7,262</td>
</tr>
<tr>
<td>Tax acquired property</td>
<td>1,353</td>
<td>1,353</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>521,024</strong></td>
<td><strong>521,024</strong></td>
</tr>
</tbody>
</table>

| Liabilities and Fund Balances |              |                          |
| Other governments            | 9            | 9                        |

| UNEARNED REVENUE            |              |                          |
| Unearned property taxes     | 84,000       | 84,000                   |

| **Total Liabilities and Unearned Revenue** | 84,009 | 84,009 |

| FUND BALANCES               |              |                          |
| Committed                  | 89,610       | 89,610                   |
| Assigned:                  |              |                          |
| Revenues                   | 19,345       | 19,345                   |
| Expenditures               | 22,760       | 22,760                   |
| Unassigned                 | 305,300      | 305,300                  |

| **Total Fund Equity**      | 437,015      | 437,015                  |
| **Total Liabilities and Fund Equity** | $521,024 |                    |

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. 749,159
- Other long-term assets are not available to pay for current-periods expenditures and therefore are deferred in the funds. 84,000
- Long-term liabilities, including bonds
  - Not due and payable in the current
  - Therefore not reported in the funds.

Net position of governmental activities $1,270,174

The accompanying notes to the financial statements are an integral part of this statement.
TOWN OF WALDO, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended January 31, 2017

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>General Fund</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$863,485</td>
<td>$863,485</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>72,930</td>
<td>72,930</td>
</tr>
<tr>
<td>Interest</td>
<td>349</td>
<td>349</td>
</tr>
<tr>
<td>Charges for services</td>
<td>19,894</td>
<td>19,894</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>956,658</td>
<td>956,658</td>
</tr>
</tbody>
</table>

| Expenditures:                 |              |                          |
| Current:                      |              |                          |
| General government            | 67,700       | 67,700                   |
| Public safety                 | 58,718       | 58,718                   |
| Public works                  | 118,211      | 118,211                  |
| Health and sanitation         | 39,698       | 39,698                   |
| Special assessments           | 635,164      | 635,164                  |
| Unclassified                  | 3,610        | 3,610                    |
| Donations                     | 3,560        | 3,560                    |
| Debt service                  | 31,291       | 31,291                   |
| Capital outlay                | 2,750        | 2,750                    |
| Total Expenditures            | 960,702      | 960,702                  |

| Excess of Revenues Over (Under) Expenditures | (4,044) | (4,044) |

| Net Change in fund balances     | (4,044) | (4,044) |
| Fund Balances - beginning       | 441,059 | 441,059 |
| Fund Balances - ending          | $417,015 | $437,015 |

The accompanying notes to the financial statements are an integral part of this statement.
TOWN OF WALDO, MAINE

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended January 31, 2017

Net change in fund balances - total governmental funds $ (4,044)

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

Government funds report capital outlays as expenditures. While governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

- Capital asset purchases capitalized 15,000
- Depreciation expense (70,608)

Repayment of principal is an expenditure in the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position:

- Capital Bond Obligation principal payments 30,705

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position:

- Bond issuance proceeds

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

- Deferred property tax revenue 12,000

Change in Net Position of Governmental Activities $ (16,947)

The accompanying notes to the financial statements are an integral part of this statement.

page 7
Statement 6

TOWN OF WALDO, MAINE
Statement of Net Position
Fiduciary Fund - Cemeteries
January 31, 2017

ASSETS
Cash certificates of deposit $ 9,725

Total Assets 9,725

NET POSITION
Held in Trust 9,725

Total Net Position $ 9,725
TOWN OF WALDO, MAINE

Statement of Changes in Fiduciary Net Position
For the Year Ending January 31, 2017

Private Purpose
Trust Fund

Additions:
Investment income
Donations
Total Additions

Deductions:
None
Total Deductions

Change in Net Position

Net Position - beginning of year
Net Position - end of year

$ 7

9,718
$ 9,725

The accompanying notes to the financial statements are an integral part of this statement.
1. Summary of Significant Accounting Policies

The Town of Waldo was incorporated under the laws of the State of Maine. The Town operates under the Board of Selectmen form of government.

