

Town of Dixmont, Maine

ANNUAL FINANCIAL STATEMENTS
(with required and other supplementary information)

For the Year Ended January 31, 2023

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Independent Auditor's Report

Board of Selectmen
Town of Dixmont, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Dixmont, Maine as of and for the fiscal year ended January 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Dixmont, Maine, as of January 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 through 11 and 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dixmont, Maine's basic financial statements. The other supplementary information on schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information on schedule 1 is 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 May 2, 2023, on our consideration of the Town of Dixmont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Dixmont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Dixmont's internal control over financial reporting and compliance.

Brantner Shiodian & Associates

Bangor, Maine
May 2, 2023

Town of Dixmont, Maine
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)
January 31, 2023

As management of the Town of Dixmont, Maine, we offer the citizens of the Town this narrative overview and analysis of the financial activities for the fiscal year ended January 31, 2023. This report covers all funds and accounts of the Town of Dixmont, that by law or other fiduciary obligation, the Town administers in conjunction with its responsibility in providing services.

THE COMMUNITY

The Town of Dixmont is a rural town located approximately twenty-five miles west of Bangor. It is a town in the southwest corner of Penobscot County and is approximately six miles on each side, slightly more than thirty-six square miles. Residents enjoy the quiet, peaceful, neighborly, rural way of life the Town has to offer.

With the exception of one small convenience store with gas pumps and two horse riding centers, the majority of Dixmont's businesses consists of a few family farms, self-employment/home-based occupations and small one and two person businesses. Being close to Bangor, as well as other employment centers continues to provide jobs and good economic opportunities for the rest of the citizens.

The goal of the community is to provide quality of life and a safe, affordable place to live.

FINANCIAL INFORMATION

The Town administration is responsible for the accounting structure of the community. This structure includes the establishment of financial controls that protect the Town from loss and misuse. All accounting information is maintained and reported using generally accepted accounting principles (GAAP). Further, the administration performs constant review of all services to promote and assure optimum utilization of resources to provide the services requested by the community. All services are reviewed using a cost benefit analysis that considers the need and demand for the service provided balanced against the cost to the community as a whole.

The following is a discussion of the financial highlights of the Town during the past fiscal year:

The total balance of the Town's cash and cash equivalents at January 31, 2023 was \$1,960,384.
The general fund balance increased by \$324,346 during the year ended January 31, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector accounting. The purpose is to show the Town's finances in a format that is familiar to the common person.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as an indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as uncollected taxes.

The government-wide financial statements report functions of the Town that are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include public safety, administering services, education, and public works. The government-wide financial statements can be found on pages 12-13 of this report.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

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 Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Capital assets and depreciation are not included in the governmental funds financial statements.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This statement is included in the required supplementary information portion of the financial statements. The governmental fund financial statements can be found on pages 14-17 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the Town cannot use these funds to finance its operations. The basic fiduciary fund financial statements can be found on page 18 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19-28 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning financial performance (budget and actual with variances). Required supplementary information can be found on page 29.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$2,717,842 as of January 31, 2023.

A portion of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's financial position is the product of several financing transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

	Governmental Activities	
	2023	2022
Current and other assets	\$2,078,955	\$1,893,280
Capital assets, net	<u>691,002</u>	<u>508,651</u>
Total Assets	<u>2,769,957</u>	<u>2,401,931</u>
Current liabilities	11,867	2,932
Noncurrent liabilities	<u>39,316</u>	<u>3,180</u>
Total liabilities	<u>6,112</u>	<u>6,112</u>
Deferred Inflows of Resources	<u>51,183</u>	<u>2,323</u>
Net Position		
Invested in capital assets (net of debt)	651,686	505,471
Restricted	107,075	81,400
Unrestricted	<u>1,959,081</u>	<u>1,806,625</u>
Total Net Position	<u>\$2,717,842</u>	<u>\$2,393,496</u>

A portion of the Town's net position represents resources that are restricted. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

As of January 31, 2023, the Town was able to report positive balances in all three categories of its net assets.

The investment in capital assets increased by \$146,215 to \$651,686.

The following table presents a summary of the Town's operations for the fiscal year ended January 31, 2023, with comparative totals for the fiscal year ended January 31, 2022.

