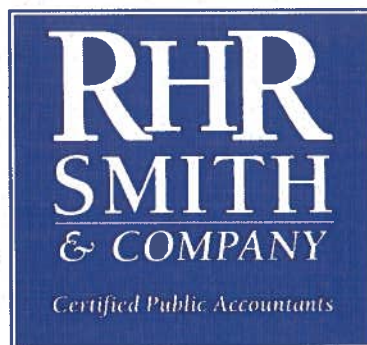


**Audited Financial Statements
and Other Financial Information**

Town of Rangeley, Maine

June 30, 2024



Proven Expertise & Integrity

TOWN OF RANGELEY, MAINE

CONTENTS

JUNE 30, 2024

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 -12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13 -14
STATEMENT B - STATEMENT OF ACTIVITIES	15 -16
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
NOTES TO FINANCIAL STATEMENTS	21 - 54
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	55
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	56
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	57

SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	58
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	59
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	60
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	61
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	62

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	63
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	64
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	65 - 67
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	68
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	69
SPECIAL REVENUE FUNDS DESCRIPTION	70
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	71 - 73
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	74 - 76
PERMANENT FUNDS DESCRIPTION	77
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	78 - 79
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	80 - 81
GENERAL CAPITAL ASSETS DESCRIPTION	82
SCHEDULE I - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	83

SCHEDULE J - SCHEDULE OF CHANGES IN GENERAL CAPITAL
ASSETS BY FUNCTION

84

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*

85 - 86



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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, 2024 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 the Town of Rangeley, Maine as of June 30, 2024 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.

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

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, pension and OPEB information on pages 5 through 12 and 56 through 62 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 April 16, 2025, 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.

Buxton, Maine
April 16, 2025

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

(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, 2024. Please read it in conjunction with the Town of Rangeley, Maine's financial statements.

Financial Statement Overview

The Town of Rangeley, Maine'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, pension and 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, Maine 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, Maine 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, Maine presents three 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 and capital projects fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement 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 Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, 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 \$699,603 from \$33,568,194 to \$34,267,797.

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 \$8,841,435 at the end of this year.

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

	2024	2023 (Restated)
Assets:		
Current Assets	\$ 9,842,915	\$ 8,743,694
Noncurrent Assets - Capital Assets	29,189,621	30,106,512
Total Assets	<u>39,032,536</u>	<u>38,850,206</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pension	167,144	42,977
Deferred Outflows Related to OPEB	15,069	9,860
Total Deferred Outflows of Resources	<u>182,213</u>	<u>52,837</u>
Liabilities:		
Current Liabilities	896,370	823,088
Noncurrent Liabilities	3,951,174	4,451,647
Total Liabilities	<u>4,847,544</u>	<u>5,274,735</u>
Deferred Inflows of Resources:		
Prepaid Taxes	27,372	29,466
Deferred Inflows Related to Pension	25,271	-
Deferred Inflows Related to OPEB	46,765	30,648
Total Deferred Inflows of Resources	<u>99,408</u>	<u>60,114</u>
Net Position:		
Net Investment in Capital Assets	24,790,887	24,969,112
Restricted	635,475	1,367,630
Unrestricted	8,841,435	7,231,452
Total Net Position	<u>\$ 34,267,797</u>	<u>\$ 33,568,194</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 4.85% while total expenses increased by 9.47%. The increases in revenues were mainly in taxes and interest income. The largest increases in expenses were in public works, county tax and education.

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

	<u>2024</u>	<u>2023</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 812,861	\$ 819,483
Operating grants and contributions	36,917	33,087
<i>General Revenues:</i>		
Taxes	9,504,762	8,352,599
Grants and contributions not restricted to specific programs	486,292	1,444,658
Interest income	406,649	152,251
Miscellaneous	103,882	24,199
Total Revenues	<u>11,351,363</u>	<u>10,826,277</u>
Expenses		
General government	1,204,816	1,040,491
Public safety	1,016,069	909,306
Public works	2,708,013	2,451,345
Public facility	29,895	33,398
County tax	1,073,897	729,862
Education	3,955,044	3,624,139
Parks and recreation	64,172	63,416
General assistance	408	1,507
Unclassified	459,645	493,711
Capital outlay	-	237,225
Interest on long-term debt	139,801	146,164
Total Expenses	<u>10,651,760</u>	<u>9,730,564</u>
Change in Net Position	<u>699,603</u>	<u>1,095,713</u>
Net Position - July 1, As Previously Reported	33,798,725	32,703,012
Fund Balance/Net Position Correction	<u>(230,531)</u>	<u>-</u>
Net Position - July 1, As Restated	<u>33,568,194</u>	<u>32,703,012</u>
Net Position - June 30	<u><u>\$ 34,267,797</u></u>	<u><u>\$ 33,798,725</u></u>

