

MORO PLANTATON, MAINE

FINANCIAL STATEMENTS

JUNE 30, 2023

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To the Board of Selectmen of
Moro Plantation, Maine

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Moro Plantation, Maine, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Moro Plantation, Maine's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of Moro Plantation, Maine, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Moro Plantation, 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 Moro Plantation, 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 the 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 generally accepted 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 generally accepted 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 Moro Plantation, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Moro Plantation, Maine's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Moro Plantation, Maine's basic financial statements. The Schedule of Property Valuation and Assessment – General Fund and the Schedule of Changes in Property Taxes – General Fund are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Property Valuation and Assessment – General Fund and the Schedule of Changes in Property Taxes – General Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Chester M. Kearney

Presque Isle, Maine
June 10, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

MORO PLANTATION, MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Moro Plantation, Maine ("the Plantation"), we offer readers of the Plantation's financial statements this narrative overview and analysis of the financial activities of the Plantation for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Plantation's financial statements.

Financial Highlights

- The assets of Moro Plantation exceeded its liabilities at the close of the most recent fiscal year by \$169,111 (net position). Of this amount, \$165,410 (unrestricted net position) may be used to meet the government's on-going obligations to citizens and creditors.
- The government's total net position increased by \$99,185.
- As of the close of the current fiscal year, the Plantation's governmental funds reported combined ending fund balances of \$157,628, an increase of \$95,712 in comparison with the prior year. Approximately 57% of this total amount, \$89,915, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$89,915, or 63% of total general fund expenditures.
- The Plantation's total long-term debt did not change for the current fiscal year. There was no long-term debt outstanding.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Moro Plantation's basic financial statements. The Plantation's basic financial statements are comprised of 3 components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 Moro Plantation's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government'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 (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Plantation that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Plantation include general government, highways, protection, solid waste, county tax assessment, community agencies and education. The Plantation does not have any business-type activities.

MORO PLANTATION, MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements can be found on pages 10 and 11 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. Moro Plantation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Plantation currently maintains two funds, the general fund and ARPA special revenue fund.

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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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-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.

The Plantation maintains one (1) individual governmental fund. Information is presented separately in the governmental-fund balance sheet and in the governmental-fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund.

The Plantation adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental-fund financial statements can be found on pages 12 and 13 of this report.

Proprietary funds. The Plantation does not have proprietary funds.

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 fund financial statements. The notes to the financial statements can be found on pages 14 to 22 of this report.

Other information. This report also includes various supplemental schedules to provide additional detail for the various items reported. These supplemental schedules can be found on pages 24 to 25 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Moro Plantation, assets exceeded liabilities by \$169,111 at the close of the most recent fiscal year.

MORO PLANTATION, MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS

MORO PLANTATION , Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Current and other assets	183,870	103,804			183,870	103,804
Total assets	<u>183,870</u>	<u>103,804</u>			<u>183,870</u>	<u>103,804</u>
Accounts payable	14,759	33,878			14,759	33,878
Payroll liabilities	<u>0</u>	<u>0</u>			<u>0</u>	<u>0</u>
Total liabilities	<u>14,759</u>	<u>33,878</u>			<u>14,759</u>	<u>33,878</u>
Net position:						
Invested in capital assets	0	0			0	0
Restricted	3,701	3,701			3,701	3,701
Unrestricted	<u>165,410</u>	<u>66,225</u>			<u>165,410</u>	<u>66,225</u>
Total net position	<u>169,111</u>	<u>69,926</u>			<u>169,111</u>	<u>69,926</u>

The reporting requirements of GASB #34 and GASB #54 have been fully adopted.

The remaining balance of unrestricted net assets (\$165,410) may be used to meet the government's on-going obligations to citizens and creditors.

At the end of the current fiscal year, the Plantation is able to report positive balances in net position.

During the current fiscal year, the government's net position increased by \$99,185.

