Audited Financial Statements
and Other Financial Information

Town of Rangeley, Maine

June 30, 2019

RHR SMITH & COMPANY
Certified Public Accountants

Proven Expertise & Integrity

TOWN OF RANGELEY, MAINE

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RHR SMITH & COMPANY
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Selectboard
Town of Rangeley
Rangeley, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Rangeley, Maine as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Rangeley, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Rangeley, Maine as of June 30, 2019 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.

Other Matters

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 4 through 11 and 49 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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.

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 the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 June 15, 2020, on our consideration of the Town of Rangeley, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rangeley, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
June 15, 2020

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

(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, 2019. 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, culture 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 five 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, Lakeside Park project 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, a Schedule of Changes in Net OPEB Liability, a Schedule of Changes in Net OPEB Liability and Related Ratios, a 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 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 $6,404,623 from $15,838,610 to $22,243,233.

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 $4,641,351 at the end of this year.

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

	2019	2018 (Restated)
Assets:		
Current Assets	$ 6,100,294	$ 4,933,602
Noncurrent Assets	19,863,003	13,990,672
Total Assets	25,963,297	18,924,274
Deferred Outflows of Resources:		
Deferred Outflows Related to OPEB	5,440	4,523
Total Deferred Outflows of Resources	5,440	4,523
Liabilities:		
Current Liabilities	1,407,928	1,076,886
Noncurrent Liabilities	2,300,908	1,942,860
Total Liabilities	3,708,836	3,019,746
Deferred Inflows of Resources:		
Prepaid Taxes	12,891	70,441
Deferred Inflows Related to OPEB	3,777	-
Total Deferred Inflows of Resources	16,668	70,441
Net Position:		
Net Investment in Capital Assets	17,341,486	11,775,714
Restricted: Permanent Funds	260,396	224,875
Unrestricted	4,641,351	3,838,021
Total Net Position	$ 22,243,233	$ 15,838,610

Revenues and Expenses

Revenues for the Town's governmental activities increased by 74.54%, while total expenses increased by 17.10%. The biggest increase in revenues was in grants and contributions not restricted to specific programs. The largest increase in expenses was in unclassified.

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

	2019	2018
Revenues		
Program Revenues:		
Charges for services	$ 691,132	$ 694,553
Operating grants and contributions	32,496	-
General Revenues:		
Taxes	6,871,882	6,745,103
Grants and contributions not restricted to specific programs	6,357,702	916,751
Interest income	71,469	27,397
Miscellaneous	765,475	89,759
Total Revenues	14,790,156	8,473,563
Expenses		
General government	979,798	845,940
Public safety	774,655	686,891
Public works	1,823,333	1,539,560
Public facility	26,269	154,505
County tax	667,233	625,873
Education	2,810,690	2,758,760
Culture	19,143	-
Unclassified	751,252	339,306
Capital outlay	230,793	153,471
Interest on long-term debt	302,367	56,409
Total Expenses	8,385,533	7,160,715
Change in Net Position	6,404,623	1,312,848
Net Position - July 1, Restated	15,838,610	14,525,762
Net Position - June 30	$ 22,243,233	$ 15,838,610

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,

	2019	2018 (Restated)
Major Funds:		
General Fund:		
Nonspendable	$ 41,569	$ 39,443
Assigned	171,663	117,408
Unassigned	2,042,166	2,034,632
Total General Fund	$ 2,255,398	$ 2,191,483
Capital Projects Fund:		
Committed	$ 2,690,455	$ 1,555,008
Total Capital Projects Fund	$ 2,690,455	$ 1,555,008
Lakeside Park Project:		
Committed	$ -	$ 15,408
Unassigned	(366,397)	-
Total Lakeside Park Project	$ (366,397)	$ 15,408
Airport Improvement Project:		
Unassigned	$ (112,255)	$ (85,237)
Total Airport Improvement Project	$ (112,255)	$ (85,237)
Nonmajor Funds:		
Special Revenue Funds:		
Assigned	$ 398,609	$ 169,702
Unassigned	(174,567)	(37,255)
Permanent Funds:		
Nonspendable - principal	31,524	31,524
Restricted	228,872	224,875
Total Nonmajor Funds	$ 484,438	$ 388,846

The general fund total fund balance increased by $63,915 from the prior fiscal year primarily due to revenues that exceeded expenditures and transfers out. The capital projects total fund balance increased by $1,135,447 primarily due to bond proceeds and transfers in from other funds. The Lakeside Park project total fund balance decreased by $381,805 primarily due to capital outlay expenditures. The airport improvement project total fund balance decreased by $27,018 due to capital outlay expenditures that exceeded intergovernmental revenues. The nonmajor fund total fund balances increased by $95,592 mainly due to activity in the nonmajor special revenue funds.

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 $96,545. This was the result of all revenues being receipted in excess of budgeted amounts with the exception of property taxes.

The general fund actual expenditures were over budget by $32,630. All expenditure categories were within or under budget with the exception of transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Town increased by $5,872,331. This increase was the result of capital asset additions of $6,492,701 less current year depreciation expense of $620,370.

