

Town of Rangeley, Maine

**Independent Auditors' Report
and
Management's Financial Statements**

June 30, 2017

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF RANGELEY, MAINE

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen of
Town of Rangeley, Maine
Rangeley, ME

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 Rangeley, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Rangeley, 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 from 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 auditors' 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.

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 Rangeley, Maine, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and 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. Our opinion on 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 on pages 27 through 28 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 02, 2018, on our consideration of the Town of Rangeley, Maine's internal control over financial reporting and on our 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 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 Rangeley, Maine's internal control over financial reporting and compliance.

Ron L. Beaulieu & Co.

Portland, Maine
March 02, 2018

TOWN OF RANGELEY, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash	\$ 4,223,523
Investments	-
Accounts receivable (net)	89,295
Due from other governments	-
Tax receivable (net)	135,058
Personal property	9,692
Inventory	31,005
Capital assets	
Land, improvements and construction in progress	1,069,912
Other capital assets, net of depreciation	11,649,506
Total capital assets	12,719,418
TOTAL ASSETS	17,207,991
LIABILITIES	
Accounts payable	129,190
Accrued expenses	-
Long-term liabilities	
Due within one year	274,190
Due in more than one year	1,992,231
TOTAL LIABILITIES	2,395,611
DEFERRED INFLOWS OF RESOURCES	
Prepaid property taxes	12,772
TOTAL DEFERRED INFLOWS OF RESOURCES	12,772
NET POSITION	
Net investment in capital assets	10,497,937
Restricted	1,042,324
Unrestricted	3,259,347
TOTAL NET POSITION	\$ 14,799,608

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

TOWN OF RANGELEY, MAINE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities:					
General government	\$ 789,044	\$ 333,622	\$ -	\$ -	\$ (455,422)
Public safety	819,141	192,869	-	-	(626,272)
Public works	1,674,378	134,641	-	-	(1,539,737)
Social services	184,725	-	-	-	(184,725)
Education	2,604,726	-	-	-	(2,604,726)
County tax	603,603	-	-	-	(603,603)
Principal retirement	54,109	-	-	-	(54,109)
Interest expense	29,976	-	-	-	(29,976)
Unclassified	294,351	-	-	-	(294,351)
Capital outlay	55,618	-	-	-	(55,618)
Total governmental activities	<u>\$ 7,109,671</u>	<u>\$ 661,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,448,539)</u>

General revenues:

Property taxes	5,997,203
Excise taxes	341,431
Intergovernmental revenue	119,624
Licenses and permits	-
Investment income	12,089
Interest and lien fees	51,669
Other revenue	35,786
Total general revenues	<u>6,557,802</u>

Change in net position	<u>109,263</u>
Net position - July 1 - original	<u>14,689,445</u>
Prior Period Adjustment	<u>900</u>
Net position - July 1 - revised	<u>14,690,345</u>
Net position - June 30	<u><u>\$ 14,799,608</u></u>

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

TOWN OF RANGELEY, MAINE
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017

	Major	Major	Non-major	Total
	General	Lakeside Park Project	Other Governmental Funds	
ASSETS				
Cash	\$ 3,023,286	\$ -	\$ 1,200,237	\$ 4,223,523
Investments	-	-	-	-
Accounts receivable (net)	75,932	-	13,363	89,295
Due from other governments	-	-	-	-
Tax receivable (net)	135,058	-	-	135,058
Personal property	9,692	-	-	9,692
Inventory	31,005	-	-	31,005
Due from other funds	-	640,611	656,604	1,297,215
TOTAL ASSETS	\$ 3,274,973	\$ 640,611	\$ 1,870,204	\$ 5,785,788
LIABILITIES				
Accounts payable	129,190	-	-	129,190
Accrued expenses	-	-	-	-
Due to other funds	1,297,215	-	-	1,297,215
TOTAL LIABILITIES	1,426,405	-	-	1,426,405
DEFERRED INFLOW OF RESOURCES				
Prepaid property taxes	12,772	-	-	12,772
Deferred property tax revenue	91,192	-	-	91,192
TOTAL DEFERRED INFLOW OF RESOURCES	103,964	-	-	103,964
FUND BALANCES				
Nonspendable	31,005	-	31,524	62,529
Restricted	-	640,611	401,713	1,042,324
Committed	-	-	1,436,967	1,436,967
Assigned	15,975	-	-	15,975
Unassigned	1,697,624	-	-	1,697,624
TOTAL FUND BALANCES	1,744,604	640,611	1,870,204	4,255,419
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,274,973	\$ 640,611	\$ 1,870,204	\$ 5,785,788