MORO PLANTATION, MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the Plantation's net position by \$99,185, thereby accounting for 100% of the increase in the net position of the Plantation. Key elements of this increase are as follows:

MORO PLANTATION, Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	July 1, 2022 To June 30, <u>2023</u>	July 1, 2021 To June 30, <u>2022</u>	July 1, 2022 To June 30, <u>2023</u>	July 1, 2021 To June 30, <u>2022</u>	July 1, 2022 To June 30, <u>2023</u>	July 1, 2021 To June 30, <u>2022</u>
Revenues						
Program revenues:						
Charges for services	-0-	-0-			-0-	-0-
Operating grants and contributions	3,648	7,369			3,648	7,369
Capital grants and contributions						
General revenues:						
Property taxes	134,519	126,338			134,519	126,338
Excise taxes	7,490	10,371			7,490	10,371
Grants and other contributions not restricted to specific programs						
Other	<u>96,795</u>	<u>28,703</u>			<u>96,795</u>	<u>28,703</u>
Total revenues	<u>242,452</u>	<u>172,781</u>			<u>242,452</u>	<u>172,781</u>
Expenses:						
Education	45,969	16,981			45,969	16,981
General government	34,906	35,433			34,906	35,433
Public works	21,679	89,545			21,679	89,545
Protection	16,495	10,512			16,495	10,512
Health and sanitation	3,317	3,577			3,317	3,577
County tax	17,653	16,557			17,653	16,557
LURC assessment	2,133	2,124			2,133	2,124
Community agencies	<u>1,115</u>	<u>1,105</u>			<u>1,115</u>	<u>1,105</u>
Total expenses	<u>143,267</u>	<u>175,834</u>			<u>143,267</u>	<u>175,834</u>
Change in net position	99,185	(3,053)			99,185	(3,053)
Net position - beginning	<u>69,926</u>	<u>72,979</u>			<u>69,926</u>	<u>72,979</u>
Net position - ending	169,111	69,926			169,111	69,926

MORO PLANTATION, MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

As noted earlier, Moro Plantation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Plantation's governmental funds reported combined ending fund balances of \$157,628, an increase of \$95,712 in comparison with the prior year. 57% of this total amount (\$89,915) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending.

The general fund is the chief operating fund of the Plantation. At the end of the current fiscal year, assigned and unassigned fund balance of the general fund was \$89,915, while total fund balance reached \$153,927. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 63% of total general fund expenditures, while total fund balance represents 107% of that same amount.

The fund balance of the Plantation's general fund increased by \$95,712 during the current fiscal year. Key factors in this increase are as follows:

- *General government expenditures were under the budgeted amount by \$14,126*
- *Public works expenditures were under the budgeted amount by \$46,821*
- *Proceeds from the sale of tax acquired property were \$66,106*

The original budget is the same as the final budget.

MORO PLANTATION, MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital assets. The Plantation's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$0, (net of accumulated depreciation). This investment in capital assets includes land, building systems and infrastructure. The net change in the Plantation's investment in capital assets for the current fiscal year was \$0.

There were no major capital asset events during the current fiscal year and the Plantation did not have any capital assets at the beginning or end of the year.

Additional information on the Plantation's capital assets can be found in note 1 on pages 16 and 17 of this report.

Long-term debt. At the end of the current fiscal year, the Plantation did not have any bonded debt outstanding.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.5% of its total state valuation of the Plantation. The current debt limitation for the Moro Plantation is \$651,000 which is significantly in excess of the Plantation's outstanding general obligation debt of zero.

Additional information on the Plantation's long-term debt can be found in note 5 on page 19 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Aroostook County is currently 3.7% which is a decrease from a rate of 4.0% a year ago. The County's rate is higher than national rate of 3.6%, and the state rate of 2.6%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Plantation's budget for the 2022 fiscal year ended in 2023.

During the current fiscal year, committed, assigned and unassigned fund balance in the general fund decreased to \$153,783. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2023-2024 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Moro Plantation, Maine's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the First Selectman, Board of Selectmen, Moro Plantation, Town of Patten, P.O. Box 260, Patten, Maine 04765.

