

Town of Rangeley, Maine

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

June 30, 2018

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF RANGELEY, MAINE

JUNE 30, 2018

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A – STATEMENT OF NET POSITION	3
STATEMENT B – STATEMENT OF ACTIVITIES	4
FUND FINANCIAL STATEMENTS	
STATEMENT C – BALANCE SHEET – GOVERNMENTAL FUNDS	5
STATEMENT D – RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	6
STATEMENT E – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	7 - 8
STATEMENT F – RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	9
NOTES TO FINANCIAL STATEMENTS	10 – 25
MANAGEMENT'S REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE A – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	26
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	27

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

www.rlbco.com
accting@rlbco.com

41 Bates Street
Portland, Maine 04103

Tel: (207) 775-1717
Fax: (207) 775-7103

INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen of
Town of Rangeley, Maine
Rangeley, 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 Town of Rangeley, Maine, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise 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 Town of Rangeley, Maine, as of June 30, 2018, 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 26 through 27 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 February 28, 2019, on our consideration of 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 Town of Rangeley, Maine's internal control over financial reporting and compliance.

Ron L. Beaulieu & Co.

Portland, Maine
February 28, 2019

**TOWN OF RANGELEY, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities
ASSETS	
Cash	\$ 4,732,237
Investments	-
Accounts receivable (net)	90,403
Due from other governments (net)	-
Tax receivable (net)	122,560
Inventory	39,443
Capital assets	
Land, improvements and construction in progress	1,695,115
Other capital assets, net of depreciation	12,437,013
Total capital assets	14,132,128
TOTAL ASSETS	19,116,771
LIABILITIES	
Accounts payable	699,952
Accrued payroll	16,811
Long-term liabilities:	
Due within one year	360,123
Due in more than one year	1,846,108
TOTAL LIABILITIES	2,922,994
DEFERRED INFLOWS OF RESOURCES	
Prepaid property taxes	70,441
TOTAL DEFERRED INFLOWS OF RESOURCES	70,441
NET POSITION	
Net investment in capital assets	11,970,837
Restricted	241,913
Unrestricted	3,910,586
TOTAL NET POSITION	\$ 16,123,336

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

TOWN OF RANGELEY, MAINE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 845,940	\$ 310,450	\$ -	\$ -	\$ (535,490)
Public safety	686,891	225,255	-	-	(461,636)
Public works	1,539,560	158,848	-	-	(1,380,712)
Social services	154,505	-	-	-	(154,505)
Education	2,758,760	-	-	-	(2,758,760)
County tax	625,873	-	-	-	(625,873)
Principal retirement	(2,760)	-	-	-	2,760
Interest expense	59,169	-	-	-	(59,169)
Unclassified	339,306	-	-	-	(339,306)
Capital outlay	153,471	-	-	-	(153,471)
Total governmental activities	<u>\$ 7,160,715</u>	<u>\$ 694,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,466,162)</u>

General revenues:	
Property taxes	6,385,326
Excise taxes	359,777
Intergovernmental revenue	916,751
Licenses and permits	-
Investment income	27,397
Interest and lien fees	38,540
Other revenue	51,219
Total general revenues	<u>7,779,010</u>

Change in net position	<u>1,312,848</u>
Net position - July 1 - original	<u>14,796,480</u>
Prior Period Adjustment	<u>14,008</u>
Net position - July 1 - revised	<u>14,810,488</u>
Net position - June 30	<u>\$ 16,123,336</u>