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>2024</u>	<u>2023</u> <u>(Restated)</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 67,832	\$ 67,107	\$ 725
Unassigned	5,375,211	4,798,933	576,278
Total General Fund	<u>\$ 5,443,043</u>	<u>\$ 4,866,040</u>	<u>\$ 577,003</u>
Capital Projects Fund:			
Committed	\$ 2,993,552	\$ 3,016,438	\$ (22,886)
Total Capital Projects Fund	<u>\$ 2,993,552</u>	<u>\$ 3,016,438</u>	<u>\$ (22,886)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 580,399	\$ 920,222	\$ (339,823)
Committed	439,611	-	439,611
Assigned	-	371,407	(371,407)
Unassigned (Deficit)	-	(762,949)	762,949
Permanent Funds:			
Nonspendable	35,872	31,524	4,348
Restricted	19,204	22,461	(3,257)
Total Nonmajor Funds	<u>\$ 1,075,086</u>	<u>\$ 582,665</u>	<u>\$ 492,421</u>

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

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 \$470,475. This was the result of all revenues being receipted in excess of budgeted amounts with the exception of other revenue.

The general fund actual expenditures were under budget by \$528,751. All expenditure categories were under budget with the exception of county tax and parks and recreation.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2024, the net book value of capital assets recorded by the Town decreased by \$916,893. This decrease was the result of capital asset additions of \$443,909 less current year depreciation expense of \$1,360,802.

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

	<u>2024</u>	<u>2023</u>
Land and non-depreciable assets	\$ 552,105	\$ 552,105
Buildings and improvements	1,939,201	1,813,187
Equipment and vehicles	5,774,994	6,073,543
Infrastructure	20,923,321	21,667,679
Total	<u>\$ 29,189,621</u>	<u>\$ 30,106,514</u>

Debt

At June 30, 2024, the Town had \$3,815,153 in bonds payable versus \$4,439,100 the prior and notes from direct borrowings payable of \$583,581 versus \$556,096 the prior 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 six months, while also maintaining significant reserve accounts for future capital and program needs.

The 2024 - 2025 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2024 - 2025 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.

STATEMENT A

TOWN OF RANGELEY, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 9,448,993
Accounts receivable (net of allowance for uncollectibles)	
Taxes	4,098
Liens	106,757
Other	215,235
Tax acquired property	17,685
Inventory	49,334
Prepaid items	813
Total current assets	<u>9,842,915</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	552,105
Buildings and equipment, net of accumulated depreciation	28,637,516
Total noncurrent assets	<u>29,189,621</u>
TOTAL ASSETS	<u>39,032,536</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	167,144
Deferred outflows related to OPEB	15,069
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>182,213</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 39,214,749</u>

STATEMENT A (CONTINUED)
TOWN OF RANGELEY, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 184,462
Accrued expenses	26,222
Current portion of long-term obligations	685,686
Total current liabilities	<u>896,370</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	3,242,173
Notes from direct borrowings payable	486,090
Net pension liability	148,922
Accrued compensated absences	45,645
Net OPEB liability	28,344
Total noncurrent liabilities	<u>3,951,174</u>
TOTAL LIABILITIES	<u>4,847,544</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	27,372
Deferred inflows related to pensions	25,271
Deferred inflows related to OPEB	46,765
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>99,408</u>
NET POSITION	
Net investment in capital assets	24,790,887
Restricted Nonexpendable	635,475
Unrestricted	8,841,435
TOTAL NET POSITION	<u>34,267,797</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 39,214,749</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, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating		Total	Governmental Activities
			Grants and Contributions	Capital Grants and Contributions		
Governmental activities:						
General government	\$ 1,204,816	\$ 94,243	\$ 285	\$ -	\$ -	(1,110,288)
Public safety	1,016,069	258,298	-	-	-	(757,771)
Public works	2,708,013	455,523	36,632	-	-	(2,215,858)
Public facility	29,895	-	-	-	-	(29,895)
County tax	1,073,897	-	-	-	-	(1,073,897)
Education	3,955,044	-	-	-	-	(3,955,044)
Parks and recreation	64,172	4,797	-	-	-	(59,375)
General assistance	408	-	-	-	-	(408)
Unclassified	459,645	-	-	-	-	(459,645)
Interest on long-term debt	139,801	-	-	-	-	(139,801)
Total government	\$ 10,651,760	\$ 812,861	\$ 36,917	\$ -	\$ -	(9,801,982)