BASIC FINANCIAL STATEMENTS

MORO PLANTATION, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government Governmental Activities
ASSETS	
Cash and equivalents	166,214
Uncollected taxes	15,553
Due from other governments	1,442
Other receivables	442
Prepaid expenditures	75
Tax acquired property	144
Total assets	<u>183,870</u>
LIABILITIES	
Accounts payable	<u>14,759</u>
Total liabilities	<u>14,759</u>
NET POSITION	
Restricted	3,701
Unrestricted	<u>165,410</u>
Total net position	<u><u>169,111</u></u>

The notes to the financial statements are an integral part of this statement

MORO PLANTATION, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (expense) Revenues and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government:					
Governmental activities:					
Education	45,969				(45,969)
General government	34,906				(34,906)
Public works	21,679		3,648		(18,031)
Protection	16,495				(16,495)
Health and sanitation	3,317				(3,317)
County tax	17,653				(17,653)
LURC assessment	2,133				(2,133)
Community agencies	1,115				(1,115)
Total government activities	<u>143,267</u>	<u>-</u>	<u>3,648</u>	<u>-</u>	<u>(139,619)</u>
General revenues:					
Property taxes					134,519
Excise taxes					7,490
State assistance					26,450
Interest and charges on taxes and investments					724
Other					69,621
Total general revenues					<u>238,804</u>
Change in net position					99,185
Net position - beginning of year					<u>69,926</u>
Net position - end of year					<u>169,111</u>

The notes to the financial statements are an integral part of this statement

MORO PLANTATION, MAINE

GOVERNMENTAL FUNDS BALANCE SHEET

AND RECONCILIATION OF THE GOVERNMENTAL FUNDS

BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

	GENERAL FUND	ARPA FUND (NON-MAJOR)	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash	166,214		166,214
Uncollected taxes	15,553		15,553
Due from other governments	1,442		1,442
Due from General Fund	-	3,701	3,701
Other receivables	442		442
Prepaid expenditures	75		75
Tax acquired property	144		144
	<u>183,870</u>	<u>3,701</u>	<u>187,571</u>
LIABILITIES			
Accounts payable	14,759	-	14,759
Due to ARPA Fund	3,701	-	3,701
	<u>18,460</u>	<u>-</u>	<u>18,460</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue - property taxes	11,483	-	11,483
FUND BALANCES			
Nonspendable	144	-	144
Restricted - ARPA	-	3,701	3,701
Committed - Cemetery	5,000	-	5,000
Committed - Education	-	-	-
Committed - Roads	58,868	-	58,868
Unassigned	89,915	-	89,915
	<u>153,927</u>	<u>3,701</u>	<u>157,628</u>
	<u>183,870</u>	<u>3,701</u>	<u>187,571</u>

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION

Fund Balance	157,628
Other long-term assets are not available to pay for the current period expenditures, and therefore, are deferred in the funds.	<u>11,483</u>
Net position of government activities	<u>169,111</u>

The notes to the financial statements are an integral part of this statement

MORO PLANTATION, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-

GOVERNMENTAL FUND AND RECONCILIATION OF THE STATEMENT

OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF

GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	GENERAL FUND	ARPA FUND (NON-MAJOR)	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property taxes	131,046	-	131,046
Federal and state assistance	30,098	-	30,098
Other revenues	<u>77,835</u>	-	<u>77,835</u>
TOTAL REVENUES	<u>238,979</u>	-	<u>238,979</u>
EXPENDITURES			
Current			
Education	45,969	-	45,969
General government	34,906	-	34,906
Public works	21,679	-	21,679
Protection	16,495	-	16,495
Health and sanitation	3,317	-	3,317
County tax	17,653	-	17,653
LURC assessment	2,133	-	2,133
Community agencies	<u>1,115</u>	-	<u>1,115</u>
TOTAL EXPENDITURES	<u>143,267</u>	-	<u>143,267</u>
EXCESS OF EXPENDITURES OVER REVENUES	95,712	-	95,712
FUND BALANCE - JULY 1, 2022	<u>58,215</u>	<u>3,701</u>	<u>61,916</u>
FUND BALANCE - JUNE 30, 2023	<u><u>153,927</u></u>	<u><u>3,701</u></u>	<u><u>157,628</u></u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