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

TOWN OF RANGELEY, MAINE
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

	Major	Major	Major	Major	Non-major	
	General	Special Revenue	Capital Projects	Lakeside Park Project	Other Governmental Funds	Total
ASSETS						
Cash	\$ 3,414,523	\$ 157,546	\$ 894,665	\$ -	\$ 265,503	\$ 4,732,237
Investments	-	-	-	-	-	-
Accounts receivable (net)	82,964	7,438	-	-	-	90,402
Due from other governments (net)	-	-	-	-	-	-
Tax receivable (net)	122,560	-	-	-	-	122,560
Inventory	39,443	-	-	-	-	39,443
Due from other funds	140,717	-	931,128	370,908	-	1,442,753
TOTAL ASSETS	\$ 3,800,207	164,984	1,825,793	\$ 370,908	\$ 265,503	\$ 6,427,395
LIABILITIES						
Accounts payable	\$ 93,077	\$ -	\$ 251,374	\$ 355,500	\$ -	\$ 699,951
Accrued payroll	16,811	-	-	-	-	16,811
Due to other funds	1,317,505	117,774	-	-	7,474	1,442,753
TOTAL LIABILITIES	1,427,393	117,774	251,374	355,500	7,474	2,159,515
DEFERRED INFLOW OF RESOURCES						
Prepaid property taxes	70,441	-	-	-	-	70,441
Deferred property tax revenue	80,890	-	-	-	-	80,890
TOTAL DEFERRED INFLOW OF RESOURCES	151,331	-	-	-	-	151,331
FUND BALANCES						
Nonspendable	39,443	-	-	-	31,524	70,967
Restricted	-	-	-	15,408	226,505	241,913
Committed	-	31,742	1,574,419	-	-	1,606,161
Assigned	117,408	-	-	-	-	117,408
Unassigned	2,064,632	15,468	-	-	-	2,080,100
TOTAL FUND BALANCES	2,221,483	47,210	1,574,419	15,408	258,029	4,116,549
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,800,207	\$ 164,984	1,825,793	\$ 370,908	\$ 265,503	\$ 6,427,395

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, 2018

Fund balances - total governmental funds	\$ 4,116,549
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets	14,132,128
Deferred property tax	80,890
Short-term liabilities	(360,123)
Long-term liabilities	(1,846,108)
Net position of governmental activities	<u>\$16,123,336</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, 2018

	Major	Major	Major	Major	Non-major	
	General	Special Revenue	Capital Projects	Lakeside Park Project	Other Governmental Funds	Total
REVENUES						
Property taxes	\$ 6,395,629	\$ -	\$ -	\$ -	\$ -	\$ 6,395,629
Excise taxes	359,777	-	-	-	-	359,777
Intergovernmental revenue	141,526	775,225	-	-	-	916,751
Charges for services	694,553	-	-	-	-	694,553
Licenses and permits	-	-	-	-	-	-
Investment income	27,397	-	-	-	-	27,397
Interest and lien fees	26,171	3,780	5,677	-	2,912	38,540
Other revenue	23,588	8,366	550	-	18,714	51,218
TOTAL REVENUES	7,668,641	787,371	6,227	-	21,626	8,483,865
EXPENDITURES						
Current:						
General government	662,646	379	-	-	-	663,025
Public safety	603,943	-	-	-	-	603,943
Public works	1,414,146	-	-	-	-	1,414,146
Social services	149,971	-	-	-	-	149,971
Education	2,758,760	-	-	-	-	2,758,760
County tax	625,873	-	-	-	-	625,873
Unclassified	92,479	63,036	-	-	-	155,515
Debt Service:						
Principal retirement	237,063	-	-	-	-	237,063
Interest expense	59,169	-	-	-	-	59,169
Capital outlay	36,351	855,942	608,559	625,203	19,729	2,145,784
TOTAL EXPENDITURES	\$ 6,640,401	\$ 919,357	\$ 608,559	\$ 625,203	\$ 19,729	\$ 8,813,249

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

STATEMENT E (CONTINUED)

TOWN OF RANGELEY, MAINE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Major	Major	Major	Major	Non-major	
	General	Special Revenue	Capital Projects	Lakeside Park Project	Other Governmental Funds	Total
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURES BEFORE OTHER						
FINANCING SOURCES (USES)	\$ 1,028,240	\$ (131,986)	\$ (602,332)	\$ (625,203)	\$ 1,897	\$ (329,384)
OTHER FINANCING SOURCES (USES)						
Issuance of bonds	-	-	214,000	-	-	214,000
Issuance of capital leases	-	-	-	-	-	-
Transfer in	-	5,000	526,009	-	-	531,009
Transfer out	(531,009)	-	-	-	-	(531,009)
TOTAL OTHER FINANCING SOURCES (USES)	(531,009)	5,000	740,009	-	-	214,000
NET CHANGE IN FUND BALANCES	497,231	(126,986)	137,677	(625,203)	1,897	(115,384)
FUND BALANCE - JULY 1 - ORIGINAL	1,744,611	174,196	1,436,742	640,611	256,132	4,252,292
PRIOR PERIOD ADJUSTMENT	(20,359)	-	-	-	-	(20,359)
FUND BALANCE - JULY 1 - REVISED	1,724,252	174,196	1,436,742	640,611	256,132	4,231,933
FUND BALANCE - JUNE 30	\$ 2,221,483	\$ 47,210	\$ 1,574,419	\$ 15,408	\$ 258,029	\$ 4,116,549

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, 2018

Net change in fund balances - total governmental funds \$ (115,384)

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

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.