STATEMENT B (CONTINUED)

TOWN OF RANGELEY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(9,801,982)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	8,989,281
Excise taxes	515,481
Grants and contributions not restricted to specific programs	486,292
Interest income	406,649
Miscellaneous	103,882
Total general revenues	<u>10,501,585</u>
Change in net position	<u>699,603</u>
NET POSITION - JULY 1, AS PREVIOUSLY REPORTED	33,798,725
FUND BALANCE/NET POSITION CORRECTION	<u>(230,531)</u>
NET POSITION - JULY 1, AS RESTATED	<u>33,568,194</u>
NET POSITION - JUNE 30	<u><u>\$ 34,267,797</u></u>

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

STATEMENT C

TOWN OF RANGELEY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Capital Projects	Moved to Nonmajor Fund Airport Improvement Project	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,893,777	\$ 434,037	\$ -	\$ 121,179	\$ 9,448,993
Accounts receivable (net of allowance for uncollectibles):					
Taxes	4,098	-	-	-	4,098
Liens	106,757	-	-	-	106,757
Other	79,998	-	-	135,237	215,235
Tax acquired property	17,685	-	-	-	17,685
Inventory	49,334	-	-	-	49,334
Prepaid items	813	-	-	-	813
Due from other funds	135,237	2,559,515	-	953,907	3,648,659
TOTAL ASSETS	\$ 9,287,699	\$ 2,993,552	\$ -	\$ 1,210,323	\$ 13,491,574
LIABILITIES					
Accounts payable	\$ 184,462	\$ -	\$ -	\$ -	\$ 184,462
Accrued expenses	26,222	-	-	-	26,222
Due to other funds	3,513,422	-	-	135,237	3,648,659
TOTAL LIABILITIES	\$ 3,724,106	\$ -	\$ -	\$ 135,237	\$ 3,859,343
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	27,372	-	-	-	27,372
Deferred property tax	93,178	-	-	-	93,178
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 120,550	\$ -	\$ -	\$ -	\$ 120,550
FUND BALANCES					
Nonspendable	67,832	-	-	35,872	103,704
Restricted	-	-	-	599,603	599,603
Committed	-	2,993,552	-	439,611	3,433,163
Assigned	-	-	-	-	-
Unassigned	5,375,211	-	-	-	5,375,211
TOTAL FUND BALANCES	\$ 5,443,043	\$ 2,993,552	\$ -	\$ 1,075,086	\$ 9,511,681
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,287,699	\$ 2,993,552	\$ -	\$ 1,210,323	\$ 13,491,574

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, 2024

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 9,511,681
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	29,189,621
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	93,178
Deferred outflows of resources related to pension and OPEB are not financial resources and therefore are not reported in the funds	182,213
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(3,815,153)
Notes from direct borrowings payable	(583,581)
Accrued compensated absences	(60,860)
Net pension liability	(148,922)
Net OPEB liability	(28,344)
Deferred inflows of resources related to pension and OPEB are not financial resources and therefore are not reported in the funds	<u>(72,036)</u>
Net position of governmental activities	<u>\$ 34,267,797</u>