NET CHANGE IN FUND BALANCE	95,712
Change in unavailable property tax revenue	<u>3,473</u>
Change in net position of governmental activities	<u><u>99,185</u></u>

The notes to the financial statements are an integral part of this statement

MORO PLANTATION, MAINE
NOTES TO FINANCIAL STATEMENTS
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MORO PLANTATION, MAINE

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Moro Plantation, Maine, is incorporated under the laws of the State of Maine. The Plantation is a municipal corporation that operates under the Plantation meeting, and board of assessor's form of government. The accompanying financial statements present the activities of Moro Plantation, Maine.

Basis of Presentation – Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities display information about the Plantation as a whole. These statements include the financial activities of the overall government, except the fiduciary activities. These statements distinguish between the governmental and business-type activities, if any, of the Plantation. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external users.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Plantation's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Plantation does not allocate indirect expenses to functions in the statement of activities. Program revenues include (a) fees, fines, and charges paid by those recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds, propriety funds, if any, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund financial statements provide information about the Plantation's funds including its fiduciary fund. Each individual fund is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Separate statements for each fund category – governmental, propriety, if any, and fiduciary, if any, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Propriety fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Plantation reports the following major governmental funds:

General Fund – To account for all financial resources except those required to be accounted for in another fund. The general fund is the Plantation's operating fund.

MORO PLANTATION, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Other governmental funds are:

Special Revenue Funds – To account for grant funds and other donations. The Plantation's sole special revenue fund is for ARPA grant funds.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Plantation gives (or receives) value without directly receiving (or giving) equal value in exchange, includes property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met.

Governmental-fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. This policy is believed to be in conformity with the policy of other local governments in Maine. Property taxes and inter-governmental revenues and grants are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt are reported as other financing sources.

Deposits and Investments

Available cash is deposited in interest-bearing accounts to as great a degree as possible. These residual investments are classified for reporting purposes as cash. Earnings from these investments are reported by the applicable funds generating the investments. All deposits are carried at cost plus accrued interest.

The laws of the State of Maine under 30-A M.R.S.A. Sections 5706-5719 limit investment of municipal funds to investments described within that law. The law authorizes the Plantation to invest in various financial institutions insured by Federal Deposit Insurance Corporation and the National Credit Union Association.

Repurchase agreements are allowed to the extent secured by the obligations of the United States Government, as defined in Section 5712, Subsection 1, provided that the market value of the underlying obligation is equal to or greater than the amount of the municipality's investment and that the municipality's security interest is perfected.

Investments in mutual funds are limited to bonds and other direct obligations of the United States Government or repurchase agreements secured by bonds and other direct obligations of the United States Government.

MORO PLANTATION, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

For other securities, including the above-mentioned investment vehicles, minimum security quality grade requirements are mandated in conjunction with percentage limitations of reserve amounts or portfolio balances, depending upon the type of the applicable securities purchased.

Tax Acquired Property

The Plantation records all tax acquired property at the lesser of fair market value or the taxes due on the property at the time of foreclosure. As of June 30, 2023, the Plantation has \$144 of tax acquired property. Moro Plantation tax acquired one property in fiscal year ending June 30, 2023 which sold for \$66,106.

Cash and Cash Equivalents

Moro Plantation considers all highly liquid investments (including restricted assets) with a maturity of three (3) months or less when purchased to be cash equivalents.

Receivables and Payables

All outstanding uncollected taxes are considered fully collectible by management of the Plantation.

Property Tax Calendar

Property taxes are levied as of April 1, 2022 and are used to finance the operations of the Plantation for the fiscal year beginning July 1, 2022. Taxes are committed for collection on October 4, 2022 and are due and payable on or by December 4, 2022. In accordance with Maine law, taxes not collected within 8 months following the date of commitment are secured by liens.

Inventories and Prepaid Items

Inventories and prepaid items are insignificant and are not reflected in the Plantation's basic financial statements.