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

	2019	2018 (Restated)
Land and non-depreciable assets	$ 6,631,440	$ 1,695,115
Buildings and improvements	1,526,075	1,580,445
Equipment and vehicles	6,692,323	6,743,692
Infrastructure	5,013,165	3,971,420
Total	$ 19,863,003	$ 13,990,672

Debt

At June 30, 2019, the Town had $2,521,517 in bonds and notes from direct borrowings payable versus $2,214,958 last year. Refer to Note 5 of Notes to Financial Statements for more detailed information on debt.

Currently Known Facts, Decisions, or Conditions

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 three months, while also maintaining significant reserve accounts for future capital and program needs.

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, 2019

		Governmental Activities
ASSETS		
Current assets:		
Cash and cash equivalents	$	5,173,795
Accounts receivable (net of allowance for uncollectibles)		
Taxes		146,188
Liens		51,176
Other		687,566
Prepaid items		945
Inventory		40,624
Total current assets		6,100,294
Noncurrent assets:		
Capital assets:		
Land and other assets not being depreciated		6,631,440
Buildings and equipment, net of accumulated depreciation		13,231,563
Total noncurrent assets		19,863,003
TOTAL ASSETS		25,963,297
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB		5,440
TOTAL DEFERRED OUTFLOWS OF RESOURCES		5,440
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	25,968,737
LIABILITIES		
Current liabilities:		
Accounts payable	$	988,279
Accrued expenses		32,475
Current portion of long-term obligations		387,174
Total current liabilities		1,407,928
Noncurrent liabilities:		
Noncurrent portion of long-term obligations:		
Bonds payable		2,153,694
Notes from direct borrowings payable		11,666
Accrued compensated absences		93,051
Net OPEB liability		42,497
Total noncurrent liabilities		2,300,908
TOTAL LIABILITIES		3,708,836
DEFERRED INFLOWS OF RESOURCES		
Prepaid taxes		12,891
Deferred inflows related to OPEB		3,777
TOTAL DEFERRED INFLOWS OF RESOURCES		16,668
NET POSITION		
Net investment in capital assets		17,341,486
Restricted: Permanent funds		260,396
Unrestricted		4,641,351
TOTAL NET POSITION		22,243,233
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	25,968,737

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

TOWN OF RANGELEY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental activities:					
General government	$ 979,798	$ 16,816	$ -	$ -	$ (962,982)
Public safety	774,655	236,005	-	-	(538,650)
Public works	1,823,333	433,687	32,496	-	(1,357,150)
Public facility	26,269	-	-	-	(26,269)
County tax	667,233	-	-	-	(667,233)
Education	2,810,690	-	-	-	(2,810,690)
Culture	19,143	4,624	-	-	(14,519)
Unclassified	751,252	-	-	-	(751,252)
Capital outlay	230,793	-	-	-	(230,793)
Interest on long-term debt	302,367	-	-	-	(302,367)
Total government	$ 8,385,533	$ 691,132	$ 32,496	$ -	(7,661,905)

TOWN OF RANGELEY, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(7,661,905)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	6,852,852
Excise taxes	19,030
Grants and contributions not restricted to specific programs	6,357,702
Interest income	71,469
Miscellaneous	765,475
Total general revenues	14,066,528
Change in net position	6,404,623
NET POSITION - JULY 1, RESTATED	15,838,610
NET POSITION - JUNE 30	$ 22,243,233

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

STATEMENT C

TOWN OF RANGELEY, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Capital Projects	Lakeside Park Project	Airport Improvement Project	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 3,298,750	$ 1,442,553	$ -	$ -	$ 432,492	$ 5,173,795
Accounts receivable (net of allowance for uncollectibles):						
Taxes	146,188	-	-	-	-	146,188
Liens	51,176	-	-	-	-	51,176
Other	687,416	-	-	-	150	687,566
Prepaid items	945	-	-	-	-	945
Inventory	40,624	-	-	-	-	40,624
Due from other funds	316,693	1,247,902	-	-	245,338	1,809,933
TOTAL ASSETS	$ 4,541,792	$ 2,690,455	$ -	$ -	$ 677,980	$ 7,910,227
LIABILITIES						
Accounts payable	$ 632,778	$ -	$ 355,501	$ -	$ -	$ 988,279
Accrued expenses	32,475	-	-	-	-	32,475
Due to other funds	1,493,240	-	10,896	112,255	193,542	1,809,933
TOTAL LIABILITIES	2,158,493	-	366,397	112,255	193,542	2,830,687
DEFERRED INFLOWS OF RESOURCES						
Prepaid taxes	12,891	-	-	-	-	12,891
Deferred property tax	115,010	-	-	-	-	115,010
TOTAL DEFERRED INFLOWS OF RESOURCES	127,901	-	-	-	-	127,901
FUND BALANCES (DEFICITS)						
Nonspendable - prepaid items, inventory and principal	41,569	-	-	-	31,524	73,093
Restricted	-	-	-	-	228,872	228,872
Committed	-	2,690,455	-	-	-	2,690,455
Assigned	171,663	-	-	-	398,609	570,272
Unassigned	2,042,166	-	(366,397)	(112,255)	(174,567)	1,388,947
TOTAL FUND BALANCES (DEFICITS)	2,255,398	2,690,455	(366,397)	(112,255)	484,438	4,951,639
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	$ 4,541,792	$ 2,690,455	$ -	$ -	$ 677,980	$ 7,910,227