	Governmental Activities	
	2023	2022
REVENUES		
Charges for services	\$ 32,825	\$ 31,324
Operating grants and contributions	34,754	38,380
Capital Grants and Contributions	72,272	60,462
General revenues		
Property taxes, levied for general purposes	1,433,181	1,419,988
Interest and lien charges	8,917	6,191
Excise taxes	261,325	272,423
Grants and contributions not restricted to specific programs	307,766	238,575
Interest income	10,155	1,378
Miscellaneous	<u>2,586</u>	<u>8,000</u>
Total revenues	<u>2,163,781</u>	<u>2,076,721</u>
EXPENSES		
General government	\$ 164,685	\$ 156,640
Protection	46,480	44,287
Social services	2,000	2,910
Health and sanitation	6,855	7,517
Public works	361,691	250,486
Recreation	1,743	1,748
Education	1,078,490	1,016,486
County tax	167,046	158,057
Cemeteries	9,428	9,127
Interest on long-term debt	1,022	486
Capital outlay	<u>2,825</u>	<u>3,260</u>
Total expenses	<u>1,841,666</u>	<u>1,651,004</u>
Excess before special item	322,115	425,717
Special item – gain on sale of tax acquired property	<u>2,231</u>	<u>38,090</u>
Change in net position	<u>324,346</u>	<u>463,807</u>
NET POSITION, BEGINNING OF YEAR	2,393,496	1,936,066
Reclassification of net position	-	(6,377)
NET POSITION, END OF YEAR	<u>\$2,717,842</u>	<u>\$2,393,496</u>

Revenues of \$2,163,781 include property taxes totaling \$1,433,181. Excise taxes accounted for \$261,325 in total revenue.

Expenses of governmental activities include depreciation expense of \$65,689. Depreciation expense has been allocated and is included in the various function/program expenses of the Town.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,998,609, \$202,583 greater than the previous year. Of this amount, \$1,658,322 constitutes unassigned fund balance and \$193,024 committed fund balance for capital projects. The remainder of the fund balance is assigned and restricted to indicate that it is not available for spending because it has already been committed.

Total governmental fund expenditures for the year were \$2,034,639 and are broken down as follows:

	January 31	
	2023	2022
General government	\$ 148,635	\$ 180,077
Protection	43,180	53,166
Social services	2,000	2,910
Public health	6,855	7,517
Public works	409,100	257,131
Recreation	1,743	1,748
Education	1,078,490	1,016,486
County tax	167,046	158,057
Cemeteries	9,428	9,127
Historical society	-	-
Debt service		
Principal	9,403	34,563
Interest	570	1,373
Capital outlay	109,422	-
Capital outlay – debt proceeds	<u>48,767</u>	<u>3,260</u>
Total expenses	<u>\$2,034,639</u>	<u>\$1,725,415</u>

The Town's debt service totaled \$9,973 for the year which represents the first payment on a new note payable for a plow truck and a lease payment for copiers.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The summary of the capital assets, as of January 31, 2023, are the following:

	Governmental Activities	
	2023	2022
Land	\$ 91,400	\$ 91,400
Construction in progress	-	35,557
Buildings	380,041	235,660
Land improvements	160,589	160,589
Town office equipment	37,991	37,991
Highway equipment	704,003	593,513
Protection equipment	<u>430,558</u>	<u>430,558</u>
Total capital assets	1,804,582	1,585,268
Accumulated depreciation	<u>(1,113,580)</u>	<u>(1,076,617)</u>
Governmental capital assets, net	<u>\$ 691,002</u>	<u>\$ 508,651</u>

Additional information on the Town's capital assets can be found in Note 3 on page 25 of this report.

Debt Administration

The Town's debt consisted of a general obligation note and a capital lease.

	<u>Governmental Activities</u>	
	<u>January 31</u>	
	<u>2023</u>	<u>2022</u>
General Obligation note	\$ 37,138	\$ -
Copier Lease	<u>2,178</u>	<u>3,180</u>
	<u>\$ 39,316</u>	<u>\$ 3,180</u>

A summary of the Town's debt activity for the year ended January 31, 2023 is detailed in Note 4 on page 26 of this report.

BUDGETARY HIGHLIGHTS

The following is a discussion of the budgetary highlights during the fiscal year ended January 31, 2023.

During the year, budget-basis actual revenues exceeded budgeted revenues by \$327,990. Most of this variance resulted from an increase in excise tax, and intergovernmental revenue.