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

TOWN OF RANGELEY, MAINE
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Fund balances - total governmental funds	\$ 4,255,419
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets	12,719,418
Deferred property tax	91,192
Short-term liabilities	(274,190)
Long-term liabilities	(1,992,231)
Net position of governmental activities	<u>\$14,799,608</u>

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

TOWN OF RANGELEY, MAINE
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017

	Major	Major	Non-major	
	General	Lakeside Park Project	Other Governmental Funds	Total
REVENUES				
Property taxes	\$ 5,982,189	\$ -	\$ -	\$ 5,982,189
Excise taxes	341,431	-	-	341,431
Intergovernmental revenue	119,624	-	-	119,624
Charges for services	661,133	-	-	661,133
Licenses and permits	-	-	-	-
Investment income	12,089	-	-	12,089
Interest and lien fees	26,638	-	25,031	51,669
Other revenue	-	-	35,784	35,784
TOTAL REVENUES	7,143,104	-	60,815	7,203,919
EXPENDITURES				
Current:				
General government	606,348	-	413	606,761
Public safety	736,866	-	-	736,866
Public works	1,549,997	-	-	1,549,997
Social services	180,190	-	-	180,190
Education	2,604,726	-	-	2,604,726
County tax	603,603	-	-	603,603
Unclassified	81,713	-	29,615	111,328
Debt Service				
Principal retirement	276,808	-	-	276,808
Interest expense	29,976	-	-	29,976
Capital outlay	157,736	259,389	510,794	927,919
TOTAL EXPENDITURES	\$ 6,827,963	\$ 259,389	\$ 540,822	\$ 7,628,174

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

TOWN OF RANGELEY, MAINE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Major General	Major Lakeside Park Project	Non-major Other Governmental Funds	Total
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	\$ 315,141	\$ (259,389)	\$ (480,007)	\$ (424,255)
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	900,000	-	900,000
Proceeds from capital leases	107,545	-	-	107,545
Transfer in	-	-	675,227	675,227
Transfer out	(675,227)	-	-	(675,227)
TOTAL OTHER FINANCING SOURCES (USES)	(567,682)	900,000	675,227	1,007,545
NET CHANGE IN FUND BALANCES	(252,541)	640,611	195,220	583,290
FUND BALANCE - JULY 1 - ORIGINAL	2,069,539	-	1,674,984	3,744,523
PRIOR PERIOD ADJUSTMENT	(72,394)	-	-	(72,394)
FUND BALANCE - JULY 1 - REVISED	1,997,145	-	1,674,984	3,672,129
FUND BALANCE - JUNE 30	\$ 1,744,604	\$ 640,611	\$ 1,870,204	\$ 4,255,419

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

TOWN OF RANGELEY, MAINE
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds	\$ 583,290
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>	
This is the amount of capital outlays.	872,301
This is the amount of contributed capital assets.	-
This is the amount of depreciation expense.	(571,093)
Expenses for accrued interest do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	-
Expenses for accrued compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(5,403)
Proceeds from capital leases and loans is a revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.	(107,545)
Payments of capital leases and loans are expenditures in the governmental funds, but are a reduction of long-term liabilities in the statement of net position.	37,350
Proceeds from bonds is a revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.	(900,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	185,349
Governmental funds report bond discounts as revenues. However, in the statements of activities, the revenues are allocated over the life of the bond.	-
Change in deferred tax revenue	15,014
Change in net position of governmental activities.	\$ 109,263

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

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Rangeley, Maine (the Town), was incorporated in 1855. The Town operates under a 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). The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. REPORTING ENTITY

These financial statements present the Town (the primary government) and its component units, if any. As defined by GASB No. 14, component units are legally separate entities that are included in the Town's reporting entity because of the significance of the operating or financial relationships with the Town.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE 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.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (property, certain intergovernmental 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 or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net cost (by function or business-type activity) are normally covered by general revenue (property, intergovernmental revenues, interest income, etc).