See accompanying independent auditors' 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, 2019

	Total Governmental Funds
Total Fund Balances	$ 4,951,639
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	19,863,003
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	115,010
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	5,440
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(2,463,532)
Notes from direct borrowings payable	(57,985)
Accrued compensated absences	(124,068)
Net OPEB liability	(42,497)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(3,777)
Net position of governmental activities	$ 22,243,233

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

TOWN OF RANGELEY, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Projects	Lakeside Park Project	Airport Improvement Project	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	$ 6,818,732	$ -	$ -	$ -	$ -	$ 6,818,732
Excise	19,030	-	-	-	-	19,030
Intergovernmental	153,288	49,800	-	5,793,899	393,211	6,390,198
Interest income	53,796	9,094	-	-	8,579	71,469
Charges for services	691,132	-	-	-	-	691,132
Miscellaneous	2,600	743,513	2,319	-	17,043	765,475
TOTAL REVENUES	7,738,578	802,407	2,319	5,793,899	418,833	14,756,036
EXPENDITURES						
Current:						
General government	698,834	-	-	-	-	698,834
Public safety	681,814	-	-	-	-	681,814
Public works	1,536,220	-	-	-	-	1,536,220
Public facility	26,269	-	-	-	-	26,269
County tax	667,233	-	-	-	-	667,233
Education	2,810,690	-	-	-	-	2,810,690
Culture	8,625	-	-	-	-	8,625
Unclassified	220,138	477,513	-	-	53,601	751,252
Debt service:						
Principal	248,382	-	-	-	114,725	363,107
Interest	50,766	241,901	-	-	9,700	302,367
Capital outlay	105,660	262,578	384,124	5,820,917	150,215	6,723,494
TOTAL EXPENDITURES	7,054,631	981,992	384,124	5,820,917	328,241	14,569,905
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	683,947	(179,585)	(381,805)	(27,018)	90,592	186,131
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	700,000	-	-	-	700,000
Transfers in	-	615,032	-	-	5,000	620,032
Transfers (out)	(620,032)	-	-	-	-	(620,032)
TOTAL OTHER FINANCING SOURCES (USES)	(620,032)	1,315,032	-	-	5,000	700,000
NET CHANGE IN FUND BALANCES (DEFICITS)	63,915	1,135,447	(381,805)	(27,018)	95,592	886,131
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	2,191,483	1,555,008	15,408	(85,237)	388,846	4,065,508
FUND BALANCES (DEFICITS) - JUNE 30	$ 2,255,398	$ 2,690,455	$ (366,397)	$ (112,255)	$ 484,438	$ 4,951,639

See accompanying independent auditors' 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, 2019

Net change in fund balances - total governmental funds (Statement E)	$ 886,131
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	7,377,293
Capital asset disposals	(884,592)
Depreciation expense	(620,370)
	5,872,331
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	917
Debt proceeds provide current financial resources to govermental funds, but issuing debt increases long-term obligations in the Statement of Net Position	(700,000)
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	34,120
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	393,441
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	(3,777)
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	(79,128)
Net OPEB liability	588
	(78,540)
Change in net position of governmental activities (Statement B)	$ 6,404,623

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

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 selectmen-manager form of government and provides the following services: general government, public safety, public works, public facility, education, culture 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, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

c. The Lakeside Park Project Fund is used to account for financial resources to be used for the Lakeside Park Project.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. The Airport Improvement Project Fund is used to account for the financial resources to be used for the acquisition or construction of airport improvements.

Nonmajor Funds:

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

f. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences 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. Allowances for uncollectible accounts netted with accounts receivable were $687,566 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be $0 as of June 30, 2019.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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).

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.

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. Contributed assets are reported at fair market value as of the date received. 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 fixed assets are valued 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.

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 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 expressed by the Selectboard.

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 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 16, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due in two installments on September 1, 2018 and February 1, 2019. Interest on unpaid taxes commenced on September 2, 2018 and February 2, 2019 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 $24,440 for the year ended June 30, 2019.

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).

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, 2019, the Town's cash balances amounting to $5,173,795 were comprised of deposits of $5,329,074. Of these bank deposits, $381,300 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. $4,947,774 was collateralized with securities held by the institution in the Town's name and consequently was not exposed to custodial credit risk.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	$ 1,949,797
NOW accounts	3,344,689
ICS savings accounts	34,588
	$ 5,329,074

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.

At June 30, 2019, 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.