Budgeted expenditures exceeded actual expenditures by \$135,281 mostly due to savings realized in the public works and roads expenses. General government was overspent by \$7,755 due to small amounts of overspending in multiple budget areas.

ECONOMIC FORECAST

The annual budget strives for the efficient, effective, and economic uses of the Town's resources, as well as establishing that the highest priority objectives are accomplished. Through the budget, the Board of Selectmen proposes, subject to the will of the voters, sets the direction of the Town, allocates its resources, and establishes its priorities all being subject to voter approval at the annual Town meeting.

Public safety, public works and fair and affordable taxation continue to be a priority. Each year, the uncertainties of various State allocations, especially education, impact many budget decisions. All budget items have to be carefully considered by the Select Board and Budget Committee. Often, needed equipment or infrastructure projects are downsized because of current economic conditions.

REQUEST FOR INFORMATION

This report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances. If you have any questions about this report or need any additional information, contact the Town Treasurer at P.O. Box 100, 758 Western Ave, Dixmont, ME 04932.

Town of Dixmont, Maine
Statement of Net Position
January 31, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,960,384
Taxes and tax liens receivable	95,780
Tax acquired property	3,452
Receivable from other governments	19,339
Capital assets, not being depreciated	91,400
Capital assets, being depreciated, net	599,602
Total assets	2,769,957
LIABILITIES	
Accounts payable and accrued liabilities	8,933
Due to other governmental agencies	2,481
Accrued interest payable	453
Long-term liabilities	
Due within one year	
Note payable	8,888
Capital leases payable	1,059
Due in more than one year	
Note payable	28,250
Capital leases payable	1,119
Total liabilities	51,183
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	932
NET POSITION	
Net investment in capital assets	651,686
Restricted for	
Education	35,716
Nonexpendable endowment principal	20,044
Cemetery use	8,303
American Rescue Plan grant	43,012
Unrestricted	1,959,081
Total net position	\$ 2,717,842

Town of Dixmont, Maine
Statement of Activities
For the Year Ended January 31, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
General government	\$ 164,086	\$ 9,631	\$ 4,874	\$ 71,272	\$ (78,309)
Protection	46,480	1,069	-	-	(45,411)
Social services	2,000	-	-	-	(2,000)
Health and sanitation	6,855	16,830	656	-	10,631
Public works	361,691	5,192	28,224	1,000	(327,275)
Recreation	1,743	103	-	-	(1,640)
Education	1,078,490	-	-	-	(1,078,490)
County tax	167,046	-	-	-	(167,046)
Cemeteries	9,428	-	-	-	(9,428)
Interest on long-term debt	1,022	-	-	-	(1,022)
Capital outlay	2,825	-	1,000	-	(1,825)
Total governmental activities	<u>\$ 1,841,666</u>	<u>\$ 32,825</u>	<u>\$ 34,754</u>	<u>\$ 72,272</u>	<u>(1,701,815)</u>
General revenues					
Taxes					
Property taxes, levied for general purposes					
Interest and lien charges					
Excise taxes					
Grants and contributions not restricted to specific programs					
Interest					
Miscellaneous					
Special item - gain on sale of capital assets					
Total general revenues and special item					
<u>2,026,161</u>					
Change in net position					
324,346					
NET POSITION - BEGINNING					
<u>2,393,496</u>					
NET POSITION - ENDING					
<u>\$ 2,717,842</u>					

