

Audited Financial Statements
and Other Financial Information

Town of Rangeley, Maine

June 30, 2022



Proven Expertise & Integrity

TOWN OF RANGELEY, MAINE

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JUNE 30, 2022

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ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Rangeley
Rangeley, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022 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.

In our opinion, the accompanying 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, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Rangeley, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Rangeley, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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 Town of Rangeley, Maine's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Rangeley, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and OPEB information on pages 5 through 12 and 53 through 57 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rangeley, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2023, 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 grants agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town of Rangeley, Maine's 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.

RHR Smith & Company

Buxton, Maine
February 2, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

(UNAUDITED)

The following management's discussion and analysis of the Town of Rangeley, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Town of Rangeley, Maine's financial statements.

Financial Statement Overview

The Town of Rangeley's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have one column for the type of Town activity. The type of activity presented for the Town of Rangeley is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, public facility, education, parks and recreation, general assistance and unclassified.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Rangeley, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Rangeley are governmental funds.

Governmental funds: All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund's financial statement.

The Town of Rangeley presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in

fund balances. The Town's major governmental funds are the general fund, capital projects and airport improvement project. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total governmental net position increased by \$1,461,587 from \$30,726,111 to \$32,187,698.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for governmental activities to a balance of \$6,456,622 at the end of this year.

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

	2022	2021 (Restated)
Assets:		
Current Assets	\$ 7,871,845	\$ 6,692,971
Noncurrent Assets - Capital Assets	29,766,946	28,095,878
Total Assets	<u>37,638,791</u>	<u>34,788,849</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to OPEB	12,191	14,283
Total Deferred Outflows of Resources	<u>12,191</u>	<u>14,283</u>
Liabilities:		
Current Liabilities	871,244	980,891
Noncurrent Liabilities	4,530,303	3,064,833
Total Liabilities	<u>5,401,547</u>	<u>4,045,724</u>
Deferred Inflows of Resources:		
Prepaid Taxes	31,536	18,874
Deferred Inflows Related to OPEB	30,201	12,423
Total Deferred Inflows of Resources	<u>61,737</u>	<u>31,297</u>
Net Position:		
Net Investment in Capital Assets	24,644,552	24,400,403
Restricted: Nonexpendable	31,524	31,524
Expendable	1,055,000	247,628
Unrestricted	6,456,622	6,046,556
Total Net Position	<u>\$ 32,187,698</u>	<u>\$ 30,726,111</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 17.96% while total expenses increased by 18.43%. The increases in revenues were mainly in taxes and grants and contributions not restricted to specific programs. The largest increases in expenses were public works, education, unclassified and capital outlay.

Table 2
Town of Rangeley, Maine
Changes in Net Position
For the Years Ended June 30,

	2022	2021 (Restated)
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 885,806	\$ 869,011
Operating grants and contributions	31,896	29,900
<i>General Revenues:</i>		
Taxes	8,103,877	7,249,894
Grants and contributions not restricted to specific programs	1,361,475	447,793
Interest income	81,638	73,490
Miscellaneous	302,722	458,317
Total Revenues	10,767,414	9,128,405
Expenses		
General government	1,070,363	1,064,489
Public safety	822,180	880,323
Public works	2,175,949	1,624,274
Public facility	32,357	30,556
County tax	714,605	690,360
Education	3,572,101	3,123,888
Parks and recreation	43,423	54,776
General assistance	199	700
Unclassified	580,322	303,764
Capital outlay	177,434	43,066
Interest on long-term debt	116,894	41,565
Total Expenses	9,305,827	7,857,761
Change in Net Position	1,461,587	1,270,644
Net Position - July 1, Restated	30,726,111	29,455,467
Net Position - June 30	\$ 32,187,698	\$ 30,726,111

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Town of Rangeley, Maine
Fund Balances - Governmental Funds
June 30,

	<u>2022</u>	<u>2021 (Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 64,826	\$ 55,954	\$ 8,872
Assigned	-	86,015	(86,015)
Unassigned	2,968,002	2,556,834	411,168
Total General Fund	<u>\$ 3,032,828</u>	<u>\$ 2,698,803</u>	<u>\$ 334,025</u>
Capital Projects Fund:			
Committed	\$ 4,567,129	\$ 4,101,428	\$ 465,701
Total Capital Projects Fund	<u>\$ 4,567,129</u>	<u>\$ 4,101,428</u>	<u>\$ 465,701</u>
Airport Improvement Project:			
Unassigned	\$ (719,608)	\$ (719,608)	\$ -
Total Airport Improvement Project	<u>\$ (719,608)</u>	<u>\$ (719,608)</u>	<u>\$ -</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 803,101	\$ 13,736	\$ 789,365
Assigned	267,206	211,162	56,044
Unassigned	(661,122)	(212,233)	(448,889)
Permanent Funds:			-
Nonspendable	31,524	31,524	-
Restricted	251,899	233,892	18,007
Total Nonmajor Funds	<u>\$ 692,608</u>	<u>\$ 278,081</u>	<u>\$ 414,527</u>

The changes to total fund balances for the General Fund and nonmajor funds occurred due to the regular activity of operations.

The change in total fund balance for the Capital Projects Fund was due to receipt of bond proceeds.

Budgetary Highlights

There were no differences between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted amounts by \$421,633. This was the result of all revenues being receipted in excess of budgeted amounts with the exception of other revenues.

The general fund actual expenditures were equal to or under budget by \$162,392. All expenditure categories were under budget with the exception of public works, debt service - interest and unclassified.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Town increased by \$1,671,095. This increase was the result of capital asset additions of \$2,669,801 less net disposals of \$5,520 and current year depreciation expense of \$993,186.

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

	2022	2021 (Restated)
Land and non-depreciable assets	\$ 3,757,232	\$ 2,986,813
Buildings and improvements	1,883,661	1,954,135
Equipment and vehicles	5,665,746	5,954,161
Infrastructure	18,460,307	17,200,742
Total	<u>\$ 29,766,946</u>	<u>\$ 28,095,851</u>

Debt

At June 30, 2022, the Town had \$5,122,394 in bonds payable and note from direct borrowings payable versus \$3,702,911 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information on debt.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately four months, while also maintaining significant reserve accounts for future capital and program needs.

The 2022 - 2023 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2022 - 2023 as of the date this report was issued.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 15 School Street, Rangeley, Maine 04970.