The Town does not allocate indirect costs.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This 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.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Town are reported in 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 equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either 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.

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Town reports these major governmental funds and fund types:

- a. The general fund is the Town's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund.
- b. The Lakeside Park Project fund is to account for and report activities related to the Lakeside Park Project financed by general obligation bond proceeds.
- c. The other governmental fund is to account for and report activities which include special revenues, capital projects and permanent funds.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Town reports the following proprietary fund types:

- a.) Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The Town does not have an enterprise fund.

3. Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Because by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The Town does not have fiduciary funds.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

E. FINANCIAL STATEMENTS ACCOUNTS

1. Cash:

Nearly all of the cash balances of the Town’s funds are pooled. The individual funds’ portions of the pool’s cash are reported as due from other funds.

2. Cash and cash equivalent

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the Town's use and are carried at cost using the first-in, first-out method.

4. Receivables:

All receivables are reported net of estimated uncollectible amounts.

5. 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 acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Town reports all major general infrastructure assets constructed or acquired in fiscal years ending after June 30, 1980, or that received major renovations, restorations, or improvements during that period. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Improvements	7-40 years
Machinery and Equipment	5-20 years
Vehicles	5-15 years
Infrastructure	40 years

6. Deferred Outflows of Resources:

The Town reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. Deferred outflows of resources reported in this year's fund financial statements include (1) none. Deferred outflows of resources reported in this year's government-wide financial statements include (1) none.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Deferred Inflows of Resources:

The Town's statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). Deferred inflows of resources reported in the Town's statement of net position are (1) prepaid property taxes. In its governmental fund statements, the only deferred inflow of resources is for revenues that are not considered available. The Town will not recognize the related revenues until they are available (collected not later than 60 days after the end of the Town's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from prepaid property taxes, and deferred property taxes are reported in the governmental funds balance sheet.

8. Property Tax Calendar and Revenues:

Taxes were committed on July 8th, 2016 based on the assessed valuation each April 1st. Taxes were due on September 1, 2016 and February 1, 2017. Taxes unpaid by the due date are assessed interest of 7%. The Town records a lien on the property eight to twelve months after the committed date. The tax lien is automatically foreclosed, if the tax lien remains unpaid eighteen months from the date the lien is recorded.

9. Compensated Absences:

The Town accrues accumulated unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term obligation in the government-wide statement of net position.

10. Government-wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net positions are divided into three components:

- Net investments in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Restricted net position – consist of assets that are restricted by the Town’s creditors (for example, through debt covenants), by the state enabling legislation (though restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the Town’s parks endowment less related liabilities and deferred inflows of resources).
- Unrestricted – all other net position is reported in this category.

11. Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts that can be spent only for specific purposes because of the Town Charter, the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed – Amounts that can be used only for specific purposes determined by a formal action by Town Selectmen ordinance.
- Assigned – Amounts that are designated by the Town Selectmen for a particular purpose.
- Unassigned – All amounts not included in other spendable classifications.

12. Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

TOWN OF RANGELEY, MAINE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE 2 - CASH

The total amount of the Town’s cash, consists of the following at June 30, 2017:

Cash	\$ 4,223,523
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The total amount of the Town's deposits in financial institutions, per the bank statements, at June 30, 2017 was \$4,282,242, of which \$500,000 was covered by federal depository insurance. Deposits of \$3,777,503 were collateralized by a bank and the remaining \$4,739 were uncollateralized.