Town of Dixmont, Maine
Balance Sheet
Governmental Funds
January 31, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Fund - Permanent Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,743,113	\$ 188,924	\$ 28,347	\$ 1,960,384
Taxes and tax liens receivable	95,780	-	-	95,780
Tax acquired property	3,452	-	-	3,452
Receivable from other governments	19,339	-	-	19,339
	<u>1,861,684</u>	<u>188,924</u>	<u>28,347</u>	<u>2,078,955</u>
Total assets	<u>\$ 1,861,684</u>	<u>\$ 188,924</u>	<u>\$ 28,347</u>	<u>\$ 2,078,955</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 8,933	\$ -	\$ -	\$ 8,933
Due to other governments	2,481	-	-	2,481
Total liabilities	<u>11,414</u>	<u>-</u>	<u>-</u>	<u>11,414</u>
Deferred inflows				
Prepaid taxes	932	-	-	932
Deferred inflows - property taxes	68,000	-	-	68,000
Total deferred inflows	<u>68,932</u>	<u>-</u>	<u>-</u>	<u>68,932</u>
Total liabilities and deferred inflows	<u>80,346</u>	<u>-</u>	<u>-</u>	<u>80,346</u>
Fund balances				
Nonspendable for endowments	-	-	20,044	20,044
Restricted for				
Education	35,716	-	-	35,716
Cemetery use	-	-	8,303	8,303
American Rescue Plan grant	43,012	-	-	43,012
Committed for capital projects	-	188,924	-	188,924
Assigned for board approved projects	44,288	-	-	44,288
Unassigned	1,658,322	-	-	1,658,322
Total fund balances	<u>1,781,338</u>	<u>188,924</u>	<u>28,347</u>	<u>1,998,609</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,861,684</u>	<u>\$ 188,924</u>	<u>\$ 28,347</u>	<u>\$ 2,078,955</u>

Town of Dixmont, Maine
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
January 31, 2023

Total fund balance, governmental funds	\$ 1,998,609
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	691,002
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	
Deferred revenue related to property taxes	68,000
Some liabilities, (such as capital leases payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	<u>(39,769)</u>
Net position of governmental activities in the statement of net position	<u><u>\$ 2,717,842</u></u>

Town of Dixmont, Maine
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended January 31, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Fund - Permanent Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 1,457,181	\$ -	\$ -	\$ 1,457,181
Excise taxes	261,325	-	-	261,325
Liens and interest costs	8,917	-	-	8,917
Licenses, permits and fees	3,069	-	-	3,069
Intergovernmental	395,533	-	-	395,533
Charges for services	31,795	-	-	31,795
Interest income	8,881	1,106	168	10,155
Contributions	-	5,069	-	5,069
Other	3,402	-	-	3,402
	<u>2,170,103</u>	<u>6,175</u>	<u>168</u>	<u>2,176,446</u>
EXPENDITURES				
Current				
General government	148,635	-	-	148,635
Protection	43,180	-	-	43,180
Social services	2,000	-	-	2,000
Public health and sanitation	6,855	-	-	6,855
Public works and roads	409,100	-	-	409,100
Recreation	1,743	-	-	1,743
Education	1,078,490	-	-	1,078,490
County tax	167,046	-	-	167,046
Cemeteries	9,428	-	-	9,428
Debt service				
Principal	9,403	-	-	9,403
Interest	570	-	-	570
Capital outlay	109,422	2,226	-	111,648
Capital outlay - debt proceeds	46,541	-	-	46,541
	<u>2,032,413</u>	<u>2,226</u>	<u>-</u>	<u>2,034,639</u>
Excess of revenues over expenditures	<u>137,690</u>	<u>3,949</u>	<u>168</u>	<u>141,807</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	46,541	-	-	46,541
Transfers in	87,756	79,707	-	167,463
Transfers out	(79,907)	(87,756)	-	(167,663)
	<u>54,390</u>	<u>(8,049)</u>	<u>-</u>	<u>46,341</u>
SPECIAL ITEMS				
Proceeds from sale of capital assets	2,900	-	-	2,900
Proceeds from sale of town owned property	11,535	-	-	11,535
	<u>14,435</u>	<u>-</u>	<u>-</u>	<u>14,435</u>
Net change in fund balances	206,515	(4,100)	168	202,583
FUND BALANCES - BEGINNING	<u>1,574,823</u>	<u>193,024</u>	<u>28,179</u>	<u>1,796,026</u>
FUND BALANCES - ENDING	<u>\$ 1,781,338</u>	<u>\$ 188,924</u>	<u>\$ 28,347</u>	<u>\$ 1,998,609</u>

Town of Dixmont, 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 January 31, 2023

Net change in fund balances - total governmental funds: \$ 202,583

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays	\$ 248,709	
Depreciation expense	<u>(65,689)</u>	183,020

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.

(669)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes.