TOWN OF RANGELEY, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 7,561,221
Accounts receivable (net of allowance for uncollectibles)	
Taxes	14,230
Liens	111,996
Other	119,572
Tax acquired property	16,439
Inventory	47,494
Prepaid expenses	893
Total current assets	<u>7,871,845</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	3,757,232
Buildings and equipment, net of accumulated depreciation	26,009,714
Right of use lease assets, net of accumulated depreciation	-
Total noncurrent assets	<u>29,766,946</u>
TOTAL ASSETS	<u>37,638,791</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	12,191
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,191</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 37,650,982</u></u>

STATEMENT A (CONTINUED)

TOWN OF RANGELEY, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 141,030
Accrued expenses	33,995
Current portion of long-term obligations	696,219
Total current liabilities	<u>871,244</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	4,442,360
Accrued compensated absences	48,553
Net OPEB liability	39,390
Total noncurrent liabilities	<u>4,530,303</u>
TOTAL LIABILITIES	<u>5,401,547</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	31,536
Deferred inflows related to OPEB	30,201
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>61,737</u>
NET POSITION	
Net investment in capital assets	24,644,552
Restricted: Nonexpendable	31,524
Expendable	1,055,000
Unrestricted	6,456,622
TOTAL NET POSITION	<u>32,187,698</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 37,650,982</u></u>

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

STATEMENT B

TOWN OF RANGELEY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 1,070,363	\$ 112,990	\$ -	\$ -	\$ (957,373)
Public safety	822,180	304,450	-	-	(517,730)
Public works	2,175,949	463,516	31,896	-	(1,680,537)
Public facility	32,357	-	-	-	(32,357)
County tax	714,605	-	-	-	(714,605)
Education	3,572,101	-	-	-	(3,572,101)
Parks and recreation	43,423	4,850	-	-	(38,573)
General assistance	199	-	-	-	(199)
Unclassified	580,322	-	-	-	(580,322)
Capital outlay	177,434	-	-	-	(177,434)
Interest on long-term debt	116,894	-	-	-	(116,894)
Total government	<u>\$ 9,305,827</u>	<u>\$ 885,806</u>	<u>\$ 31,896</u>	<u>\$ -</u>	<u>(8,388,125)</u>

STATEMENT B (CONTINUED)

TOWN OF RANGELEY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(8,388,125)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	7,648,489
Excise taxes	455,388
Grants and contributions not restricted to specific programs	1,361,475
Interest income	81,638
Miscellaneous	<u>302,722</u>
Total general revenues	<u>9,849,712</u>
Change in net position	1,461,587
NET POSITION - JULY 1, RESTATED	<u>30,726,111</u>
NET POSITION - JUNE 30	<u><u>\$ 32,187,698</u></u>

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

TOWN OF RANGELEY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Capital Projects	Airport Improvement Project	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,735,575	\$ 2,363,198	\$ -	\$ 462,448	\$ 7,561,221
Accounts receivable (net of allowance for uncollectibles):					
Taxes	14,230	-	-	-	14,230
Liens	111,996	-	-	-	111,996
Other	119,572	-	-	-	119,572
Tax acquired property	16,439	-	-	-	16,439
Inventory	47,494	-	-	-	47,494
Prepaid items	893	-	-	-	893
Due from other funds	1,395,370	2,203,931	-	905,922	4,505,223
TOTAL ASSETS	\$ 6,441,569	\$ 4,567,129	\$ -	\$ 1,368,370	\$ 12,377,068
LIABILITIES					
Accounts payable	\$ 141,030	\$ -	\$ -	\$ -	\$ 141,030
Accrued expenses	33,995	-	-	-	33,995
Due to other funds	3,109,853	-	719,608	675,762	4,505,223
TOTAL LIABILITIES	3,284,878	-	719,608	675,762	4,680,248
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	31,536	-	-	-	31,536
Deferred property tax	92,327	-	-	-	92,327
TOTAL DEFERRED INFLOWS OF RESOURCES	123,863	-	-	-	123,863
FUND BALANCES (DEFICITS)					
Nonspendable	64,826	-	-	31,524	96,350
Restricted	-	-	-	1,055,000	1,055,000
Committed	-	4,567,129	-	-	4,567,129
Assigned	-	-	-	267,206	267,206
Unassigned (deficit)	2,968,002	-	(719,608)	(661,122)	1,587,272
TOTAL FUND BALANCES (DEFICITS)	3,032,828	4,567,129	(719,608)	692,608	7,572,957
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 6,441,569	\$ 4,567,129	\$ -	\$ 1,368,370	\$ 12,377,068

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

TOWN OF RANGELEY, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

	Total Governmental Funds
Total Fund Balances	\$ 7,572,957
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	29,766,946
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	92,327
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	12,191
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(5,110,013)
Notes from direct borrowings payable	(12,381)
Accrued compensated absences	(64,738)
Net OPEB liability	(39,390)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(30,201)
Net position of governmental activities	\$ 32,187,698

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

STATEMENT E

TOWN OF RANGELEY, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects	Airport Improvement Project	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 7,641,673	\$ -	\$ -	\$ -	\$ 7,641,673
Excise	27,176	428,212	-	-	455,388
Intergovernmental	404,791	-	-	988,580	1,393,371
Interest income	61,289	17,299	-	3,050	81,638
Charges for services	885,806	-	-	-	885,806
Miscellaneous	36,157	16,840	-	249,725	302,722
TOTAL REVENUES	<u>9,056,892</u>	<u>462,351</u>	<u>-</u>	<u>1,241,355</u>	<u>10,760,598</u>
EXPENDITURES					
Current:					
General government	823,588	-	-	-	823,588
Public safety	725,825	-	-	-	725,825
Public works	1,820,189	-	-	-	1,820,189
Public facility	32,357	-	-	-	32,357
County tax	714,605	-	-	-	714,605
Education	3,572,101	-	-	-	3,572,101
Parks and Recreation	3,878	-	-	-	3,878
General assistance	199	-	-	-	199
Unclassified	315,521	196,205	-	68,596	580,322
Debt service:					
Principal	221,335	243,337	-	-	464,672
Interest	35,899	80,995	-	-	116,894
Capital outlay	332,370	1,746,113	-	763,232	2,841,715
TOTAL EXPENDITURES	<u>8,597,867</u>	<u>2,266,650</u>	<u>-</u>	<u>831,828</u>	<u>11,696,345</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>459,025</u>	<u>(1,804,299)</u>	<u>-</u>	<u>409,527</u>	<u>(935,747)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	2,150,000	-	-	2,150,000
Transfers in	-	765,250	-	5,000	770,250
Transfers (out)	(125,000)	(645,250)	-	-	(770,250)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(125,000)</u>	<u>2,270,000</u>	<u>-</u>	<u>5,000</u>	<u>2,150,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	334,025	465,701	-	414,527	1,214,253
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>2,698,803</u>	<u>4,101,428</u>	<u>(719,608)</u>	<u>278,081</u>	<u>6,358,704</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 3,032,828</u>	<u>\$ 4,567,129</u>	<u>\$ (719,608)</u>	<u>\$ 692,608</u>	<u>\$ 7,572,957</u>