NOTE 3 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible amounts at June 30, 2017 is estimated to be:

	Accounts Receivable	Due From Other Governments	Tax Receivable
General Fund	\$ -	\$ -	\$ -
Lakeside Park Project Fund	-	-	-
Other Gov. Funds	-	-	-
Governmental Activities	\$ -	\$ -	\$ -

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets:

GOVERNMENTAL ACTIVITIES

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Capital assets not being depreciated:				
Land	\$ 442,105	\$ -	\$ -	\$ 442,105
Construction in Progress	368,418	259,389	-	627,807
Total capital assets not being depreciated	<u>810,523</u>	<u>259,389</u>	<u>-</u>	<u>1,069,912</u>
Other capital assets:				
Buildings & Improvements	2,493,068	-	-	2,493,068
Equipment & Vehicles	11,208,466	336,245	(38,000)	11,506,711
Infrastructure	3,216,158	310,867	-	3,527,025
Total other capital assets at historical cost	<u>16,917,692</u>	<u>647,112</u>	<u>(38,000)</u>	<u>17,526,804</u>
Less accumulated depreciation for:				
Buildings & Improvements	(749,872)	(54,369)	-	(804,241)
Equipment & Vehicles	(4,188,159)	(305,137)	3,800	(4,489,496)
Infrastructure	(371,974)	(211,587)	-	(583,561)
Total accumulated depreciation	<u>(5,310,005)</u>	<u>(571,093)</u>	<u>3,800</u>	<u>(5,877,298)</u>
Other capital assets, net	<u>11,607,687</u>	<u>76,019</u>	<u>(34,200)</u>	<u>11,649,506</u>
Governmental activities capital assets, net	<u>\$12,418,210</u>	<u>\$ 335,408</u>	<u>\$(34,200)</u>	<u>\$12,719,418</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 176,879
Public Works	124,381
Public Safety	82,275
Airport	40,346
Sewer	142,677
Parks & Recreation	4,535
	<u>\$ 571,093</u>

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 5 - SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANs or TANs).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs) or grant anticipation notes (GANs).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the General Fund.

Details related to the short-term debt activity for the fiscal year ended June 30, 2017, is as follows:

Type	Purpose	Rate	Due Date	Balance 07/01/16	Issued	Retired	Balance at 06/30/17
TAN	Cash flow	N/A	N/A	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	\$ -

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of outstanding bonds and notes payable at June 30, 2017:

2003A General Obligation Bond for Effluent Disposal System, due 2018, with annual principal installments of \$17,720. Interest charged varies at 1.012% to 9%.	\$ 35,441
2003C General Obligation Bond for Sewage treatment Plant, due 2023, with annual principal installments of \$65,578 to \$74,539. Interest charged varies at 1.012% to 9%.	493,264
2004E General Obligation Bond for Public Safety Building, due 2024, with annual principal installments of \$42,500. Interest charged varies at 1.012% to 9%.	340,000
2012 General Obligation Bond for Pump Station, due 2022, with annual principal installments from \$43,689 to \$49,090. Interest charged at 2.15%.	282,035
2016 Note payable to Franklin Savings Bank, due 2020, with annual principal installments from \$15,862 to \$34,671. Interest charged varies.	100,546
2017 General Obligation Bond, due 2027, with annual principal installments of 45,000. Interest charged varies at 2.985% to 3.91%.	900,000
Total bonds and notes payable	<u><u>\$ 2,151,286</u></u>

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of changes in long-term liabilities:

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17	Current Portion
Governmental Activities					
Bonds and notes payable:					
Maine Municipal Bond 2003A	\$ 53,161	\$ -	\$ (17,720)	\$ 35,441	\$ 17,720
Maine Municipal Bond 2003C	558,842	-	(65,578)	493,264	66,690
Maine Municipal Bond Bank 2004	382,500	-	(42,500)	340,000	42,500
Maine Municipal Bond Bank 2012	325,724	-	(43,689)	282,035	44,628
Franklin Savings Note	116,408	-	(15,862)	100,546	32,457
Maine Municipal Bond Bank 2017	-	900,000	-	900,000	-
Total bonds and notes payable	<u>1,436,635</u>	<u>900,000</u>	<u>(185,349)</u>	<u>2,151,286</u>	<u>203,995</u>
Other liabilities					
Capital leases	-	107,545	(37,350)	70,195	70,195
Compensated absences	39,537	5,403	-	44,940	-
Total other liabilities	<u>39,537</u>	<u>112,948</u>	<u>(37,350)</u>	<u>115,135</u>	<u>70,195</u>
Governmental activities long-term liabilities	<u>\$ 1,476,172</u>	<u>\$ 1,012,948</u>	<u>\$ (222,699)</u>	<u>\$ 2,266,421</u>	<u>\$ 274,190</u>