(24,000)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Principal repaid	\$ 10,407	
Change in accrued interest payable	(454)	
Note proceeds	<u>(46,541)</u>	<u>(36,588)</u>

Change in net position of governmental activities

\$ 324,346

Town of Dixmont, Maine
Statement of Fiduciary Net Position
Fiduciary Funds
January 31, 2023

	<u>Custodial Funds</u>		<u>Total</u>
	<u>Historical Society</u>	<u>Neighbors Helping Neighbors</u>	
ASSETS			
Cash and cash equivalents	\$ 15,449	\$ 19,192	\$ 34,641
NET POSITION			
Held for custodial purposes	<u>\$ 15,449</u>	<u>\$ 19,192</u>	<u>\$ 34,641</u>

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended January 31, 2023

	<u>Custodial Funds</u>		<u>Total</u>
	<u>Historical Society</u>	<u>Neighbors Helping Neighbors</u>	
ADDITIONS			
Contributions:			
Interest	\$ 92	\$ 107	\$ 199
Contributions	5,711	4,860	10,571
Total additions	5,803	4,967	10,770
DEDUCTIONS			
Expenditures	4,312	3,219	7,531
Change in net position	1,491	1,748	3,239
NET POSITION - BEGINNING	13,958	17,444	31,402
NET POSITION - ENDING	<u>\$ 15,449</u>	<u>\$ 19,192</u>	<u>\$ 34,641</u>

Town of Dixmont, Maine
Notes to Basic Financial Statements
January 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Dixmont, Maine, was incorporated under the laws of the State of Maine. The Town operates under a selectmen form of government and provides the following services: general government, public safety, public works, recreation, and health and sanitation.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America application to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and the Financial Accounting Standards Board, when applicable. The more significant accounting policies of the Town are described below.

A. FINANCIAL REPORTING ENTITY

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. In accordance with GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Town is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Town. Additionally, the Town is required to consider other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on the application of these criteria, there are no entities that should be included as part of these financial statements.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements report information of all the activities of the Town, except fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program; and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Town of Dixmont, Maine
Notes to Basic Financial Statements
January 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The Town segregates transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and fiduciary activities. The governmental statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column, when applicable. The fiduciary statements aggregate and present each fund type as a separate column on the fund financial statements.

1. Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The major funds of the Town are described below:

General Fund

The general fund is the primary operating fund of the Town and always classified as a major fund. This fund is used to account for all financial resources not accounted for in other funds.

Capital Projects Fund

The capital projects fund is used to account for funds committed by authorization of Town residents for purchases of capital assets, construction or other special operating items.

2. Fiduciary Funds (not included in the government-wide statements)

The Town has presented the following fiduciary fund:

Custodial funds – Neighbors helping Neighbors and Historical Society

Custodial funds are funds held by the Town in a trustee capacity and are accounted for in essentially the same manner as a private entity.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and the fund financial statements for fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities, whether current or non-current, are included on the statement of net position and the operating statements present increases, revenues, and decreases, expenses, in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Town of Dixmont, Maine
Notes to Basic Financial Statements
January 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, intergovernmental revenues and charges for services. All other governmental fund revenues are recognized when received.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Town adopts an annual budget for the Town's general fund in account form at town meeting. Generally, appropriations for the general fund lapse at year end, except for balances approved to be carried forward by Town selectmen. The Town utilizes a formal budgetary accounting system to control revenues accounted for in the general fund. These budgets are established in accordance with the various laws which govern the Town's operations.

Formal budgets are not adopted for the other funds.

F. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents

For purposes of the statement of net position, cash and cash equivalents include all checking and savings accounts of the Town. Additional information is presented in Note 2.

2. Interfund Receivables and Payables

Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statements.

3. Interfund Transfers

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the governmental funds on the fund financial statements. For purposes of the government-wide statement of activities, all interfund transfers between individual funds within governmental activities have been eliminated.

**Town of Dixmont, Maine
Notes to Basic Financial Statements
January 31, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$2,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Machinery and equipment	3-50 years
Vehicles	3-25 years

The Town elected to utilize the infrastructure transition option in the implementation of GASB Statement #34 which does not require the Town to retroactively capitalize certain infrastructure assets.

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

5. Long-term Debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term liabilities consist of notes payable and capital leases.

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.

Vacation and sick pay benefits which, are substantially non-vesting, are not material and are not reported.

6. Use of Estimates

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Town of Dixmont, Maine
Notes to Basic Financial Statements
January 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

7. Government-wide Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements.

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 their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The remaining net position are reported as unrestricted. For expenditures that qualify for either classification, amounts will be first spent from restricted net position then from unrestricted net position.