See accompanying independent auditor's report and 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
FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,214,253</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to be allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	2,669,801
Capital asset disposals	(5,520)
Depreciation expense	<u>(993,186)</u>
	<u>1,671,095</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(2,092)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(2,150,000)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>6,816</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>730,517</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(17,778)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(5,577)
Net OPEB liability	<u>14,353</u>
	<u>8,776</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,461,587</u></u>

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

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Rangeley was incorporated under the laws of the State of Maine. The Town operates under the selectboard-manager form of government and provides the following services: general government, public safety, public works, public facility, education, parks and recreation, general assistance and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial*

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 "Conduit Debt Obligations". The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 "Omnibus 2020". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 13-14)". The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 "*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. Sources of revenue include interest income, bond proceeds, transfers from the General Fund and miscellaneous.
- c. The Airport Improvement Project Fund is used to account for the financial resources to be used for the acquisition or construction of airport improvements. Sources of revenue include federal grants specific to airport improvements.

Nonmajor Funds:

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$119,572 for the year ended June 30, 2022.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Acquired Property

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

After real property becomes tax acquired the Selectboard is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by or the provisions of Article B7 of the Town Warrant.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The general fund inventory consists of diesel and postage on hand at the end of the year.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

A right of use lease asset is required to be reported at the present value of payments expected to be made during the lease term including and any/all other required financial lease obligations in accordance with the terms of the lease and excluding interest. A lease asset will be amortized on a straight-line basis over the lease term or the useful life of the underlying asset (whichever is shorter).

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, leases, accrued compensated absences and net OPEB liability.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

OPEB

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayers and is expressed by the Selectboard in article B17 of the Town warrant.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one type of this item, deferred outflows related to OPEB. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied July 19, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Taxes were due in two installments on September 1, 2021 and February 1, 2022. Interest on unpaid taxes commenced on October 1, 2021 and March 3, 2022 at 6.0% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$23,330 for the year ended June 30, 2022.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2022, the Town's cash and cash equivalents balances amounting to \$7,561,221 were comprised of bank deposits of \$7,958,437. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$380,453 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. \$7,577,984 was collateralized with securities held by the institution in the Town's name and consequently was not exposed to custodial credit risk.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 7,904,928
NOW accounts	20,000
Savings accounts	33,509
	<u>\$ 7,958,437</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At June 30, 2022, the Town had no investments.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in various savings accounts and certificates of deposit.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
Major funds:		
General fund	\$ 1,395,370	\$ 3,109,853
Capital projects	2,203,931	-
Airport improvement project	-	719,608
Nonmajor funds:		
Special revenue funds	891,452	661,122
Permanent funds	14,470	14,640
	<u>\$ 4,505,223</u>	<u>\$ 4,505,223</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2022 consisted of the following:

	Transfer From	Transfer To
Major funds:		
General fund	\$ 125,000	\$ -
Capital projects	645,250	765,250
Nonmajor funds:		
Special revenue funds	-	5,000
	<u>\$ 770,250</u>	<u>\$ 770,250</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2022 is as follows:

	Balance 7/1/21 (Restated)	Additions	Disposals	Balance 6/30/22
Non-depreciated assets:				
Land	\$ 552,105	\$ -	\$ -	\$ 552,105
Construction in progress	2,434,708	770,419	-	3,205,127
	<u>2,986,813</u>	<u>770,419</u>	<u>-</u>	<u>3,757,232</u>
Depreciated assets:				
Buildings and improvements	3,052,695	-	-	3,052,695
Equipment and vehicles	11,451,745	34,790	(272,693)	11,213,842
Infrastructure	18,896,577	1,864,592	-	20,761,169
	<u>33,401,017</u>	<u>1,899,382</u>	<u>(272,693)</u>	<u>35,027,706</u>
Less accumulated depreciation:				
Buildings and improvements	(1,098,560)	(70,474)	-	(1,169,034)
Equipment and vehicles	(5,497,584)	(317,685)	267,173	(5,548,096)
Infrastructure	(1,695,835)	(605,027)	-	(2,300,862)
	<u>(8,291,979)</u>	<u>(993,186)</u>	<u>267,173</u>	<u>(9,017,992)</u>
Net depreciated assets	<u>25,109,038</u>	<u>906,196</u>	<u>(5,520)</u>	<u>26,009,714</u>
Net capital assets	<u>\$ 28,095,851</u>	<u>\$ 1,676,615</u>	<u>\$ (5,520)</u>	<u>\$ 29,766,946</u>
Current year depreciation:				
General government				\$ 235,681
Public safety				96,355
Public works				100,446
Parks and recreation				39,545
Airport				373,040
Sewer				148,119
Total depreciation expense				<u>\$ 993,186</u>

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2022:

	Balance 7/1/21 (Restated)	Additions	Deletions	Balance 6/30/22	Current Year Portion
Bonds payable	\$ 3,665,944	\$ 2,150,000	\$ (705,931)	\$ 5,110,013	\$ 667,653
Note from direct borrowings payable	36,967	-	(24,586)	12,381	12,381
	<u>\$ 3,702,911</u>	<u>\$ 2,150,000</u>	<u>\$ (730,517)</u>	<u>\$ 5,122,394</u>	<u>\$ 680,034</u>

The following is a summary of the outstanding bonds payable and lease liability:

Bonds payable:

2003C General obligation bond for sewer treatment plant. Annual principal installments of \$55,523 to \$74,540. Interest is charged at a fixed rate of 2.250% per annum. Maturity in October of 2023. \$ 144,113

2004E General obligation bond for the public safety building. Annual principal installments of \$42,500. Interest is charged at a fixed rate ranging from 1.012% to 9.00% per annum. Maturity in November of 2024. 127,500

2012 General obligation bond for the pump station. Annual principal installments of \$48,868 to \$51,390. Interest is charged at a fixed rate of 2.150% per annum. Maturity in August of 2022. 51,389

2017 General obligation bond for Town park improvements. Annual principal installments of \$45,000. Interest is charged at a fixed rate ranging from 2.985% to 3.91% per annum. Maturity in November of 2037. 720,000

2017 General obligation bond for road work in the amount of \$2,100,000. Semi-annual principal installments of \$71,972 to \$121,762. Interest is charged at a fixed rate of 1.5% per annum. Maturity in November of 2028. 1,362,173

2021 General obligation bond for road work in the amount of \$3,000,000. Semi-annual principal installments of \$166,458. Interest is charged at a fixed rate of 2.03% per annum. Maturity in September of 2031. As of June 30, 2021, \$850,000 has been drawn down. 2,704,838

Total bonds payable \$ 5,110,013

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Note form direct borrowings payable:

2018 Capital lease for John Deer utility tractor. Annual principal and interest payments of \$12,982. Interest is charged at a fixed rate of 4.75% per annum. Maturity in July of 2022.