Capital Assets

As of June 30, 2023, the Plantation does not have any capital assets. If it had any, all purchased or constructed capital assets would be reported at cost or estimated historical cost. Consequently, purchased or constructed capital assets would be reported at cost or estimated historical cost and donated fixed assets would be recorded at their estimated fair value at the date of donation. Due to the Plantation's size, the Plantation is not required to report major general infrastructure assets retroactively. It is the Plantation's policy to report major general infrastructure assets prospectively. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Plantation as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 2 years. These capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), would be reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

MORO PLANTATION, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Capital assets would be depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Equipment and Vehicles	5-25
Roads	20

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statement, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Equity or Balances

Statement No. 54, establishes a fund balance hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Prior to the adoption of GASB #54, the Plantation reported fund balances as either reserved or unreserved. The unreserved category was further broken down as designated or undesignated.

- Non-spendable – Items that are either not in spendable form or legally or contractually required to remain intact.
- Restricted fund balance – Resources that have constraints imposed by creditors, grantors, contributors or laws and regulations of other governments; or amounts that have very stringent conditions imposed by external parties or law.
- Unrestricted fund balance has 3 components;
 - Committed fund balance – Amounts with internally imposed restrictions mandated by the government's highest level of decision making authority which require action from that authority to be redeployed. In the case of Moro Plantation this action requires a vote at a Plantation meeting.
 - Assigned fund balance – Amounts that are constrained by the government's intent that they will be used for specific purposes. Decision making authority with respect to these amounts lies with a committee or other government official (board of selectpersons) but not the highest level authority.
 - Unassigned fund balance – This is the residual balance of the general fund which represents the remaining fund balance after allocation to the other fund balance categories. It reflects resources that are available for further appropriation and expenditure for general governmental purposes.

MORO PLANTATION, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Minimum Fund Balance

The Selectmen have not adopted a financial policy to maintaining a minimum level of unrestricted fund balance in the general fund.

Leases

The Plantation follows the provisions of Statement No. 87 of the Governmental Accounting Standards Board (GASB) Accounting Board – Leases. GASB #87 expands required reporting of long-term lease commitments.

(2) BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for special revenue funds and the capital projects funds, which adopt project-length budgets.

The budget is prepared by the Board of Selectmen. From this information, warrant articles are prepared for the annual Plantation meeting. The warrant articles include budget recommendations of the Board of Selectmen as well as the prior year's appropriated amounts.

The 2022 - 2023 fiscal budget was approved at the annual town meeting held on September 19, 2022.

(3) CASH AND INVESTMENTS

The Plantation's deposits at year end were covered by Federal Depository Insurance Corporation (FDIC) and collateralized in the amount of \$178,124.

The Plantation's cash is categorized to give an indication of the level of risk assumed by the Plantation at year end. These categories are defined as follows:

- Category #1 - Insured or collateralized with securities held by the Plantation or by its agent in the Plantation's name.
- Category #2 - Collateralized with securities held by the pledging financial institutions Trust department or agent in the Plantation's name.
- Category #3 - Uncollateralized, which includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Plantation's name.

MORO PLANTATION, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(3) CASH AND INVESTMENTS (cont'd.)

At June 30, 2022, the Plantation's funds were on deposit with the banks listed below:

<u>BANK – TYPE OF ACCOUNT</u>	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>	<u>C A T E G O R Y</u>		
			<u>#1</u>	<u>#2</u>	<u>#3</u>
Katahdin Trust Company Checking account	<u>166,214</u>	<u>178,124</u>	<u>178,124</u>		
	<u>166,214</u>	<u>178,124</u>	<u>178,124</u>	<u>None</u>	<u>None</u>

(4) CAPITAL ASSETS

There was no capital asset activity for the year ended June 30, 2023.

(5) LEGAL DEBT LIMIT

The maximum legal debt limit for the Plantation is \$651,000, 7.5% of the 2022 state valuation of the Plantation, which amounted to \$8,678,650.