8. Governmental Fund Balances

Fund balance represents the difference between assets and liabilities in the fund financial statements. Fund balance must be properly reported within one of the five fund balance categories listed below:

Nonspendable such as fund balances associated with inventories or prepaid expenses. The nonspendable fund balance may also include amounts that are required to be maintained intact, such as the corpus of an endowment fund.

Restricted fund balance classification includes amounts that can be used only for the specific purposes stipulated by constitution, grantors or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, which is voter approval in the selectmen form of government.

Assigned fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Selectmen is authorized to assign amounts for a particular purpose under authority granted by voter approval.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Town has adopted a fund balance policy based on the definitions above. For expenditures that qualify for multiple categories, amounts will be first spent from restricted fund balance, followed by committed fund balance, then assigned fund balance, and finally unassigned fund balance.

Town of Dixmont, Maine
Notes to Basic Financial Statements
January 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

9. Revenue Recognition - Property Taxes

Property taxes were levied on assessed values of April 1, 2022, and were due October 31, 2022. Interest was charged at 4.00% per annum on amounts not paid by the due date. Upon the expiration of eight months, and within one year from the date of the original commitment, a tax lien is recorded for all delinquent taxes on real estate.

Property taxes assessed and collected during fiscal year 2023 and during the first sixty days of fiscal year ending January 31, 2024 are recognized as revenue in 2023. Receivables estimated to be collectible after the sixty-day period are recorded as deferred inflows in the general fund.

Assessed value	
Real estate	\$109,891,380
Personal property	<u>648,191</u>
	\$110,539,571
Tax rate (per \$1,000)	<u>13.00</u>
Commitment	\$ 1,437,014
Less collections and abatements	<u>(1,360,805)</u>
Receivable at January 31, 2023	<u>\$ 76,209</u>
Collection rate	94.7%

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of January 31, 2023, the Town reported deposits of \$1,995,025 with bank balances of \$2,018,773. Of the Town's total bank balance of \$2,018,773, \$0 was exposed to custodial credit risk. The entire balance was covered by FDIC.

Deposits have been reported as follows:

Reported in governmental funds	\$ 1,960,384
Reported in custodial funds	<u>34,641</u>
Total deposits	<u>\$ 1,995,025</u>

Town of Dixmont, Maine
Notes to Basic Financial Statements
January 31, 2023

NOTE 3. CAPITAL ASSETS

Governmental activities capital asset activity for the year ended January 31, 2023 is as follows:

	<u>Balance 1/31/2022</u>	<u>Additions/ Completions</u>	<u>Retire- ments</u>	<u>Balance 1/31/2023</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 91,400	\$ -	\$ -	\$ 91,400
Construction in progress	<u>35,557</u>	<u>-</u>	<u>(35,557)</u>	<u>-</u>
Total capital assets not being depreciated	<u>126,957</u>	<u>-</u>	<u>(35,557)</u>	<u>91,400</u>
<i>Capital assets being depreciated:</i>				
Buildings and building improvements	235,660	144,381	-	380,041
Land improvements	160,589	-	-	160,589
Town equipment	37,991	-	-	37,991
Highway department equipment	593,513	139,885	(29,395)	704,003
Protection department equipment	<u>430,558</u>	<u>-</u>	<u>-</u>	<u>430,558</u>
Total capital assets being depreciated	<u>1,458,311</u>	<u>284,266</u>	<u>(29,395)</u>	<u>1,713,182</u>
<i>Less accumulated depreciation for:</i>				
Buildings and building improvements	(140,963)	(5,834)	-	(146,797)
Land improvements	(41,909)	(8,030)	-	(49,939)
Town equipment	(25,718)	(2,591)	-	(28,309)
Highway department equipment	(461,287)	(45,934)	28,726	(478,495)
Protection department equipment	<u>(406,740)</u>	<u>(3,300)</u>	<u>-</u>	<u>(410,040)</u>
Total accumulated depreciation	<u>(1,076,617)</u>	<u>(65,689)</u>	<u>28,726</u>	<u>(1,113,580)</u>
Total capital assets being depreciated, net	<u>381,694</u>	<u>218,577</u>	<u>(669)</u>	<u>599,602</u>
Capital assets, net	<u>\$ 508,651</u>	<u>\$ 218,577</u>	<u>\$ (36,226)</u>	<u>\$ 691,002</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 16,454
Public works	45,935
Protection	<u>3,300</u>
	<u>\$ 65,689</u>

Town of Dixmont, Maine
Notes to Basic Financial Statements
January 31, 2023

NOTE 4. LONG-TERM LIABILITIES

The following is a summary of the Town of Dixmont's long-term liabilities transactions for the year ended January 31, 2023.