\$ 12,381

The following is a summary of outstanding bonds payable and lease liability principal and interest requirements for the following fiscal years ending June 30:

	Bonds Payable		Note from Direct Borrowings Payable		Total
	Principal	Interest	Principal	Interest	
2023	\$ 667,653	\$ 156,572	\$ 12,381	\$ 601	\$ 837,207
2024	628,590	137,659	-	-	766,249
2025	572,980	117,405	-	-	690,385
2026	546,105	100,653	-	-	646,758
2027	562,233	83,393	-	-	645,626
2028-2032	1,862,452	184,432	-	-	2,046,884
2033-2037	225,000	30,409	-	-	255,409
2038-2042	45,000	880	-	-	45,880
	<u>\$ 5,110,013</u>	<u>\$ 811,403</u>	<u>\$ 12,381</u>	<u>\$ 601</u>	<u>\$ 5,934,398</u>

All bonds and note from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for special assessment debt. All bonds and note from direct borrowings are payable from taxes levied on all taxable property located within the Town. The General Fund is used to liquidate the liability for the bonds and notes from direct borrowings.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2022 is as follows:

	Balance 7/1/21	Additions	Deletions	Balance 6/30/22	Current Year Portion
Accrued compensated absences	\$ 59,161	\$ 63,512	\$ (57,935)	\$ 64,738	\$ 16,185
Net OPEB liability	53,743	5,869	(20,222)	39,390	-
Totals	<u>\$ 112,904</u>	<u>\$ 69,381</u>	<u>\$ (78,157)</u>	<u>\$ 104,128</u>	<u>\$ 16,185</u>

Please see Notes 9 and 18 for detailed information on each of the other long-term obligations.

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2022:

Invested in capital assets	\$ 38,784,938
Accumulated depreciation	(9,017,992)
Outstanding capital related debt	(5,122,394)
	<u>\$ 24,644,552</u>

NOTE 9 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. Generally, the liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2022, the Town's liability for compensated absences is \$64,738.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2022, the Town had the following nonspendable fund balances:

General fund:	
Tax acquired property	\$ 16,439
Inventory	47,494
Prepaid items	893
Nonmajor permanent funds (Schedule G)	31,524
	<u>\$ 96,350</u>

NOTE 11 - RESTRICTED NET POSITION

At June 30, 2022, the Town had the following restricted net position:

Nonmajor special revenue funds (Schedule E):	
COVID Care Grant	\$ 3,648
NBRC Grant	677,325
ARPA Funds	122,128
Nonmajor permanent funds (Schedule G):	
Nonspendable:	
HB McCard	10,100
HA Furbish	10,400
Ada Amber	11,000
J. Blythe	24
Spendable:	
HB McCard	322
Aaron Soule	7,008
HA Furbish	5,395
Ada Amber	854
Save Our Clock	235
J. Blythe	8,181
Wilbur Cemetery Trust	2,938
Cemetery Trust	188,680
Air Show	18,243
Town Unemployment	20,043
	<u>\$ 1,086,524</u>

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 - RESTRICTED FUND BALANCES

At June 30, 2022, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 803,101
Nonmajor permanent funds (Schedule G)	251,899
	<u>1,055,000</u>

NOTE 13 - COMMITTED FUND BALANCES

At June 30, 2022, the Town had the following committed fund balances:

Capital projects	<u>\$ 4,567,129</u>
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NOTE 14 - ASSIGNED FUND BALANCES

At June 30, 2022, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule E)	<u>\$ 267,206</u>
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NOTE 15 - DEFICIT FUND BALANCES

At June 30, 2022, the Town had the following deficit fund balances:

Airport improvement project	\$ 719,608
Sidewalk grant	479,579
BMV excise	51,094
Dock grant	128,449
Ed MacDonald safety enhancement	2,000
	<u>\$ 1,380,730</u>

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 16 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of the County of Franklin and RSU No. 78's debt. As of June 30, 2022, the Town's share was as follows:

	Outstanding Debt	Percentage	Amount
Franklin County	\$ 283,979	11.62%	\$ 33,010
RSU #78	3,933,169	69.51%	2,733,762
			<u>\$ 2,766,772</u>

NOTE 17 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2022.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is also a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - RISK MANAGEMENT (CONTINUED)

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

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

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

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2022. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2022, the following employees were covered by the benefit terms:

Active members	6
Retirees and spouses	0
Total	<u>6</u>

Contributions

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

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Premium Amounts:

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS 200	\$1,086.21	\$2,436.48
<u>Medicare</u>		
Medicare-eligible Retirees	\$600.50	\$1,201.00

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

At June 30, 2022, the Town reported a liability of \$39,390 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2022, the Town recognized OPEB expense of \$5,517. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 937	\$ 22,487
Changes of assumptions	10,902	7,714
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	352	-
Total	<u>\$ 12,191</u>	<u>\$ 30,201</u>

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

\$352 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>
Plan year ended December 31:	
2023	\$ (1,890)
2024	(1,890)
2025	(1,889)
2026	(2,533)
2027	(1,996)
Thereafter	(8,164)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2022. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.06% per annum for June 30, 2022 was based upon a measurement date of December 31, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.06%	2.06%	3.06%
Total OPEB liability	\$ 47,109	\$ 39,390	\$ 33,144
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 47,109</u>	<u>\$ 39,390</u>	<u>\$ 33,144</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 32,269	\$ 39,390	\$ 48,664
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 32,269</u>	<u>\$ 39,390</u>	<u>\$ 48,664</u>

Plan fiduciary net position as a percentage
of the total OPEB liability

0.00%

0.00%

0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2022, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2021. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Amortization

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

Assumptions

The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2021, they are as follows:

Discount Rate - 2.06% per annum for year end 2022 reporting. 2.12% per annum for year end 2021 reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2022_fa was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.40%
Rate of Growth in Real Income/GDP per capital 2031+	1.10%
Extra Trend due to Taste/Technology 2031+	1.00%
Expected Health Share of GDP 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GDP Growth	2042

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

The trends selected from 2022 to 2025 were based on plan design, population weighting, renewal projections and market analysis. For years 2026 to 2030, these are interpolated from 2025 to 2031 (which is the product of the inflation, GDP and extra trend rate assumptions).