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
Major funds:		
General fund	$ 316,693	$ 1,493,240
Capital projects	1,247,902	-
Lakeside Park project	-	10,896
Airport improvement project	-	112,255
Nonmajor funds:		
Special revenue funds	230,868	174,567
Permanent funds	14,470	18,975
	$ 1,809,933	$ 1,809,933

NOTE 4 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2019 is as follows:

	Balance 7/1/18 (Restated)	Additions	Disposals	Balance 6/30/19
Non-depreciated assets:				
Land	$ 442,105	$ -	$ -	$ 442,105
Construction in progress	1,253,010	5,820,917	(884,592)	6,189,335
	1,695,115	5,820,917	(884,592)	6,631,440
Depreciated assets:				
Buildings and improvements	2,493,068	-	-	2,493,068
Equipment and vehicles	11,543,356	269,530	-	11,812,886
Infrastructure	4,857,488	1,286,846	-	6,144,334
	18,893,912	1,556,376	-	20,450,288
Less accumulated depreciation:				
Buildings and improvements	(912,623)	(54,370)	-	(966,993)
Equipment and vehicles	(4,799,664)	(320,899)	-	(5,120,563)
Infrastructure	(886,068)	(245,101)	-	(1,131,169)
	(6,598,355)	(620,370)	-	(7,218,725)
Net depreciated assets	12,295,557	936,006	-	13,231,563
Net capital assets	$ 13,990,672	$ 6,756,923	$ (884,592)	$ 19,863,003

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:		
General government	$	229,898
Public safety		92,841
Public works		92,905
Parks and recreation		10,518
Airport		61,746
Sewer		132,462
Total depreciation expense	$	620,370

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2019:

	Balance 7/1/18 (Restated)	Additions	Deletions	Balance 6/30/19	Current Year Portion
Bonds payable	$ 2,093,202	$ 700,000	$ (329,670)	$ 2,463,532	$ 309,838
Notes from direct borrowings payable	121,756	-	(63,771)	57,985	46,319
	$ 2,214,958	$ 700,000	$ (393,441)	$ 2,521,517	$ 356,157

The following is a summary of the outstanding bonds and notes from direct borrowings 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.	$	358,719
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.		255,000
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.		195,538

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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.	855,000
2017 General obligation bond for $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. At June 30, 2019, $799,275 of the loan has been drawn down.	799,275
Total bonds payable	$ 2,463,532

2016 Note payable for a front end loader. Annual principal installment of $15,862 to $34,671. Interest is charged at a fixed rate of 2.900% per annum. Maturity in 2020.	$ 34,652
2018 Capital lease for a vehicle. Annual principal and interest payments of $12,573. Interest is charged at a fixed rate of 6.25% per annum. Maturity in August of 2020.	23,333
Total notes from direct borrowings payable	$ 57,985

The following is a summary of outstanding bonds and notes from direct borrowings payable principal and interest requirements for the following fiscal years ending June 30:

	Bonds Payable		Notes from Direct Borrowings Payable	
	Principal	Interest	Principal	Interest
2020	$ 309,838	$ 71,036	$ 46,319	$ 3,212
2021	307,211	74,631	11,666	740
2022	300,362	58,247	-	-
2023	305,178	60,564	-	-
2024	255,522	44,708	-	-
2025-2029	580,421	158,732	-	-
2030-2034	225,000	55,461	-	-
2035-2039	180,000	14,009	-	-
	$ 2,463,532	$ 537,388	$ 57,985	$ 3,952

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2019 is as follows:

	Balance 7/1/18 (Restated)	Additions	Deletions	Balance 6/30/19	Current Year Portion
Accrued compensated absences	$ 44,940	$ 79,128	$ -	$ 124,068	$ 31,017
Net OPEB liability	43,085	5,292	(5,880)	42,497	-
Totals	$ 88,025	$ 84,420	$ (5,880)	$ 166,565	$ 31,017

Please see Notes 7 and 15 for detailed information on each of the other long-term obligations.

NOTE 7 - 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, 2019, the Town's liability for compensated absences is $124,068.

NOTE 8 - NONSPENDABLE FUND BALANCES

At June 30, 2019, the Town had the following nonspendable fund balances:

General fund:	
Prepaid items	$ 945
Inventory	40,624
Nonmajor permanent funds (Schedule G)	31,524
	$ 73,093

NOTE 9 - RESTRICTED FUND BALANCES

At June 30, 2019, the Town had the following restricted fund balances:

Nonmajor permanent funds (Schedule G)	$ 228,872

NOTE 10 - COMMITTED FUND BALANCES

At June 30, 2019, the Town had the following committed fund balances:

Capital projects	$	2,690,455

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2019, the Town had the following assigned fund balances:

General fund:		
HRA	$	29,810
Excise tax		7,593
Sewer CCTV		96,000
Parks		2,900
CEO		11,222
Cemetery		2,847
Public works		17,920
Town office		3,371
Nonmajor special revenue funds (Schedule E)		398,609
	$	570,272

NOTE 12 - DEFICIT FUND BALANCES

At June 30, 2019, the Town had the following deficit fund balances:

Lakeside Park project	$	366,397
Airport improvement project		112,255
Sidewalk grant		9,039
Dock grant		165,528
	$	653,219

NOTE 13 - 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, 2019, the Town's share was as follows:

	Outstanding Debt	Percentage	Amount
Franklin County	$ 410,600	17.63%	$ 72,389
RSU #78	5,231,669	71.83%	3,757,908
			$ 3,830,297

NOTE 14 - 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, 2019.

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.

NOTE 14 - RISK MANAGEMENT (CONTINUED)

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

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, 2019. 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 15 - 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 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.

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 criterial 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, 2019, the following employees were covered by the benefit terms:

Active members	9
Retirees and spouses	1
Total	10

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.

NOTE 15 - 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.