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, 2024

	General Fund	Capital Projects	Moved to Nonmajor Fund Airport Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 8,966,119	\$ -	\$ -	\$ -	\$ 8,966,119
Excise	49,187	466,294	-	-	515,481
Intergovernmental	335,984	39,635	-	147,590	523,209
Interest income	343,312	51,445	-	11,892	406,649
Charges for services	812,861	-	-	-	812,861
Miscellaneous	-	27,322	-	76,560	103,882
TOTAL REVENUES	10,507,463	584,696	-	236,042	11,328,201
EXPENDITURES					
Current:					
General government	924,447	-	-	-	924,447
Public safety	813,920	-	-	-	813,920
Public works	1,790,354	-	-	-	1,790,354
Public facility	29,895	-	-	-	29,895
County tax	1,073,897	-	-	-	1,073,897
Education	3,955,044	-	-	-	3,955,044
Parks and recreation	21,149	-	-	-	21,149
General assistance	408	-	-	-	408
Unclassified	224,652	469	-	234,524	459,645
Debt service:					
Principal	162,652	464,564	-	-	627,216
Interest	22,601	117,200	-	-	139,801
Capital outlay	25,538	420,349	-	-	445,887
TOTAL EXPENDITURES	9,044,557	1,002,582	-	234,524	10,281,663
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,462,906	(417,886)	-	1,518	1,046,538
OTHER FINANCING SOURCES (USES)					
Transfers in	-	395,000	-	568,680	963,680
Transfers (out)	(963,680)	-	-	-	(963,680)
TOTAL OTHER FINANCING SOURCES (USES)	(963,680)	395,000	-	568,680	-
NET CHANGE IN FUND BALANCES	499,226	(22,886)	-	570,198	1,046,538
FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED	3,470,440	3,779,986	(77,777)	1,053,865	8,226,514
FUND BALANCE CORRECTION	1,473,377	(763,548)	-	(471,200)	238,629
CHANGE WITHIN FINANCIAL REPORTING ENTITY	-	-	77,777	(77,777)	-
FUND BALANCES - JULY 1, AS RESTATED	4,943,817	3,016,438	-	504,888	8,465,143
FUND BALANCES - JUNE 30	\$ 5,443,043	\$ 2,993,552	\$ -	\$ 1,075,086	\$ 9,511,681

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, 2024

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,046,538</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	443,909
Depreciation expense	<u>(1,360,802)</u>
	<u>(916,893)</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:	
Pension	124,167
OPEB	<u>5,209</u>
	<u>129,376</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(43,075)</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>23,162</u>
	<u>23,162</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>639,537</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:	
Pension	(25,271)
OPEB	<u>(16,117)</u>
	<u>(41,388)</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	856
Net pension liability	(148,922)
Net OPEB liability	<u>10,412</u>
	<u>(137,654)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 699,603</u>

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Rangeley, Maine 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, 2024, the following statement of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 "Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined that there was an impact to the financial statements as a result of this Statement.

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.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) 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.

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

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Fund is 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.

Nonmajor Funds:

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

The emphasis in fund financial statements is on the major funds in 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.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024. Accounts receivable netted with allowances for uncollectible accounts were \$215,235 for the year ended June 30, 2024.

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.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, notes from direct borrowings payable, accrued compensated absences, net pension liability and net OPEB liability.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 two types of this item, deferred outflows related to pension and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *déferred 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 property 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 and deferred outflows related to pensions qualify 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.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied July 17, 2023 on the assessed value listed as of April 1, 2023, for all real and personal property located in the Town. Taxes were due in two installments on September 1, 2023 and February 1, 2024. Interest on unpaid taxes commenced on October 1, 2023 and March 3, 2024 at 8.0% 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 \$36,389 for the year ended June 30, 2024.

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

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, the Town's cash and cash equivalents balances amounting to \$9,448,994 were comprised of bank deposits of \$9,506,454. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. These bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
ICS/Checking accounts	\$ 6,873,277
CDARS	2,500,000
Savings accounts	133,177
	<u>\$ 9,506,454</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, 2024, the Town had no investments.

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2024 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
Major funds:		
General fund	\$ 135,237	\$ 3,513,422
Capital projects fund	2,559,515	-
Nonmajor funds:		
Special revenue funds	898,988	135,237
Permanent funds	54,919	-
	<u>\$ 3,648,659</u>	<u>\$ 3,648,659</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, 2024 consisted of the following:

	Transfer From	Transfer To
Major funds:		
General fund	\$ 963,680	\$ -
Capital projects fund	-	395,000
Nonmajor funds:		
Special revenue funds	-	568,680
	<u>\$ 963,680</u>	<u>\$ 963,680</u>

TOWN OF RANGELEY, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 - INTERFUND TRANSFERS (CONTINUED)