The annual principal and interest requirements to maturity for bonds payable are as follows:

	Principal	Interest	Total Debt Service
2018	\$ 203,995	\$ 54,275	\$ 258,270
2019	252,080	50,558	302,638
2020	237,812	44,785	282,597
2021	205,417	39,190	244,607
2022	207,775	34,968	242,743
2023-2027	549,207	109,678	658,885
2028-2032	225,000	70,819	295,819
2033-2037	225,000	30,409	255,409
2038-2042	45,000	880	45,880
	<u>\$2,151,286</u>	<u>\$435,562</u>	<u>\$2,586,848</u>

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 7 - CAPITAL LEASES

The Town leases vehicles. The liabilities under the capital leases are recorded at the present value of the minimum lease payments.

	Payment
2018	\$ 74,701
2019	-
2020	-
2021	-
2022	-
Total Minimum Lease Payments	74,701
Less Amount Representing Interest	4,506
Present Value of Future Minimum Lease Payments	\$ 70,195

Amortization of assets held under capital leases is included with depreciation expense.

The following is an analysis of the leased assets included in Capital Assets. The assets below were used as collateral.

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Vehicles	\$ -	\$ 107,545	\$ -	\$ 107,545
Total capital assets	-	107,545	-	107,545
Accumulated depreciation	-	(10,755)	-	(10,755)
Net capital assets	\$ -	\$ 96,790	\$ -	\$ 96,790

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017, consisted of the following individual fund receivables and payables:

		Due From			
		General Fund	Lakeside Park Project Fund	Other Governmental Funds	Total
Due to	General Fund	\$ -	\$ 640,611	\$ 656,604	\$ 1,297,215
	Lakeside Park Project Fund	-	-	-	-
	Other Governmental Funds	-	-	-	-
	Total	<u>\$ -</u>	<u>\$ 640,611</u>	<u>\$ 656,604</u>	<u>\$ 1,297,215</u>

Interfund balances represent amounts for pooled cash.

Interfund transfers at June 30, 2017 consisted of the following:

		Transfer In			
		General Fund	Lakeside Park Project Fund	Other Governmental Funds	Total
Transfer out	General Fund	\$ -	\$ -	\$ 675,227	\$ 675,227
	Lakeside Park Project Fund	-	-	-	-
	Other Governmental Funds	-	-	-	-
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 675,227</u>	<u>\$ 675,227</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 9 - FUND BALANCES - GOVERNMENTAL FUNDS

At June 30, 2017, the governmental funds, fund balances consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund				
Inventory	\$ 31,005	\$ -	\$ -	\$ -
HRA	-	-	-	9,225
Cemetery	-	-	-	1,750
Sewer CCTV	-	-	-	4,000
Bike Maine	-	-	-	1,000
Lakeside Park Project	-	640,611	-	-
Other Governmental Funds				
Microloan	-	174,196	-	-
Permanent Funds	31,524	227,517	-	-
Capital improvements	-	-	1,436,967	-
Total	<u>\$ 62,529</u>	<u>\$ 1,042,324</u>	<u>\$ 1,436,967</u>	<u>\$ 15,975</u>

NOTE 10 - DEFERRED COMPENSATION PLAN

There is a deferred compensation 457(b) plan administered by ICMA Retirement Corporation in the Town's name. The plan is a defined contribution plan that can be modified by the Board Selectmen at any time. The Town is required to match employee contributions up to 6% of the employee's compensation. Employer contributions are vested 100%. During 2017, the Town contributed 28,160.

NOTE 11 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town is a member of the Maine Municipal Association (MMA) Property and Casualty Pool. The pools provide coverage for worker's compensation, unemployment insurance, and property liability insurance. There were no unpaid contributions at year-end. There were no deductible claims for the fiscal year.

The pool agreement permits the pool to make additional assessments to members should there be deficiency in pool assets to meet its liabilities. At this time, the pool foresees no likelihood of an additional assessment for past years.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Town participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective agents; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 13 - OVERLAPPING DEBT

Franklin County

The Town is subject to an annual assessment of its proportional share of Franklin County expenses, including debt repayment. The Town's share is determined as the percentage of its equalized state valuation of the total equalized state valuation of all municipalities in the County. At June 30, 2017, the Town's share was 11.82% of the County's equalized state valuation. The Town's share of Franklin County's principal debt, as of June 30, 2017, is \$50,487 or 11.82% of the total outstanding long-term County debt of \$427,230.