This is the amount of capital outlays. 1,992,313

This is the amount of contributed capital assets. -

This is the amount of depreciation expense. (579,603)

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. -

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. -

Payments of capital leases are expenditures in the governmental funds, but are a reduction of long-term liabilities in the statement of net position. 35,828

Proceeds from bonds is a revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position. (214,000)

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 203,995

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 (10,301)

Change in net position of governmental activities. \$ 1,312,848

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

**TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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, 2018**

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 Capital Project fund is to account for and report activities related to other projects financed by general obligation bond proceeds.
- d. The Special Revenue fund is to account for and report activities supported by special revenues.
- e. 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, 2018**

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.

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.

**TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Property Tax Calendar and Revenues:

Taxes were committed on July 24th, 2017 based on the assessed valuation of April 1st, 2018. Taxes were due on September 1, 2017 and February 1, 2018. 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 can be foreclosed, if the tax lien remains unpaid eighteen months from the date the lien is recorded.

7. Compensated Absences:

The Town accrues accumulated unpaid vacation 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.

8. 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, 2018

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.

9. 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.
- **Assigned** – Amounts that are designated by the Town Manager for a particular purpose.
- **Unassigned** – All amounts not included in other spendable classifications. It is the intent of the Town to maintain a minimum balance of one month, 8.33% of operating expenditures.

10. 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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. 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, 2018:

Cash	\$ 4,732,237
------	--------------

The total amount of the Town's deposits in financial institutions, per the bank statements, at June 30, 2018 was \$4,785,762, of which \$381,183 was covered by federal depository insurance. Deposits of \$4,404,579 were collateralized by a bank and the remaining \$0 were uncollateralized.

NOTE 3 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible amounts at June 30, 2018 is estimated to be:

	Accounts Receivable	Due From Other Governments	Tax Receivable
General Fund	\$ -	\$ -	\$ -
Special Revenue Fund	-	-	-
Capital Projects Fund	-	-	-
Lakeside Park Project Fund	-	-	-
Other Gov. Funds	-	-	-
Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets:

GOVERNMENTAL ACTIVITIES

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Capital assets not being depreciated:				
Land	\$ 442,105	\$ -	\$ -	\$ 442,105
Construction in Progress	627,807	625,203	-	1,253,010
Total capital assets not being depreciated	1,069,912	625,203	-	1,695,115
Other capital assets:				
Buildings & Improvements	2,493,068	-	-	2,493,068
Equipment & Vehicles	11,506,711	26,645	-	11,533,356
Infrastructure	3,527,025	1,340,465	-	4,867,490
Total other capital assets at historical cost	17,526,804	1,367,110	-	18,893,914
Less accumulated depreciation for:				
Buildings & Improvements	(804,241)	(54,369)	-	(858,610)
Equipment & Vehicles	(4,489,496)	(306,577)	-	(4,796,073)
Infrastructure	(583,561)	(218,657)	-	(802,218)
Total accumulated depreciation	(5,877,298)	(579,603)	-	(6,456,901)
Other capital assets, net	11,649,506	787,507	-	12,437,013
Governmental activities capital assets, net	<u>\$12,719,418</u>	<u>\$ 1,412,710</u>	<u>\$ -</u>	<u>\$14,132,128</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 182,916
Public Works	125,414
Public Safety	82,948
Airport	40,347
Sewer	143,444
Parks & Recreation	4,534
	<u>\$ 579,603</u>

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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, 2018, is as follows:

Type	Purpose	Rate	Due Date	Balance 07/01/17	Issued	Retired	Balance at 06/30/18
TAN	Cash flow	N/A	N/A	\$ -	\$ -	\$ -	\$ -
				<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 6 - LONG-TERM LIABILITIES