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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit is made by applying the criteria set forth in GAAP which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Licenses, permits, fees, excise taxes and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest income and charges for services are recorded as revenues when earned, since they are measurable and available.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are
1. **Summary of Significant Accounting Policies, continued**

met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

The Town reports the following major governmental fund:

> The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Town reports the following fund types:

**Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**D. Capital Assets**

Capital assets, which include property, plant, and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.
Summary of Significant Accounting Policies, continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives ranging from 3 to 50 years.

E. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, if material, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

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

G. Fund Equity

Committed fund balance indicates that a portion of the fund balance is constrained for a specific future use, and is indicated by the title of each purpose listed in the balance sheet. Committed fund balances are voted on at Town Meetings. Assigned fund balances indicate amounts which either are intended to be carried forward by law or contractual agreement, or which the Board of Selectmen has voted to carry forward.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Accounting

A budget is formally adopted for the General Fund, only, through the passage of a Town warrant, and is prepared on a basis consistent with generally accepted accounting principles.

Commitments for goods and services at the end of the year are recorded as encumbrances for budgetary control. These encumbrances lapse at the end of the year and become part of the following
2. **Budgetary Accounting, continued**

Year's budgetary amounts. These balances are recorded as assigned for subsequent year's expenditures at January 31, 2017. In the General Fund, the level of control (level at which expenditures may not exceed budget and applied revenues) is the accounts within each department. Generally, some unexpended appropriations are carried forward to future years (assigned), and unexpended revenues are lapsed at the close of the year. Once adopted, the budget can only be amended by the townsmen at a special town meeting.

3. **Deposits**

The Town's policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk.

At year end, the Town's carrying amount of deposits was $412,039. The bank balances for all funds totaled $426,740. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. As of January 31, 2017, $156,147 of the Town's deposits were not insured or collateralized by securities held in the government's name.

4. **Property Tax**

Property taxes for the year were committed on September 2, 2016, on the assessed value listed as of April 1, 2016, for all taxable real and personal property located in the Town. Payment of taxes was due October 15, 2016 with interest at 7.00% on all tax bills unpaid as of October 15, 2016.

Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2016 upon which the levy for the year ended January 31, 2016, was based, was $52,890,710. This assessed value was 100% of the estimated market value.

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.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.
5. **Operating Property**

Operating and nonoperating property are recorded at cost or, in the case of contributed property, at the fair market value at the date of acquisition. Depreciation is computed on the straight line method based upon the estimated useful lives of the assets as follows:

<table>
<thead>
<tr>
<th>Governmental Activities:</th>
<th>Balance February 1 2016</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance January 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets not being depreciated</td>
<td>Land $6,300</td>
<td>$</td>
<td>$</td>
<td>$6,300</td>
</tr>
<tr>
<td>Assets being depreciated</td>
<td>Buildings 487,800</td>
<td>15,000</td>
<td>25,000</td>
<td>487,800</td>
</tr>
<tr>
<td></td>
<td>Vehicle 292,486</td>
<td></td>
<td></td>
<td>262,486</td>
</tr>
<tr>
<td></td>
<td>Infrastructure 1,893,868</td>
<td></td>
<td></td>
<td>1,862,868</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,669,454</td>
<td>15,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>Buildings 428,650</td>
<td>(11,995)</td>
<td></td>
<td>437,645</td>
</tr>
<tr>
<td></td>
<td>Vehicles 158,120</td>
<td>(11,541)</td>
<td></td>
<td>144,641</td>
</tr>
<tr>
<td></td>
<td>Infrastructure 1,280,917</td>
<td>(47,072)</td>
<td></td>
<td>1,233,805</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,864,687</td>
<td>(25,000)</td>
<td>(70,608)</td>
</tr>
<tr>
<td>Capital Assets, net</td>
<td>$804,767</td>
<td>$40,000</td>
<td>$95,606</td>
<td>$749,159</td>
</tr>
</tbody>
</table>

Depreciation Expense:
- General government $9,875
- Public safety $11,541
- Public works 49,192
- $70,608

6. **Designated for Subsequent Year's Expenditures**

At January 31, 2017, the following operating account balances were carried forward:
- Roads & Bridges $21,396
- Parks and recreation $1,255
- Clerk fees $109
- $22,760

7. **General Fund Undesignated Fund Equity**

The undesignated General Fund fund equity reflected a net change for the current year as follows:
- Balance February 1, 2016 $307,591
- Increase (Decrease):
  - Actual (under) over budgeted revenues $2,897
  - Actual under budgeted expenditures 47,456
  - Budgeted utilization of fund equity $(46,850)
- Net Change $(2,291)
- Balance January 31, 2017 $305,300