Pre-Medicare	**Single Coverage**	**Family Coverage**
POS 200	$956.96	$2,146.58
Medicare		
Medicare-eligible Retirees	$527.65	$1,055.29

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

At June 30, 2019, the Town reported a liability of $42,497 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2019 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, 2019, the Town recognized OPEB expense of $2,272. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,873	$ -
Changes of assumptions	2,004	3,777
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	1,563	-
Total	$ 5,440	$ 3,777

$1,563 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2020	$ 106
2021	106
2022	106
2023	106
2024	106
Thereafter	(430)

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, 2018. 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 4.10% per annum for June 30, 2019 was based upon a measurement date of December 27, 2018. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	3.10%	4.10%	5.10%
Total OPEB liability	$ 49,291	$ 42,497	$ 37,006
Plan fiduciary net position	-	-	-
Net OPEB liability	$ 49,291	$ 42,497	$ 37,006
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

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

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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	$ 36,283	$ 42,497	$ 50,461
Plan fiduciary net position	-	-	-
Net OPEB liability	$ 36,283	$ 42,497	$ 50,461
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, 2018, 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, 2017. 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.

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.

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Assumptions

The actuarial assumptions used in the January 1, 2018 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Discount Rate - 4.10% per annum.

Trend Assumptions*:*

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

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.

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 2019 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 either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2019 was $1,873.

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 June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. 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. The amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 16 - 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 17 - RESTATEMENTS

In 2019, the Town determined that certain transactions in the prior year had been incorrectly recorded or omitted. Therefore, restatements to the government-wide net position and fund balances were required.

The general fund total fund balance was decreased by $30,000 to correct postings to various balance sheet accounts. The capital projects fund was restated by a decrease of $19,411 to correct beginning balances. The nonmajor permanent funds was restated by a decrease of $1,630 to correct beginning balances.

The beginning net position for governmental activities was restated to correct the notes from direct borrowings payable balance by a decrease of $53,667. The accumulated depreciation balance for capital assets was restated by an increase of $141,456 to correct errors in prior year depreciation of capital assets.

The net position of the governmental activities has been restated at July 1, 2018 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04) and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by a decrease of $38,562.

NOTE 17 - RESTATEMENTS (CONTINUED)

The resulting restatements decreased net position from $16,123,336 to $15,838,610.

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, 2019

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1, Restated	$ 2,191,483	$ 2,191,483	$ 2,191,483	$ -
Resources (Inflows):				
Property taxes	6,851,830	6,851,830	6,818,732	(33,098)
Excise taxes	9,000	9,000	19,030	10,030
Intergovernmental	139,553	139,553	153,288	13,735
Charges for services	599,650	599,650	691,132	91,482
Interest income	42,000	42,000	53,796	11,796
Other revenue	-	-	2,600	2,600
Amounts Available for Appropriation	9,833,516	9,833,516	9,930,061	96,545
Charges to Appropriations (Outflows):				
General government	829,108	829,108	698,834	130,274
Public safety	704,084	704,084	681,814	22,270
Public works	1,701,215	1,701,215	1,536,220	164,995
Public facility	27,743	27,743	26,269	1,474
County tax	667,233	667,233	667,233	-
Education	2,810,690	2,810,690	2,810,690	-
Culture	11,550	11,550	8,625	2,925
General assistance	2,000	2,000	-	2,000
Debt service:				
Principal	248,382	248,382	248,382	-
Interest	50,766	50,766	50,766	-
Unclassified	236,462	236,462	220,138	16,324
Capital outlay	137,800	137,800	105,660	32,140
Transfers to other funds	215,000	215,000	620,032	(405,032)
Total Charges to Appropriations	7,642,033	7,642,033	7,674,663	(32,630)
Budgetary Fund Balance, June 30	$ 2,191,483	$ 2,191,483	$ 2,255,398	$ 63,915

See accompanying independent auditors’ report and notes to financial statements.

SCHEDULE 2

TOWN OF RANGELEY, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR YEAR ENDED JUNE 30, 2019

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/18 (Reporting December 31, 2018)	$ 43,085	$ -	$ 43,085
Changes for the year:			
Service cost	3,709	-	3,709
Interest	1,583	-	1,583
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(4,317)	-	(4,317)
Contributions - employer	-	1,563	(1,563)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(1,563)	(1,563)	-
Administrative expense	-	-	-
Net changes	(588)	-	(588)
Balances at 1/1/19 (Reporting December 31, 2019)	$ 42,497	$ -	$ 42,497

See accompanying independent auditors' 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*

	2019	2018
Total OPEB liability		
Service cost (BOY)	3,709	2,870
Interest (includes interest on service cost)	1,583	1,411
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(4,317)	2,672
Benefit payments, including refunds of member contributions	(1,563)	(1,625)
Net change in total OPEB liability	$ (588)	$ 5,328
Total OPEB liability - beginning	$ 43,085	$ 35,260
Total OPEB liability - ending	$ 42,497	$ 43,085
Plan fiduciary net position		
Contributions - employer	1,563	1,625
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(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	$ 42,497	$ 43,085
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered payroll	$ 382,119	$ 382,119
Net OPEB liability as a percentage of covered payroll	11.1%	11.3%

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

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

TOWN OF RANGELEY, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2019	2018
MMEHT:		
Employer contributions	$ 1,563	$ 1,625
Benefit payments	(1,563)	(1,625)
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 382,119	$ 382,119
Contributions as a percentage of covered payroll	0.00%	0.00%

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

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

Changes of Assumptions

MMEHT OPEB Plan:

There was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection.