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

NOTE 5 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2024 is as follows:

	Balance, 7/1/23 (Restated)	Additions	Transfers/ Disposals	Balance, 6/30/24
Non-depreciated assets:				
Land	\$ 552,105	\$ -	\$ -	\$ 552,105
	<u>552,105</u>	<u>-</u>	<u>-</u>	<u>552,105</u>
Depreciated assets:				
Buildings and improvements	3,052,695	196,490	-	3,249,185
Equipment and vehicles	11,975,699	98,243	(16,998)	12,056,944
Infrastructure	24,666,800	149,176	-	24,815,976
	<u>39,695,194</u>	<u>443,909</u>	<u>(16,998)</u>	<u>40,122,105</u>
Less accumulated depreciation:				
Buildings and improvements	(1,239,508)	(70,476)	-	(1,309,984)
Equipment and vehicles	(5,902,156)	(396,792)	16,998	(6,281,950)
Infrastructure	(2,999,121)	(893,534)	-	(3,892,655)
	<u>(10,140,785)</u>	<u>(1,360,802)</u>	<u>16,998</u>	<u>(11,484,589)</u>
Net depreciated assets	<u>29,554,409</u>	<u>(916,893)</u>	<u>-</u>	<u>28,637,516</u>
Net capital assets	<u>\$ 30,106,514</u>	<u>\$ (916,893)</u>	<u>\$ -</u>	<u>\$ 29,189,621</u>
Current year depreciation:				
General government				\$ 230,703
Public safety				157,096
Public works				409,021
Parks and recreation				43,023
Airport				373,040
Sewer				147,919
Total depreciation expense				<u>\$ 1,360,802</u>

TOWN OF RANGELEY, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2024:

	Balance, 7/1/23 (Restated)	Additions	Deletions	Balance, 6/30/24	Current Year Portion
Bonds payable	\$ 4,439,100	\$ -	\$ (623,947)	\$ 3,815,153	\$ 572,980
Notes from direct borrowings payable	556,096	43,075	(15,590)	583,581	97,491
	<u>\$ 4,995,196</u>	<u>\$ 43,075</u>	<u>\$ (639,537)</u>	<u>\$ 4,398,734</u>	<u>\$ 670,471</u>

The following is a summary of the outstanding bonds payable:

Bonds payable:

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. \$ 42,500

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. 630,000

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. 942,367

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, 2023, \$2,857,794 has been drawn down. 2,200,286

Total bonds payable \$ 3,815,153

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, 2024

	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	2,108,359	-	2,265,899
Public Works	-	379,129	1,376,507	6,883,398	8,639,034
Parks and Recreation	-	85,725	163,917	1,330,363	1,580,005
Airport	80,520	686,000	131,226	13,648,333	14,546,079
Sewer	-	-	8,187,935	176,423	8,364,358
Total General Capital Assets	552,105	3,249,185	12,056,944	24,815,976	40,674,210
Less: Accumulated Depreciation	-	(1,309,984)	(6,281,950)	(3,892,655)	(11,484,589)
Net General Capital Assets	\$ 552,105	\$ 1,939,201	\$ 5,774,994	\$ 20,923,321	\$ 29,189,621

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

SCHEDULE J

TOWN OF RANGELEY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2024

	General Capital Assets 7/1/23 (Restated)	Additions	Deletions	General Capital Assets 6/30/24
General Government	\$ 5,278,835	\$ -	\$ -	\$ 5,278,835
Public Safety	2,216,986	55,713	(6,800)	2,265,899
Public Works	8,528,269	110,765	-	8,639,034
Parks and Recreation	1,444,971	145,232	(10,198)	1,580,005
Airport	14,546,079	-	-	14,546,079
Sewer	8,232,159	132,199	-	8,364,358
Total General Capital Assets	40,247,299	443,909	(16,998)	40,674,210
Less: Accumulated Depreciation	(10,140,785)	(1,360,802)	16,998	(11,484,589)
Net General Capital Assets	<u>\$ 30,106,514</u>	<u>\$ (916,893)</u>	<u>\$ -</u>	<u>\$ 29,189,621</u>

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



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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, 2024 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 April 16, 2025.

Report on 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) as a basis for designing 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Rangeley, Maine's financial statements are free of 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 financial statements. 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 April 16, 2025.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
April 16, 2025