	Principal Balance 1/31/2022	Increases	Decreases	Principal Balance 1/31/2023	Portion Due Within One Year
Note Payable					
<i>Machias Savings Bank</i>					
General obligation, plow truck, dated March 31, 2022 due August 31, 2026 with annual principal and interest payments; interest rate 2.880%	\$ -	\$ 46,541	\$ (9,403)	\$ 37,138	\$ 8,888
Capital Leases	<u>3,180</u>	<u>-</u>	<u>(1,002)</u>	<u>2,178</u>	<u>1,059</u>
	<u>\$ 3,180</u>	<u>\$ 46,541</u>	<u>\$ (10,405)</u>	<u>\$ 39,316</u>	<u>\$ 9,947</u>

Future maturities of general obligation notes payable are as follows:

Period Ended January 31	Principal	Interest	Total
2024	\$ 8,888	\$ 1,084	\$ 9,972
2025	9,145	827	9,972
2026	9,415	558	9,973
2027	<u>9,690</u>	<u>283</u>	<u>9,973</u>
	<u>\$ 37,138</u>	<u>\$ 2,752</u>	<u>\$ 39,890</u>

In accordance with Maine law, no municipality shall incur debt for specific purposes in excess of certain percentages of State valuation of such municipality. At January 31, 2023, the Town was in compliance with these limitations.

Capital leases payable

The Town is the lessee of a photocopier under a capital lease expiring in 2025. The liability under capital leases is recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset acquired.

As of January 31, 2023, the Town has recorded \$5,029 in a copier related to an outstanding capital lease. Amortization of this asset is included with depreciation expense. Accumulated depreciation for this asset at January 31, 2023 is \$4,023.

Minimum future lease payments under capital leases as of January 31, 2023 are:

2024	\$ 1,152
2025	<u>1,152</u>
	2,304
Less amount representing interest	<u>(126)</u>
Present value of minimum lease payments	<u>\$ 2,178</u>

Town of Dixmont, Maine
Notes to Basic Financial Statements
January 31, 2023

NOTE 4. LONG-TERM LIABILITIES (CONTINUED)

Overlapping Debt

The Town is contingently liable for a proportionate share of the overlapping debt of RSU #19. At January 31, 2023 the Town share was a total of \$53,916.

NOTE 5. INTERFUND TRANSACTIONS

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers.

Individual fund interfund receivable and payable balances at January 31, 2023 arising from these transactions were as follows:

	Transfers In	Transfers Out	
General fund	\$ 87,756	\$ 79,707	
Capital projects fund	<u>79,707</u>	<u>87,756</u>	
	<u>\$167,463</u>	<u>\$167,463</u>	

Transfers are used to move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them and use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorization.

NOTE 6. NET INVESTMENT IN CAPITAL ASSETS

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds payable adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at January 31, 2023:

Capital assets	\$ 1,804,582
Accumulated depreciation	(1,113,580)
Related notes payable	(37,138)
Related capital leases	<u>(2,178)</u>
Total balance	<u>\$ 651,686</u>

NOTE 7. FUND BALANCE – NONSPENDABLE FOR ENDOWMENTS – PERMANENT FUND

Fund balance - nonspendable for endowments consists of the following as of January 31, 2023:

Cemetery endowment	\$17,374
Ministerial endowment	2,600
Honor roll endowment	<u>70</u>
	<u>\$20,044</u>

Town of Dixmont, Maine
Notes to Basic Financial Statements
January 31, 2023

NOTE 8. FUND BALANCE– COMMITTED FOR CAPITAL PROJECTS

Fund balance - committed for capital projects consists of the following as of January 31, 2023:

Contingency- credit reserve	\$ 10,735
Roads- capital improvements	15,909
Cemetery care	20,871
Fire protection	9,961
Fire Truck/House	40,121
Heavy Equipment	13,372
Planning	3,163
Recreation	12,714
Rescue Truck	6,477
Plow Truck	5,044
Conservation committee	10,998
Memorial park	2,394
Cemetery CIF	619
Capital municipal building	367
Community Forest	8,119
Community Development	12,988
Heavy equipment	<u>15,072</u>
	<u>\$ 188,924</u>

NOTE 9. PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Town is 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, individual stop loss coverage for member Town's for claims in excess of \$500,000 with an excess limit of \$2,000,000.