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections and market analysis. For years 2024 to 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense: 3% per annum

Future plan changes: It is assumed that the current Plan and cost-sharing structure remains in place for all future years.

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2021.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

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

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

Administrative expenses - Included in the per capita claims cost.

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

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

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

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Rate of Mortality:

Healthy Annuitant- Based on 112% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Retiree Continuation Percentage:

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

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

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

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2022 was (\$21,550).

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2022 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 15 School Street, Rangeley, Maine 04970.

NOTE 19 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 20 - RESTATEMENT

In 2021, the Town determined that certain transactions in the prior year had been incorrectly recorded or omitted. Therefore, a restatement to the government-wide net position and fund balance were required.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 20 – RESTATEMENT (CONTINUED)

Capital assets and accumulated depreciation were restated by an increase of \$37,145 to correct balances for construction in progress. Debt for bonds payable were restated by an increase of \$7,463.

The beginning fund balance of the general fund was restated by a decrease of \$10,032 due to a decrease in accounts receivable. The restatement decreased the beginning fund balance of the general fund from \$2,708,835 to \$2,698,803.

The resulting restatements increased net position by \$19,650 from \$30,706,461 to \$30,726,111.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

TOWN OF RANGELEY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 2,698,803	\$ 2,698,803	\$ 2,698,803	\$ -
Resources (Inflows):				
Property taxes	7,639,820	7,639,820	7,641,673	1,853
Excise taxes	10,000	10,000	27,176	17,176
Intergovernmental	204,544	204,544	404,791	200,247
Charges for services	699,895	699,895	885,806	185,911
Interest income	40,000	40,000	61,289	21,289
Other revenue	41,000	41,000	36,157	(4,843)
Amounts Available for Appropriation	<u>11,334,062</u>	<u>11,334,062</u>	<u>11,755,695</u>	<u>421,633</u>
Charges to Appropriations (Outflows):				
General government	926,887	926,887	823,588	103,299
Public safety	794,861	794,861	725,825	69,036
Public works	1,816,312	1,816,312	1,820,189	(3,877)
Public facility	32,962	32,962	32,357	605
County tax	714,605	714,605	714,605	-
Education	3,572,101	3,572,101	3,572,101	-
Parks and recreation	12,050	12,050	3,878	8,172
General assistance	2,000	2,000	199	1,801
Debt service:				
Principal	264,382	264,382	221,335	43,047
Interest	35,349	35,349	35,899	(550)
Unclassified	245,672	245,672	315,521	(69,849)
Capital outlay	343,078	343,078	332,370	10,708
Transfers to other funds	125,000	125,000	125,000	-
Total Charges to Appropriations	<u>8,885,259</u>	<u>8,885,259</u>	<u>8,722,867</u>	<u>162,392</u>
Budgetary Fund Balance, June 30	<u>\$ 2,448,803</u>	<u>\$ 2,448,803</u>	<u>\$ 3,032,828</u>	<u>\$ 584,025</u>
Utilization of unassigned fund balance	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ (250,000)</u>

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

TOWN OF RANGELEY, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR YEAR ENDED JUNE 30, 2022

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/21 (Reporting December 31, 2021)	\$ 53,743	\$ -	\$ 53,743
Changes for the year:			
Service cost	6,620	-	6,620
Interest	1,276	-	1,276
Changes of benefits	-	-	-
Differences between expected and actual experience	(15,722)	-	(15,722)
Changes of assumptions	(6,175)	-	(6,175)
Contributions - employer	-	352	(352)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(352)	(352)	-
Administrative expense	-	-	-
Net changes	(14,353)	-	(14,353)
Balances at 1/1/22 (Reporting December 31, 2022)	<u>\$ 39,390</u>	<u>\$ -</u>	<u>\$ 39,390</u>

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

SCHEDULE 3

TOWN OF RANGELEY, MAINE

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

	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>					
Service cost (BOY)	6,620	5,813	3,281	3,709	2,870
Interest (includes interest on service cost)	1,276	1,342	1,844	1,583	1,411
Changes of benefit terms	-	-	(817)	-	-
Differences between expected and actual experience	(15,722)	-	(12,504)	-	2,497
Changes of assumptions	(6,175)	3,586	10,665	(4,317)	2,672
Benefit payments, including refunds of member contributions	(352)	(338)	(1,626)	(1,563)	(1,625)
Net change in total OPEB liability	\$ (14,353)	\$ 10,403	\$ 843	\$ (588)	\$ 7,825
Total OPEB liability - beginning	\$ 53,743	\$ 43,340	\$ 42,497	\$ 43,085	\$ 35,260
Total OPEB liability - ending	\$ 39,390	\$ 53,743	\$ 43,340	\$ 42,497	\$ 43,085
<u>Plan fiduciary net position</u>					
Contributions - employer	352	338	1,626	1,563	1,625
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(352)	(338)	(1,626)	(1,563)	(1,625)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 39,390	\$ 53,743	\$ 43,340	\$ 42,497	\$ 43,085
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 357,741	\$ 385,931	\$ 385,931	\$ 382,119	\$ 382,119
Net OPEB liability as a percentage of covered payroll	11.0%	13.9%	11.2%	11.1%	11.3%

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

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

SCHEDULE 4

TOWN OF RANGELEY, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018
<u>MMEHT:</u>					
Employer contributions	\$ 352	\$ 338	\$ 1,626	\$ 1,563	\$ 1,625
Benefit payments	(352)	(338)	(1,626)	(1,563)	(1,625)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 357,741	\$ 385,931	\$ 382,119	\$ 385,931	\$ 382,119
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

TOWN OF RANGELEY, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Changes of Assumptions

Maine Municipal Health Trust

The discount rate was updated to reflect the December 30, 2021 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index.

The following demographic assumptions were updated based on the June 30, 2021 experience study:

Mortality, termination, retirement and salary rates.

The enrollment participation for plans with no employer subsidy was update for ages 65-70.