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

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18	Current Portion
Governmental Activities					
Bonds and notes payable:					
General obligation bond 2003A	\$ 35,441	\$ -	\$ (17,720)	\$ 17,721	\$ 17,721
General obligation bond 2003C	493,264	-	(66,690)	426,574	67,854
General obligation bond 2004E	340,000	-	(42,500)	297,500	42,500
General obligation bond 2012	282,035	-	(44,628)	237,407	45,588
Franklin Savings Note 2016	100,546	-	(32,457)	68,089	33,418
General obligation bond 2017	900,000	-	-	900,000	45,000
General obligation bond 2017	-	214,000	-	214,000	108,042
Total bonds and notes payable	<u>2,151,286</u>	<u>214,000</u>	<u>(203,995)</u>	<u>2,161,291</u>	<u>360,123</u>
Other liabilities					
Capital leases	35,828	-	(35,828)	-	-
Compensated absences	44,940	-	-	44,940	-
Total other liabilities	<u>80,768</u>	<u>-</u>	<u>(35,828)</u>	<u>44,940</u>	<u>-</u>
Governmental activities long-term liabilities					
	<u>\$ 2,232,054</u>	<u>\$ 214,000</u>	<u>\$ (239,823)</u>	<u>\$ 2,206,231</u>	<u>\$ 360,123</u>

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

	Principal	Interest	Total Debt Service
2019	\$ 360,122	\$ 53,783	\$ 413,905
2020	343,770	46,374	390,144
2021	205,417	39,190	244,607
2022	207,774	34,968	242,742
2023	209,669	30,571	240,240
2024-2028	384,539	98,464	483,003
2029-2033	225,000	63,338	288,338
2034-2038	225,000	21,809	246,809
	<u>\$2,161,291</u>	<u>\$388,497</u>	<u>\$2,549,788</u>

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of outstanding bonds and notes payable at June 30, 2018:

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%.	\$ 17,721
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%.	426,574
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%.	297,500
2012 General Obligation Bond for Pump Station, due 2022, with annual principal installments from \$43,689 to \$49,090. Interest charged at 2.15%.	237,407
2016 Note payable to Franklin Savings Bank, due 2020, with annual principal installments from \$15,862 to \$34,671. Interest charged varies.	68,089
2017 General Obligation Bond, due 2027, with annual principal installments of 45,000. Interest charged varies at 2.985% to 3.91%.	900,000
2017 General Obligation Bond, due 2020, with annual principal installments varied. Interest charged at 1.5%.	214,000
Total bonds and notes payable	<u>\$ 2,161,291</u>

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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
2019	\$ -
2020	-
2021	-
2022	-
2023	-
Total Minimum Lease Payments	<u>-</u>
Less Amount Representing Interest	<u>-</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ -</u></u>

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 07/01/17	Additions	Deletions	Balance 06/30/18
Vehicles	\$ 107,545	\$ -	\$ (107,545)	\$ -
Total capital assets	107,545	-	(107,545)	-
Accumulated depreciation	(10,755)	(10,755)	21,510	-
Net capital assets	<u>\$ 96,790</u>	<u>\$ (10,755)</u>	<u>\$ (86,035)</u>	<u>\$ -</u>

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018, consisted of the following individual fund receivables and payables:

	Due From					
	General Fund	Special Revenue	Capital Projects	Lakeside Park Project Fund	Other Governmental Funds	Total
Due to General Fund	\$ 15,468	\$ 117,774	\$ -	\$ -	\$ 7,474	\$ 140,716
Special Revenue	-	-	-	-	-	-
Capital Projects	931,128	-	-	-	-	931,128
Lakeside Park Project Fund	370,908	-	-	-	-	370,908
Other Governmental Funds	-	-	-	-	-	-
Total	<u>\$ 1,317,504</u>	<u>\$ 117,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,474</u>	<u>\$ 1,442,752</u>

Interfund balances represent amounts for pooled cash.

Interfund transfers at June 30, 2018 consisted of the following:

	Transfer In					
	General Fund	Special Revenue	Capital Projects	Lakeside Park Project Fund	Other Governmental Funds	Total
Transfer out General Fund	\$ -	\$ 5,000	\$ 526,009	\$ -	\$ -	\$ 531,009
Special Revenue	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Lakeside Park Project Fund	-	-	-	-	-	-
Other Governmental Funds	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 526,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,009</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, 2018

NOTE 9 - FUND BALANCES - GOVERNMENTAL FUNDS

At June 30, 2018, the governmental funds, fund balances consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund				
Inventory	\$ 39,443	\$ -	\$ -	\$ -
HRA	-	-	-	15,636
Cemetery	-	-	-	5,300
Sewer CCTV	-	-	-	96,000
Employee	-	-	-	472
Special Revenue	-	-	31,742	-
Lakeside Park Project	-	15,408	-	-
Other Governmental Funds				
Permanent Funds	31,524	226,505	-	-
Capital improvements	-	-	1,574,419	-
Total	<u>\$ 70,967</u>	<u>\$ 241,913</u>	<u>\$ 1,606,161</u>	<u>\$ 117,408</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 2018, the Town contributed \$22,673.