8. **Designated for Subsequent Year's Revenues**

The portion of the General Fund fund equity which has been designated for subsequent year's revenues represents amounts received during the current accounting period that are to be budgeted as revenues in the subsequent year. These accounts, were as follows at January 31, 2017:
State revenue sharing $6,784
Local road assistance 12,561
$19,345

9. Reserve for Specific Purposes
The Town has set aside certain balances for accumulation until expenditure in future years. These accounts were as follows at January 31, 2017:

- Roads and bridges reserve $31,501
- Generator 568
- Fire Department Equipment 868
- Fire department building reserve 4,979
- Dump stickers 16,011
- Computer reserve 643
- Town office reserve 29,284
- Sand shed reserve 5,756

$89,610

10. Risk Management
The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the past several years the Town has obtained coverage from the Maine Municipal Association risk pool. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims but for which none have been reported, are considered.

The Town's Management estimates that the amount of actual or potential claims against the Town as of January 31, 2017, are unknown. Therefore, the General Fund contains no provision for estimated claims.

11. Economic Dependency
Approximately $78,080 or 10.54% of the Town's current year tax commitment was assessed to Maritimes Northeast Pipeline Co., LLC.

12. Subsequent Events
The Town has concluded that no events occurred prior to January 31, 2017 and before March 14, 2017 require disclosure as subsequent events.
TOWN OF WALDO, MAINE  
Budget Comparison Schedule  
General Fund  
For the year ended January 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Budgeted Amounts</th>
<th>Variance with final budget positive (negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original $</td>
<td>Final $</td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>846,168</td>
<td>846,168</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>70,540</td>
<td>70,540</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td>349</td>
</tr>
<tr>
<td>Charges for services</td>
<td>12,348</td>
<td>12,348</td>
</tr>
<tr>
<td>Total revenues</td>
<td>929,056</td>
<td>929,056</td>
</tr>
<tr>
<td>Expenditures:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>67,339</td>
<td>67,339</td>
</tr>
<tr>
<td>Public safety</td>
<td>48,850</td>
<td>48,850</td>
</tr>
<tr>
<td>Public works</td>
<td>125,396</td>
<td>125,396</td>
</tr>
<tr>
<td>Health and sanitation</td>
<td>39,698</td>
<td>39,698</td>
</tr>
<tr>
<td>Special assessments</td>
<td>656,850</td>
<td>656,850</td>
</tr>
<tr>
<td>Unclassified</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Donations</td>
<td>6,560</td>
<td>6,560</td>
</tr>
<tr>
<td>Debt service</td>
<td>31,350</td>
<td>31,350</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>21,200</td>
<td>21,200</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>1,001,243</td>
<td>1,001,243</td>
</tr>
<tr>
<td>Excess (deficiency)</td>
<td>(72,187)</td>
<td>(72,187)</td>
</tr>
<tr>
<td>of revenues over (under) expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>(72,187)</td>
<td>(72,187)</td>
</tr>
<tr>
<td>Fund Balance - beginning</td>
<td>441,059</td>
<td>441,059</td>
</tr>
<tr>
<td>Fund Balance - ending</td>
<td>$368,872</td>
<td>$368,872</td>
</tr>
</tbody>
</table>

The accompanying notes to the financial statements are an integral part of this statement.

page 17
KEEL J. HOOD
Certified Public Accountant
PO Box 302 - Fairfield, Maine 04937 - (207)453-2006

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Selectmen,
Town of Waldo, Maine
Waldo, Maine

I 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, the major fund, and the aggregate remaining fund information of Town of Waldo, Maine as of and for the year ended January 31, 2017, and the related notes to the financial statements, which collectively comprise Town of Waldo, Maine's basic financial statements, and have issued my report thereon dated March 14, 2017.

Internal Control over Financial Reporting
In planning and performing my audit of the financial statements, I considered Town of Waldo, 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Waldo, Maine’s internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Waldo, 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Town of Waldo, Maine's financial statements are free from material misstatement, I 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 my audits, and accordingly, I do not express such an opinion. The results of my
tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report
The purpose of this report is solely to describe the scope of my 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.

[Signature]
March 14, 2017