There was a change in the discount rate from 2.12% to 2.06% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

SCHEDULE A

TOWN OF RANGELEY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 7,639,820	\$ 7,639,820	\$ 7,641,673	\$ 1,853
Auto excise	-	-	13,162	13,162
Boat excise	10,000	10,000	14,014	4,014
Subtotal	<u>7,649,820</u>	<u>7,649,820</u>	<u>7,668,849</u>	<u>19,029</u>
Intergovernmental revenues:				
BETE	2,641	2,641	2,663	22
Homestead exemption	73,705	73,705	78,097	4,392
LRAP	-	-	31,896	31,896
Snowmobiles	-	-	97,090	97,090
State revenue sharing	98,198	98,198	150,271	52,073
Tree growth	17,000	17,000	29,214	12,214
Veterans' exemption	1,000	1,000	1,093	93
Miscellaneous	12,000	12,000	14,467	2,467
Subtotal	<u>204,544</u>	<u>204,544</u>	<u>404,791</u>	<u>200,247</u>
Charges for services:				
Airport	5,580	5,580	9,650	4,070
Building fees	27,000	27,000	79,327	52,327
Clerk fees	1,400	1,400	2,986	1,586
Dog control	75	75	118	43
Finance	6,250	6,250	28,452	22,202
Notary fees	200	200	450	250
Parks and recreation	2,800	2,800	4,850	2,050
Planning board fees	30	30	1,522	1,492
Plumbing fees	-	-	135	135
Public safety	240,200	240,200	268,422	28,222
Public safety - rental income	16,860	16,860	36,028	19,168
Public works misc	142,000	142,000	177,702	35,702
Recycling	6,000	6,000	14,950	8,950
Sewer	251,500	251,500	261,214	9,714
Subtotal	<u>699,895</u>	<u>699,895</u>	<u>885,806</u>	<u>185,911</u>
Interest income:				
Interest income	20,000	20,000	35,967	15,967
Tax and lien interest	14,500	14,500	24,378	9,878
Payment in lieu of taxes	5,500	5,500	944	(4,556)
Subtotal	<u>40,000</u>	<u>40,000</u>	<u>61,289</u>	<u>21,289</u>
Miscellaneous revenues:				
Proceeds from sale of assets	41,000	41,000	29,157	(11,843)
Other miscellaneous	-	-	7,000	7,000
Subtotal	<u>41,000</u>	<u>41,000</u>	<u>36,157</u>	<u>(4,843)</u>
Amounts Available for Appropriation	<u>\$ 8,635,259</u>	<u>\$ 8,635,259</u>	<u>\$ 9,056,892</u>	<u>\$ 421,633</u>

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

SCHEDULE B

TOWN OF RANGELEY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General government					
Selectmen	\$ 85,153	\$ -	\$ 85,153	\$ 75,179	\$ 9,974
Administration	219,402	-	219,402	212,795	6,607
Assessing	76,977	-	76,977	74,249	2,728
Finance	149,506	-	149,506	132,674	16,832
Planning	160,332	-	160,332	126,594	33,738
Buildings - Town office	51,933	-	51,933	54,056	(2,123)
Buildings - Public safety	35,965	-	35,965	34,915	1,050
Town clerk	77,302	-	77,302	55,155	22,147
P/C insurance	55,317	-	55,317	53,543	1,774
TIF	15,000	-	15,000	4,428	10,572
Totals	<u>926,887</u>	<u>-</u>	<u>926,887</u>	<u>823,588</u>	<u>103,299</u>
PUBLIC SAFETY:					
Fire/rescue	284,280	-	284,280	266,916	17,364
Police	288,331	-	288,331	237,819	50,512
Animal control officer	5,591	-	5,591	4,932	659
EMS	66,495	-	66,495	66,495	-
Fire hydrant	146,295	-	146,295	146,296	(1)
Health Officer	3,869	-	3,869	3,367	502
Totals	<u>794,861</u>	<u>-</u>	<u>794,861</u>	<u>725,825</u>	<u>69,036</u>

SCHEDULE B (CONTINUED)

TOWN OF RANGELEY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
PUBLIC WORKS:					
Highway department	680,932	-	680,932	684,125	(3,193)
Sewer department	372,866	-	372,866	365,645	7,221
Solid waste	402,398	-	402,398	414,084	(11,686)
Airport	41,941	-	41,941	35,918	6,023
Parks and recreation	156,471	-	156,471	163,089	(6,618)
Cemeteries	52,150	-	52,150	50,494	1,656
PSD	109,554	-	109,554	106,834	2,720
Totals	1,816,312	-	1,816,312	1,820,189	(3,877)
PUBLIC FACILITY:					
Rangely CS	17,831	-	17,831	18,066	(235)
Oquossoc CS	15,131	-	15,131	14,291	840
Totals	32,962	-	32,962	32,357	605
COUNTY TAX	714,605	-	714,605	714,605	-
EDUCATION	3,572,101	-	3,572,101	3,572,101	-
PARKS AND RECREATION	12,050	-	12,050	3,878	8,172
GENERAL ASSISTANCE	2,000	-	2,000	199	1,801
DEBT SERVICE:					
Principal	264,382	-	264,382	221,335	43,047
Interest	35,349	-	35,349	35,899	(550)
Totals	299,731	-	299,731	257,234	42,497

SCHEDULE B (CONTINUED)

TOWN OF RANGELEY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
UNCLASSIFIED:					
Red cross	1,000	-	1,000	-	1,000
RHDC	7,500	-	7,500	7,500	-
RLCCSC	9,600	-	9,600	9,600	-
RLHT-WQP	12,000	-	12,000	12,000	-
Maine forest	2,000	-	2,000	-	2,000
RLSC	50,000	-	50,000	50,000	-
RPL	43,029	-	43,029	43,029	-
RFM	1,500	-	1,500	-	1,500
SAPRS	750	-	750	-	750
Chamber of commerce	50,000	-	50,000	50,000	-
RFA	10,000	-	10,000	10,000	-
Senoir plus	3,000	-	3,000	-	3,000
Maine public	100	-	100	-	100
RRHW	21,332	-	21,332	21,332	-
Western Maine transportation	531	-	531	-	531
Life flight	2,000	-	2,000	-	2,000
WRGY	4,750	-	4,750	-	4,750
AWAP	750	-	750	-	750
Oquossoc ATV	2,000	-	2,000	2,000	-
Tri-County	500	-	500	-	500
Miscellaneous expense	-	-	-	97,090	(97,090)
Overlay	23,330	-	23,330	12,970	10,360
Totals	245,672	-	245,672	315,521	(69,849)
CAPITAL OUTLAY	343,078	-	343,078	332,370	10,708
TRANSFERS TO OTHER FUNDS:					
Special revenue funds	5,000	-	5,000	5,000	-
Capital projects fund	120,000	-	120,000	120,000	-
Totals	125,000	-	125,000	125,000	-
TOTAL DEPARTMENTAL OPERATIONS	\$ 8,885,259	\$ -	\$ 8,885,259	\$ 8,722,867	\$ 162,392