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

TOWN OF RANGELEY, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	$ 6,851,830	$ 6,851,830	$ 6,818,732	$ (33,098)
Auto excise	-	-	7,851	7,851
Boat excise	9,000	9,000	11,179	2,179
Subtotal	6,860,830	6,860,830	6,837,762	(23,068)
Intergovernmental revenues:				
BETE	3,260	3,260	3,294	34
Homestead exemption	44,043	44,043	41,538	(2,505)
LRAP	32,000	32,000	32,496	496
State revenue sharing	30,000	30,000	36,416	6,416
Tree growth	16,500	16,500	17,944	1,444
Veterans' exemption	950	950	1,220	270
Miscellaneous	12,800	12,800	20,380	7,580
Subtotal	139,553	139,553	153,288	13,735
Charges for services:				
Airport	7,800	7,800	12,712	4,912
Building fees	21,000	21,000	22,822	1,822
Clerk fees	2,075	2,075	4,129	2,054
Finance	7,350	7,350	11,184	3,834
Notary fees	150	150	250	100
Parks and recreation	3,000	3,000	4,624	1,624
Planning board fees	100	100	1,253	1,153
Plumbing fees	100	100	-	(100)
Public safety	207,475	207,475	213,183	5,708
Public works misc	-	-	7,792	7,792
Recycling	95,000	95,000	138,348	43,348
Sewer	255,600	255,600	274,835	19,235
Subtotal	599,650	599,650	691,132	91,482
Interest income:				
Interest income	18,000	18,000	36,631	18,631
Tax and lien interest	24,000	24,000	17,165	(6,835)
Subtotal	42,000	42,000	53,796	11,796
Miscellaneous revenues:				
Proceeds from sale of assets	-	-	2,600	2,600
Subtotal	-	-	2,600	2,600
Amounts Available for Appropriation	$ 7,642,033	$ 7,642,033	$ 7,738,578	$ 96,545

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

SCHEDULE B

TOWN OF RANGELEY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General government					
Selectmen	$ 103,443	$ -	$ 103,443	$ 79,973	$ 23,470
Administration	211,381	-	211,381	142,608	68,773
Assessing	75,735	-	75,735	73,511	2,224
Finance	153,816	-	153,816	148,825	4,991
Planning	128,021	-	128,021	111,857	16,164
Buildings - Town office	40,763	-	40,763	38,471	2,292
Buildings - Public safety	37,153	-	37,153	29,630	7,523
Town clerk	78,796	-	78,796	73,959	4,837
Totals	829,108	-	829,108	698,834	130,274
PUBLIC SAFETY:					
Fire/rescue	335,258	-	335,258	337,000	(1,742)
Police	298,186	-	298,186	274,750	23,436
Animal control officer	4,812	-	4,812	4,287	525
EMS	65,828	-	65,828	65,777	51
Totals	704,084	-	704,084	681,814	22,270
PUBLIC WORKS:					
Highway department	736,728	-	736,728	605,056	131,672
Sewer department	391,174	-	391,174	391,376	(202)
Solid waste	334,962	-	334,962	330,949	4,013
Airport	41,457	-	41,457	37,127	4,330
Parks and recreation	159,236	-	159,236	134,243	24,993
Cemeteries	37,658	-	37,658	37,469	189
Totals	1,701,215	-	1,701,215	1,536,220	164,995

TOWN OF RANGELEY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
PUBLIC FACILITY:					
Rangely CS	15,594	-	15,594	15,025	569
Oquossoc CS	12,149	-	12,149	11,244	905
Totals	27,743	-	27,743	26,269	1,474
COUNTY TAX	667,233	-	667,233	667,233	-
EDUCATION	2,810,690	-	2,810,690	2,810,690	-
CULTURE	11,550	-	11,550	8,625	2,925
GENERAL ASSISTANCE	2,000	-	2,000	-	2,000
DEBT SERVICE:					
Principal	248,382	-	248,382	248,382	-
Interest	50,766	-	50,766	50,766	-
Totals	299,148	-	299,148	299,148	-

TOWN OF RANGELEY, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
UNCLASSIFIED:					
AHC and H	500		500	500	-
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	1,500		1,500	1,500	-
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	-
Maine public	100		100	100	-
RRHW	15,544		15,544	15,544	-
Life flight	2,000		2,000	2,000	-
WRGY	4,999		4,999	4,999	-
OQUOSSOC ATV	2,000		2,000	2,000	-
Overlay	24,440		24,440	8,116	16,324
Totals	236,462	-	236,462	220,138	16,324
CAPITAL OUTLAY	137,800	-	137,800	105,660	32,140
TRANSFERS TO OTHER FUNDS:					
Special revenue funds	5,000	-	5,000	5,000	-
Capital projects fund	210,000	-	210,000	615,032	(405,032)
Totals	215,000	-	215,000	620,032	(405,032)
TOTAL DEPARTMENTAL OPERATIONS	$ 7,642,033	$ -	$ 7,642,033	$ 7,674,663	$ (32,630)

See accompanying independent auditors’ report and notes to financial statements.