The Town is also a member of the Maine Municipal Association - Property and Casualty Pool ("Pool"). As with the Fund above, the Pool was created to obtain lower rates for its members. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided after the deductible is met, to \$1,000,000.

NOTE 10. CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

NOTE 11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 2, 2023, the date when the financial statements were available to be issued.

Town of Dixmont, Maine
Budget and Actual (with Variances)
General Fund
For the Year Ended January 31, 2023

	Budgeted Amounts			Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Changes*	Final		
REVENUES					
Property taxes	\$ 1,437,015	\$ -	\$ 1,437,015	\$ 1,457,181	\$ 20,166
Excise taxes	149,650	-	149,650	261,325	111,675
Licenses, permits, liens and interest charges	1,680	-	1,680	11,986	10,306
Intergovernmental	242,618	-	242,618	395,533	152,915
Charges for services	11,150	-	11,150	31,795	20,645
Interest income	-	-	-	8,881	8,881
Other	-	-	-	3,402	3,402
Total revenues	1,842,113	-	1,842,113	2,170,103	327,990
EXPENDITURES					
Current					
General government	140,880	-	140,880	148,635	(7,755)
Protection	50,200	-	50,200	43,180	7,020
Social services	4,000	-	4,000	2,000	2,000
Public health	9,645	-	9,645	6,855	2,790
Public works and roads	547,144	-	547,144	419,073	128,071
Recreation	1,805	-	1,805	1,743	62
Education	1,078,490	-	1,078,490	1,078,490	-
County tax	167,046	-	167,046	167,046	-
Cemeteries	12,000	-	12,000	9,428	2,572
Capital outlay	109,943	-	109,943	109,422	521
Capital outlay - debt proceeds	-	46,541	46,541	46,541	-
Total expenditures	2,121,153	46,541	2,167,694	2,032,413	135,281
Excess (deficiency) of revenues over expenditures	(279,040)	(46,541)	(325,581)	137,690	463,271
OTHER FINANCING SOURCES (USES)					
Use of carryover unrestricted fund balance	277,528	38,000	315,528	-	315,528
Overlay	(50,744)	-	(50,744)	-	50,744
Proceeds from long term debt	-	46,541	46,541	46,541	-
Transfers in	87,756	-	87,756	87,756	-
Transfers out	(35,500)	(49,407)	(84,907)	(79,907)	5,000
Total other financing sources and uses	279,040	35,134	314,174	54,390	371,272
SPECIAL ITEM					
Proceeds from sale of capital assets	-	-	-	2,900	(2,900)
Proceeds from sale of tax acquired property	-	11,407	11,407	11,535	128
Total special items	-	11,407	11,407	14,435	(2,772)
Net change in fund balance	\$ -	\$ -	\$ -	206,515	\$ 206,515
FUND BALANCES - BEGINNING				1,574,823	
FUND BALANCES - ENDING				\$ 1,781,338	

* changes made for additional funds received and expended

Town of Dixmont, Maine
Taxes Receivable and Tax Liens Receivable
General Fund
January 31, 2023

Taxes receivable	
2022	\$ 76,209
2021 and prior	<u>3,573</u>
Total taxes receivable	<u>79,782</u>
Tax liens	
2021	14,149
2020 and prior	<u>1,849</u>
Total tax liens receivable	<u>15,998</u>
Total	<u>\$ 95,780</u>



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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Board of Selectmen
Town of Dixmont, Maine

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Dixmont, Maine as of and for the year ended January 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Dixmont, Maine's basic financial statements and have issued our report thereon dated May 2, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Dixmont, Maine's internal control over financial reporting (internal control) as a basis for designing 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 Dixmont, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Dixmont, Maine's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Dixmont, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain other matter that we reported to management of the Town of Dixmont, Maine, in a separate letter to management dated May 2, 2023.

Purpose of this Report

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

Brantley Chiboudou & Associates

Bangor, Maine
May 2, 2023