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, 2018

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, 2018 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 - PRIOR PERIOD ADJUSTMENT

Statement of Revenues, Expenditures, and Changes in Fund Balance

A correction was made to Accrued Payroll to record the beginning accrued payroll balance. This increased beginning accrued payroll by \$20,359 and decreased beginning Fund Balance by \$20,359.

Statement of Activities

A correction was made to Accrued Payroll to record the beginning accrued payroll balance. This increased beginning accrued payroll by \$20,359 and decreased beginning Net Position by \$20,359.

A correction was made to reduce the amount of the beginning capital lease liability. This decreased the liability by \$34,367, and increased the beginning Net Position by \$34,367.

**TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE 14 – SUBSEQUENT EVENTS

Adoption of New Accounting Pronouncements –

The GASB has issued the following statements, which will require adoption subsequent to June 30, 2018 and are applicable to the Town. The Town has not yet adopted these statements, and the implication on the Town's fiscal practices and financial reports is being evaluated.

Statement No.	Title	Effective Date (FY begins after)
83	Certain Asset Retirement Obligations	06/15/18
84	Fiduciary Activities	12/15/18
87	Leases	12/15/19
88	Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements	06/15/18
89	Accounting for Interest Cost Incurred before the End of a Construction Period	12/15/19
90	Majority Equity Interests	12/15/18

NOTE 15 - MANAGEMENT REVIEW

Management has reviewed subsequent events as of February 28, 2019, 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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 6,383,954	\$ 6,383,954	\$ 6,395,629	\$ 11,675
Excise taxes	279,000	279,000	359,777	80,777
Intergovernmental revenue	127,489	127,489	141,526	14,037
Charges for services	606,931	606,931	694,553	87,622
Licenses and permits	-	-	-	-
Investment income	9,000	9,000	27,397	18,397
Interest and lien fees	26,000	26,000	26,171	171
Other revenue	-	-	23,588	23,588
TOTAL REVENUES	7,432,374	7,432,374	7,668,641	236,267
EXPENDITURES				
Current:				
General government	691,695	691,695	662,646	29,049
Public safety	686,071	686,071	603,943	82,128
Public works	1,649,616	1,649,616	1,414,146	235,470
Social services	149,971	149,971	149,971	-
Education	2,758,761	2,758,761	2,758,760	1
County tax	625,873	625,873	625,873	-
Unclassified	98,960	98,960	92,479	6,481
Debt service:				
Principal retirement	238,244	238,244	237,063	1,181
Interest expense	61,493	61,493	59,169	2,324
Capital outlay	293,700	293,700	36,351	257,349
TOTAL EXPENDITURES	7,254,384	7,254,384	6,640,401	613,983
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES BEFORE OTHER				
FINANCING SOURCES (USES)	177,990	177,990	1,028,240	850,250
OTHER FINANCING SOURCES (USES)				
Prior year fund balance utilization	-	-	-	-
Issuance of bonds	-	-	-	-
Issuance of capital leases	-	-	-	-
Issuance of loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(195,000)	(195,000)	(531,009)	(336,009)
TOTAL OTHER FINANCING SOURCES (USES)	(195,000)	(195,000)	(531,009)	(336,009)
NET CHANGE IN FUND BALANCES	\$ (17,010)	\$ (17,010)	\$ 497,231	\$ 514,241

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, 2018**

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.

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	\$ 7,668,641
---	--------------

Differences - budget to GAAP:

None	-
------	---

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 7,668,641</u>
--	---------------------

Expenditures:

Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 6,640,401
---	--------------

Differences - budget to GAAP:

None	-
------	---

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,640,401</u>
--	---------------------

NOTE 3 – OVERSPENT APPROPRIATIONS

There are no materially overspent appropriations.