SCHEDULE C

TOWN OF RANGELEY, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 167,591	$ 264,901	$ 432,492
Accounts receivable (net of allowance for uncollectibles)	150	-	150
Due from other funds	230,868	14,470	245,338
TOTAL ASSETS	$ 398,609	$ 279,371	$ 677,980
LIABILITIES			
Due to other funds	$ 174,567	$ 18,975	$ 193,542
TOTAL LIABILITIES	174,567	18,975	193,542
FUND BALANCES			
Nonspendable - principal	-	31,524	31,524
Restricted	-	228,872	228,872
Committed	-	-	-
Assigned	398,609	-	398,609
Unassigned	(174,567)	-	(174,567)
TOTAL FUND BALANCES	224,042	260,396	484,438
TOTAL LIABILITIES AND FUND BALANCES	$ 398,609	$ 279,371	$ 677,980

See accompanying independent auditors’ 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, 2019

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	$ 393,211	$ -	$ 393,211
Interest income	2,035	6,544	8,579
Other income	1,422	15,621	17,043
TOTAL REVENUES	396,668	22,165	418,833
EXPENDITURES			
Debt service:			
Principal	114,725	-	114,725
Interest	9,700	-	9,700
Capital outlay	150,215	-	150,215
Other	35,433	18,168	53,601
TOTAL EXPENDITURES	185,648	18,168	203,816
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	211,020	3,997	215,017
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	-	5,000
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,000	-	5,000
NET CHANGE IN FUND BALANCES	216,020	3,997	220,017
FUND BALANCES - JULY 1, RESTATED	132,447	256,399	388,846
FUND BALANCES - JUNE 30	$ 348,467	$ 260,396	$ 608,863

See accompanying independent auditors' 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, 2019

	Microloan	RRHAT Van	Sidewalk Grant	BMV Excise	Department of Homeland Security	Dock Grant	Employee Fund	Total
ASSETS								
Cash and cash equivalents	$ 139,494	$ 28,097	$ -	$ -	$ -	$ -	$ -	$ 167,591
Accounts receivable (net of allowance for uncollectibles)	150	-	-	-	-	-	-	150
Due from other funds	-	5,964	-	220,480	-	-	4,424	230,868
TOTAL ASSETS	$ 139,644	$ 34,061	$ -	$ 220,480	$ -	$ -	$ 4,424	$ 398,609
LIABILITIES								
Due to other funds	$ -	$ -	$ 9,039	$ -	$ -	$ 165,528	$ -	$ 174,567
TOTAL LIABILITIES	-	-	9,039	-	-	165,528	-	174,567
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	139,644	34,061	-	220,480	-	-	4,424	398,609
Unassigned	-	-	(9,039)	-	-	(165,528)	-	(174,567)
TOTAL FUND BALANCES (DEFICITS)	139,644	34,061	(9,039)	220,480	-	(165,528)	4,424	224,042
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	$ 139,644	$ 34,061	$ -	$ 220,480	$ -	$ -	$ 4,424	$ 398,609

See accompanying independent auditors' 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, 2019

	Microloan	RRHAT Van	Sidewalk Grant	BMV Excise	Department of Homeland Security	Dock Grant	Employee Fund	Total
REVENUES								
Intergovernmental	$ -	$ 7,500	$ 13,197	$ 366,770	$ 5,744	$ -	$ -	$ 393,211
Interest income	1,579	456	-	-	-	-	-	2,035
Other income	-	1,385	-	-	-	-	37	1,422
TOTAL REVENUES	1,579	9,341	13,197	366,770	5,744	-	37	396,668
EXPENDITURES								
Debt service:								
Principal	-	-	-	114,725	-	-	-	114,725
Interest	-	-	-	9,700	-	-	-	9,700
Capital outlay	-	-	-	21,865	-	128,350	-	150,215
Other	19	7,180	22,159	-	5,744	-	331	35,433
TOTAL EXPENDITURES	19	7,180	22,159	146,290	5,744	128,350	331	310,073
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,560	2,161	(8,962)	220,480	-	(128,350)	(294)	86,595
OTHER FINANCING SOURCES (USES)								
Transfers in	-	5,000	-	-	-	-	-	5,000
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	5,000	-	-	-	-	-	5,000
NET CHANGE IN FUND BALANCES (DEFICITS)	1,560	7,161	(8,962)	220,480	-	(128,350)	(294)	91,595
FUND BALANCES (DEFICITS) - JULY 1	138,084	26,900	(77)	-	-	(37,178)	4,718	132,447
FUND BALANCES (DEFICITS) - JUNE 30	$ 139,644	$ 34,061	$ (9,039)	$ 220,480	$ -	$ (165,528)	$ 4,424	$ 224,042

See accompanying independent auditors' 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, 2019