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

TOWN OF RANGELEY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 178,855	\$ 283,593	\$ 462,448
Due from other funds	891,452	14,470	905,922
TOTAL ASSETS	<u>\$ 1,070,307</u>	<u>\$ 298,063</u>	<u>\$ 1,368,370</u>
LIABILITIES			
Due to other funds	\$ 661,122	\$ 14,640	\$ 675,762
TOTAL LIABILITIES	<u>661,122</u>	<u>14,640</u>	<u>675,762</u>
FUND BALANCES			
Nonspendable	-	31,524	31,524
Restricted	803,101	251,899	1,055,000
Committed	-	-	-
Assigned	267,206	-	267,206
Unassigned (deficit)	(661,122)	-	(661,122)
TOTAL FUND BALANCES	<u>409,185</u>	<u>283,423</u>	<u>692,608</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,070,307</u>	<u>\$ 298,063</u>	<u>\$ 1,368,370</u>

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

TOWN OF RANGELEY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 988,580	\$ -	\$ 988,580
Interest income	1,293	1,757	3,050
Other income	233,175	16,550	249,725
TOTAL REVENUES	<u>1,223,048</u>	<u>18,307</u>	<u>1,241,355</u>
EXPENDITURES			
Capital outlay	763,232	-	763,232
Other	68,296	300	68,596
TOTAL EXPENDITURES	<u>831,528</u>	<u>300</u>	<u>831,828</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>391,520</u>	<u>18,007</u>	<u>409,527</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	-	5,000
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>-</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCES	396,520	18,007	414,527
FUND BALANCES - JULY 1	<u>12,665</u>	<u>265,416</u>	<u>278,081</u>
FUND BALANCES - JUNE 30	<u><u>\$ 409,185</u></u>	<u><u>\$ 283,423</u></u>	<u><u>\$ 692,608</u></u>

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

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

SCHEDULE E

TOWN OF RANGELEY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Microloan	RRHAT Van	Sidewalk Grant	BMV Excise	Dirt Solar Fund	Dock Grant
ASSETS						
Cash and cash equivalents	\$ 143,155	\$ 35,700	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	19,252	-	-	64,413	-
TOTAL ASSETS	<u>\$ 143,155</u>	<u>\$ 54,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,413</u>	<u>\$ -</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 479,579	\$ 51,094	\$ -	\$ 128,449
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>479,579</u>	<u>51,094</u>	<u>-</u>	<u>128,449</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	143,155	54,952	-	-	64,413	-
Unassigned	-	-	(479,579)	(51,094)	-	(128,449)
TOTAL FUND BALANCES (DEFICITS)	<u>143,155</u>	<u>54,952</u>	<u>(479,579)</u>	<u>(51,094)</u>	<u>64,413</u>	<u>(128,449)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 143,155</u>	<u>\$ 54,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,413</u>	<u>\$ -</u>

SCHEDULE E (CONTINUED)

TOWN OF RANGELEY, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Employee Fund	King Foundation	COVID Care Grant	NBRC Grant	ARPA Funds	Ed MacDonald Safety Enhancement	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,855
Due from other funds	4,675	11	3,648	677,325	122,128	-	891,452
TOTAL ASSETS	<u>\$ 4,675</u>	<u>\$ 11</u>	<u>\$ 3,648</u>	<u>\$ 677,325</u>	<u>\$ 122,128</u>	<u>\$ -</u>	<u>\$ 1,070,307</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 661,122
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>661,122</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	3,648	677,325	122,128	-	803,101
Committed	-	-	-	-	-	-	-
Assigned	4,675	11	-	-	-	-	267,206
Unassigned	-	-	-	-	-	(2,000)	(661,122)
TOTAL FUND BALANCES (DEFICITS)	<u>4,675</u>	<u>11</u>	<u>3,648</u>	<u>677,325</u>	<u>122,128</u>	<u>(2,000)</u>	<u>409,185</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 4,675</u>	<u>\$ 11</u>	<u>\$ 3,648</u>	<u>\$ 677,325</u>	<u>\$ 122,128</u>	<u>\$ -</u>	<u>\$ 1,070,307</u>

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

SCHEDULE F

TOWN OF RANGELEY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Microloan	RRHAT Van	Sidewalk Grant	BMV Excise	Dirt Solar Fund	Dock Grant
REVENUES						
Intergovernmental	\$ -	\$ 5,000	\$ 316,343	\$ -	\$ -	\$ -
Interest income	1,036	257	-	-	-	-
Other income	-	2,800	-	-	108,116	-
TOTAL REVENUES	<u>1,036</u>	<u>8,057</u>	<u>316,343</u>	<u>-</u>	<u>108,116</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	763,232	-	-	-
Other	-	8,418	-	-	57,830	-
TOTAL EXPENDITURES	<u>-</u>	<u>8,418</u>	<u>763,232</u>	<u>-</u>	<u>57,830</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,036</u>	<u>(361)</u>	<u>(446,889)</u>	<u>-</u>	<u>50,286</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	5,000	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1,036	4,639	(446,889)	-	50,286	-
FUND BALANCES (DEFICITS) - JULY 1	<u>142,119</u>	<u>50,313</u>	<u>(32,690)</u>	<u>(51,094)</u>	<u>14,127</u>	<u>(128,449)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 143,155</u>	<u>\$ 54,952</u>	<u>\$ (479,579)</u>	<u>\$ (51,094)</u>	<u>\$ 64,413</u>	<u>\$ (128,449)</u>

SCHEDULE F (CONTINUED)

TOWN OF RANGELEY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Employee Fund	King Foundation	COVID Care Grant	NBRC Grant	ARPA Funds	Ed MacDonald Safety Enhancement	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ 667,237	\$ -	\$ -	\$ 988,580
Interest income	-	-	-	-	-	-	1,293
Other income	131	-	-	-	122,128	-	233,175
TOTAL REVENUES	<u>131</u>	<u>-</u>	<u>-</u>	<u>667,237</u>	<u>122,128</u>	<u>-</u>	<u>1,223,048</u>
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	763,232
Other	48	-	-	-	-	2,000	68,296
TOTAL EXPENDITURES	<u>48</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>831,528</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>83</u>	<u>-</u>	<u>-</u>	<u>667,237</u>	<u>122,128</u>	<u>(2,000)</u>	<u>391,520</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	5,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	83	-	-	667,237	122,128	(2,000)	396,520
FUND BALANCES (DEFICITS) - JULY 1	<u>4,592</u>	<u>11</u>	<u>3,648</u>	<u>10,088</u>	<u>-</u>	<u>-</u>	<u>12,665</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 4,675</u>	<u>\$ 11</u>	<u>\$ 3,648</u>	<u>\$ 677,325</u>	<u>\$ 122,128</u>	<u>\$ (2,000)</u>	<u>\$ 409,185</u>

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Rangeley, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