RSU 78

The Town is subject to an annual assessment of its proportional share of RSU 78's expenses, including debt repayment. The Town's share is determined as the percentage of its equalized state valuation of the total equalized state valuation of all municipalities in the RSU 78 district. At June 30, 2017, the Town's share was 0% of the RSU 78's equalized state valuation. The Town's share of RSU 78's principal debt, as of June 30, 2017, is \$0 or 0% of the total outstanding long-term RSU 78 debt of \$0.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

Fund Statements

A prior period adjustment of \$72,394 was recorded to increase deferred property tax revenue as of June 30, 2016. This decreased fund balance by the same amount.

Entity-Wide Statements

A prior period adjustment of \$900 was recorded to reduce long term liabilities at June 30, 2016, to correct an error.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 15 - MANAGEMENT REVIEW

Management has reviewed subsequent events as of March 02, 2018, the date the financial statements were available to be issued. At that time, there were no material subsequent events.

TOWN OF RANGELEY, MAINE
SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 5,995,951	\$ 5,995,951	\$ 5,982,189	\$ (13,762)
Excise taxes	269,000	269,000	341,431	72,431
Intergovernmental revenue	145,500	145,500	119,624	(25,876)
Charges for services	629,125	629,125	661,133	32,008
Licenses and permits	-	-	-	-
Investment income	9,000	9,000	12,089	3,089
Interest and lien fees	26,700	26,700	26,638	(62)
Other revenue	-	-	-	-
TOTAL REVENUES	7,075,276	7,075,276	7,143,104	67,828
EXPENDITURES				
Current:				
General government	622,271	622,271	606,348	15,923
Public safety	713,303	713,303	736,866	(23,563)
Public works	1,585,250	1,585,250	1,549,997	35,253
Social services	180,190	180,190	180,190	-
Education	2,604,727	2,604,727	2,604,726	1
County tax	614,000	614,000	603,603	10,397
Unclassified	88,187	88,187	81,713	6,474
Debt service:				
Principal retirement	240,372	240,372	276,808	(36,436)
Interest expense	33,339	33,339	29,976	3,363
Capital outlay	323,900	323,900	157,736	166,164
TOTAL EXPENDITURES	7,005,539	7,005,539	6,827,963	177,576
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES BEFORE OTHER				
FINANCING SOURCES (USES)	69,737	69,737	315,141	245,404
OTHER FINANCING SOURCES (USES)				
Prior year fund balance utilization	-	-	-	-
Issuance of bonds	-	-	-	-
Proceeds from capital leases	-	-	107,545	107,545
Proceeds from loans	-	-	-	-
Transfers in	305,240	305,240	-	(305,240)
Transfers out	(70,904)	(70,904)	(675,227)	(604,323)
TOTAL OTHER FINANCING SOURCES (USES)	234,336	234,336	(567,682)	(802,018)
NET CHANGE IN FUND BALANCES	\$ 304,073	\$ 304,073	\$ (252,541)	\$ (556,614)

See accompanying independent auditors' report and management's notes to required supplementary information.

TOWN OF RANGELEY, MAINE
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Town is required to have a budget for the General Fund. The Town is not required to adopt an annual budget for its special revenue and capital project funds. Budgets for individual special revenue funds are utilized in accordance with the requirements for the grantor agencies.

Basis of Accounting

The modified accrual basis of accounting is used in preparing budgets except when non-cash items are involved. In that case, the non-cash items are omitted from the budget.

NOTE 2 – ACTUAL (BUDGET BASIS) TO GAAP BASIS RECONCILIATION

Revenues:

Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 7,143,104
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Differences - budget to GAAP:

None	<u> -</u>
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u> \$ 7,143,104 </u></u>
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Expenditures:

Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 6,827,963
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Differences - budget to GAAP:

None	<u> -</u>
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u> \$ 6,827,963 </u></u>
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NOTE 3 – OVERSPENT APPROPRIATIONS

There are no materially overspent appropriations.