	HB McCard	Aaron Soule	HA Furbish	Ada Amber	Save Our Clock	J. Blythe
ASSETS						
Cash and cash equivalents	$ 10,661	$ 6,826	$ 15,405	$ 12,351	$ 229	$ 2,028
Due from other funds	-	-	-	-	-	6,122
TOTAL ASSETS	$ 10,661	$ 6,826	$ 15,405	$ 12,351	$ 229	$ 8,150
LIABILITIES						
Due to others funds	$ 499	$ -	$ -	$ 400	$ -	$ -
TOTAL LIABILITIES	499	-	-	400	-	-
FUND BALANCES						
Nonspendable - principal	10,100	-	10,400	11,000	-	24
Restricted	62	6,826	5,005	951	229	8,126
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	10,162	6,826	15,405	11,951	229	8,150
TOTAL LIABILITIES AND FUND BALANCES	$ 10,661	$ 6,826	$ 15,405	$ 12,351	$ 229	$ 8,150

TOWN OF RANGELEY, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2019

	Wilbur Cemetery Trust	Cemetery Trust	Air Show	Town Unemployment	Total
ASSETS					
Cash and cash equivalents	$ 2,863	$ 170,297	$ 9,653	$ 34,588	$ 264,901
Due from other funds	-	-	8,348	-	14,470
TOTAL ASSETS	$ 2,863	$ 170,297	$ 18,001	$ 34,588	$ 279,371
LIABILITIES					
Due to others funds	$ -	$ 4,637	$ -	$ 13,439	$ 18,975
TOTAL LIABILITIES	-	4,637	-	13,439	18,975
FUND BALANCES					
Nonspendable - principal	-	-	-	-	31,524
Restricted	2,863	165,660	18,001	21,149	228,872
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	2,863	165,660	18,001	21,149	260,396
TOTAL LIABILITIES AND FUND BALANCES	$ 2,863	$ 170,297	$ 18,001	$ 34,588	$ 279,371

TOWN OF RANGELEY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	HB McCard	Aaron Soule	HA Furbish	Ada Amber	Save Our Clock	J. Blythe
REVENUES						
Interest income	$ 16	$ 112	$ 86	$ -	$ 4	$ 33
Other income	-	-	-	-	-	-
TOTAL REVENUES	16	112	86	-	4	33
EXPENDITURES						
Other	500	-	-	777	-	-
TOTAL EXPENDITURES	500	-	-	777	-	-
NET CHANGE IN FUND BALANCES	(484)	112	86	(777)	4	33
FUND BALANCES - JULY 1, RESTATED	10,646	6,714	15,319	12,728	225	8,117
FUND BALANCES - JUNE 30	$ 10,162	$ 6,826	$ 15,405	$ 11,951	$ 229	$ 8,150

TOWN OF RANGELEY, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Wilbur Cemetery Trust	Cemetery Trust	Air Show	Town Unemployment	Total
REVENUES					
Interest income	$ 28	$ 6,183	$ 82	$ -	$ 6,544
Other income	-	5,000	10,604	17	15,621
TOTAL REVENUES	28	11,183	10,686	17	22,165
EXPENDITURES					
Other	-	-	16,891	-	18,168
TOTAL EXPENDITURES	-	-	16,891	-	18,168
NET CHANGE IN FUND BALANCES	28	11,183	(6,205)	17	3,997
FUND BALANCES - JULY 1, RESTATED	2,835	154,477	24,206	21,132	256,399
FUND BALANCES - JUNE 30	$ 2,863	$ 165,660	$ 18,001	$ 21,149	$ 260,396

See accompanying independent auditors’ 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.

TOWN OF RANGELEY, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	$ 330,585	$ 1,394,064	$ 190,718	$ 2,785,589	$ 4,700,956
Public Safety	31,000	144,640	1,664,589	-	1,840,229
Public Works	-	268,364	1,374,618	963,200	2,606,182
Parks and Recreation	-	-	174,568	1,270,856	1,445,424
Airport	6,269,855	686,000	189,488	1,095,218	8,240,561
Sewer	-	-	8,218,905	29,471	8,248,376
Total General Capital Assets	6,631,440	2,493,068	11,812,886	6,144,334	27,081,728
Less: Accumulated Depreciation	-	(966,993)	(5,120,563)	(1,131,169)	(7,218,725)
Net General Capital Assets	$ 6,631,440	$ 1,526,075	$ 6,692,323	$ 5,013,165	$ 19,863,003

TOWN OF RANGELEY, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2019

	General Capital Assets 7/1/18 (Restated)	Additions	Deletions	General Capital Assets 6/30/19
General Government	$ 4,570,296	$ 130,660	$ -	$ 4,700,956
Public Safety	1,693,229	147,000	-	1,840,229
Public Works	2,606,182	-	-	2,606,182
Parks and Recreation	1,061,300	384,124	-	1,445,424
Airport	2,419,644	5,820,917	-	8,240,561
Sewer	8,238,376	10,000	-	8,248,376
Total General Capital Assets	20,589,027	6,492,701	-	27,081,728
Less: Accumulated Depreciation	(6,598,355)	(620,370)	-	(7,218,725)
Net General Capital Assets	$ 13,990,672	$ 5,872,331	$ -	$ 19,863,003

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INDEPENDENT AUDITORS' 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, 2019 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 June 15, 2020.

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.

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 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 March 31, 2020.

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
June 15, 2020