SCHEDULE G

TOWN OF RANGELEY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2022

	HB McCard	Aaron Soule	HA Furbish	Ada Amber	Save Our Clock	J. Blythe
ASSETS						
Cash and cash equivalents	\$ 10,922	\$ 7,013	\$ 15,796	\$ 12,254	\$ 235	\$ 2,083
Due from other funds	-	-	-	-	-	6,122
TOTAL ASSETS	<u>\$ 10,922</u>	<u>\$ 7,013</u>	<u>\$ 15,796</u>	<u>\$ 12,254</u>	<u>\$ 235</u>	<u>\$ 8,205</u>
LIABILITIES						
Due to others funds	\$ 500	\$ 5	\$ 1	\$ 400	\$ -	\$ -
TOTAL LIABILITIES	<u>500</u>	<u>5</u>	<u>1</u>	<u>400</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	10,100	-	10,400	11,000	-	24
Restricted	322	7,008	5,395	854	235	8,181
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>10,422</u>	<u>7,008</u>	<u>15,795</u>	<u>11,854</u>	<u>235</u>	<u>8,205</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,922</u>	<u>\$ 7,013</u>	<u>\$ 15,796</u>	<u>\$ 12,254</u>	<u>\$ 235</u>	<u>\$ 8,205</u>

SCHEDULE G (CONTINUED)

TOWN OF RANGELEY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2022

	Wilbur Cemetery Trust	Cemetery Trust	Air Show	Town Unemployment	Total
ASSETS					
Cash and cash equivalents	\$ 2,938	\$ 188,948	\$ 9,895	\$ 33,509	\$ 283,593
Due from other funds	-	-	8,348	-	14,470
TOTAL ASSETS	<u>\$ 2,938</u>	<u>\$ 188,948</u>	<u>\$ 18,243</u>	<u>\$ 33,509</u>	<u>\$ 298,063</u>
LIABILITIES					
Due to others funds	\$ -	\$ 268	\$ -	\$ 13,466	\$ 14,640
TOTAL LIABILITIES	<u>-</u>	<u>268</u>	<u>-</u>	<u>13,466</u>	<u>14,640</u>
FUND BALANCES					
Nonspendable	-	-	-	-	31,524
Restricted	2,938	188,680	18,243	20,043	251,899
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,938</u>	<u>188,680</u>	<u>18,243</u>	<u>20,043</u>	<u>283,423</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,938</u>	<u>\$ 188,948</u>	<u>\$ 18,243</u>	<u>\$ 33,509</u>	<u>\$ 298,063</u>

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

SCHEDULE H

TOWN OF RANGELEY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	HB McCard	Aaron Soule	HA Furbish	Ada Amber	Save Our Clock	J. Blythe
REVENUES						
Interest income	\$ 79	\$ 51	\$ 114	\$ 89	\$ 2	\$ 15
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>79</u>	<u>51</u>	<u>114</u>	<u>89</u>	<u>2</u>	<u>15</u>
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	79	51	114	89	2	15
FUND BALANCES - JULY 1	<u>10,343</u>	<u>6,957</u>	<u>15,681</u>	<u>11,765</u>	<u>233</u>	<u>8,190</u>
FUND BALANCES - JUNE 30	<u>\$ 10,422</u>	<u>\$ 7,008</u>	<u>\$ 15,795</u>	<u>\$ 11,854</u>	<u>\$ 235</u>	<u>\$ 8,205</u>

SCHEDULE H (CONTINUED)

TOWN OF RANGELEY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Wilbur Cemetery Trust	Cemetery Trust	Air Show	Town Unemployment	Total
REVENUES					
Interest income	\$ 21	\$ 1,303	\$ 70	\$ 13	\$ 1,757
Other income	-	16,550	-	-	16,550
TOTAL REVENUES	<u>21</u>	<u>17,853</u>	<u>70</u>	<u>13</u>	<u>18,307</u>
EXPENDITURES					
Other	-	300	-	-	300
TOTAL EXPENDITURES	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>300</u>
NET CHANGE IN FUND BALANCES	21	17,553	70	13	18,007
FUND BALANCES - JULY 1	<u>2,917</u>	<u>171,127</u>	<u>18,173</u>	<u>20,030</u>	<u>265,416</u>
FUND BALANCES - JUNE 30	<u>\$ 2,938</u>	<u>\$ 188,680</u>	<u>\$ 18,243</u>	<u>\$ 20,043</u>	<u>\$ 283,423</u>

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

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

SCHEDULE I

TOWN OF RANGELEY, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 440,585	\$ 1,971,791	\$ 89,000	\$ 2,777,459	\$ 5,278,835
Public Safety	31,000	126,540	1,452,778	-	1,610,318
Public Works	3,205,127	268,364	1,274,108	2,977,767	7,725,366
Parks and Recreation	-	-	139,325	1,270,856	1,410,181
Airport	80,520	686,000	131,226	13,648,333	14,546,079
Sewer	-	-	8,127,405	86,754	8,214,159
Total General Capital Assets	3,757,232	3,052,695	11,213,842	20,761,169	38,784,938
Less: Accumulated Depreciation	-	(1,169,034)	(5,548,096)	(2,300,862)	(9,017,992)
Net General Capital Assets	<u>\$ 3,757,232</u>	<u>\$ 1,883,661</u>	<u>\$ 5,665,746</u>	<u>\$ 18,460,307</u>	<u>\$ 29,766,946</u>

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

TOWN OF RANGELEY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2022

	General Capital Assets 7/1/21 (Restated)	Additions	Deletions	General Capital Assets 6/30/22
General Government	\$ 5,278,835	\$ -	\$ -	\$ 5,278,835
Public Safety	1,620,968	-	(10,650)	1,610,318
Public Works	5,190,865	2,669,801	(135,300)	7,725,366
Parks and Recreation	1,445,424	-	(35,243)	1,410,181
Airport	14,546,079	-	-	14,546,079
Sewer	8,305,659	-	(91,500)	8,214,159
Total General Capital Assets	36,387,830	2,669,801	(272,693)	38,784,938
Less: Accumulated Depreciation	(8,291,979)	(993,186)	267,173	(9,017,992)
Net General Capital Assets	<u>\$ 28,095,851</u>	<u>\$ 1,676,615</u>	<u>\$ (5,520)</u>	<u>\$ 29,766,946</u>

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



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

Selectboard
Town of Rangeley
Rangeley, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Rangeley, Maine as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Town of Rangeley, Maine's basic financial statements and have issued our report thereon dated February 2, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Rangeley, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Rangeley, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Rangeley, 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Rangeley, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Rangeley, Maine in a separate letter dated January 17, 2023.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
February 2, 2023