(6) PROPERTY TAXES – GENERAL FUND

Property taxes are made up of the following:

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Commitment	134,341	134,519	178
Property taxes unavailable for use in current year	0	(3,473)	(3,473)
Abatements and discounts	<u>(400)</u>	<u>0</u>	<u>400</u>
	<u>133,941</u>	<u>131,046</u>	<u>(2,895)</u>

(7) STATE ASSISTANCE – GENERAL FUND

State assistance revenues at June 30, 2023, are as follows:

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Revenue sharing	1,547	3,742	2,195
Local road assistance program	0	3,648	3,648
Tree growth	17,276	18,550	1,274
Homestead exemption	4,073	3,956	(117)
Veteran exemption	<u>137</u>	<u>202</u>	<u>65</u>
	<u>23,033</u>	<u>30,098</u>	<u>7,065</u>

MORO PLANTATION, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(8) OTHER REVENUES – GENERAL FUND

These revenues, at June 30, 2022, are as follows:

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Excise taxes	5,000	7,490	2,490
Interest	100	724	624
Sale of tax acquired property	12,000	66,106	54,106
Other revenues	<u>1,070</u>	<u>3,515</u>	<u>2,445</u>
	<u>18,170</u>	<u>77,835</u>	<u>59,665</u>

(9) COMMITTED FUND BALANCE

For the year ended June 30, 2023, see page 11 of the financial statements for the breakdown on committed balances.

(10) COMMUNITY AGENCIES EXPENSE – GENERAL FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Cemetery	1,000	800	200
Houlton Cary Library	105	115	(10)
Knowles Corner ATV	100	100	0
Patten Playground	<u>100</u>	<u>100</u>	<u>0</u>
	<u>1,305</u>	<u>1,115</u>	<u>190</u>

(11) RISK MANAGEMENT

Moro Plantation is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Plantation maintains insurance coverage for part of its risk management. Settled claims, if any, resulting from these risks, have not exceeded commercial insurance coverage. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The Plantation's management estimates that the amount of actual or potential claims against the Plantation as of June 30, 2023 will not materially affect the financial condition of the Plantation.

MORO PLANTATION, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(12) SUBSEQUENT EVENTS

Management is not aware of any subsequent events from the date of the financial statements to the date the financial statements were available to be issued, June 10, 2024, that require disclosure.

(13) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, expenditures exceeded appropriations in the education, county tax and LURC assessment activities of the general fund. The actual overall change in fund balance was an increase of \$95,712.

(14) TRUST TAXES

The Plantation's payroll tax returns are subject to review and examination by federal and state authorities. No examinations have been conducted by the federal or state taxing authorities and no correspondence has been received from these authorities.

(15) LEASES

The Plantation adopted the requirements of GASB #87 as well as many of the practical expedients effective July 1, 2021. The policy is applied to contracts entered or changed, on or after July 1, 2021. The Plantation assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Plantation assesses whether; the contract involves the use of an identified asset, if the Plantation has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use and if the Plantation has the right to direct the use of the asset. The Plantation recognizes a right of use asset and a lease liability at the lease commencement date.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those for property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Plantation's incremental borrowing rate. Generally, the Plantation will use the incremental borrowing rate as the discount rate. The Plantation has elected not to separate non-lease components of the contract and account for the lease and non-lease components as a single lease component.

MORO PLANTATION, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(15) LEASES (cont'd)

When the Plantation acts as a lessor, it determines at lease inception whether each lease is classified as a short-term lease, a contract that transfers ownership, or all other leases. Under GASB #87 a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. If the underlying asset transfers ownership to the lessee by the end of the contract, the transaction should be reported as a financed purchase of the underlying asset by the lessee, or sale of the asset by the lessor. GASB #87 requires the recognition of lease payments received under short-term financing leases as income on a straight-line basis over the lease term.

A short-term lease is defined as a lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to extend that the lessee is reasonably certain to exercise. Under GASB #87 lease transactions of buildings and equipment that have a lease term of 12 months or less are recognized in the statement of activities as an expense on a straight-line basis over the lease term in the period in which the obligation for those payments has occurred.

Based on management's assessment, there were no leases requiring adjustment to the net position upon adoption or recognition in the financial statements as of June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

MORO PLANTATION, MAINE

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Property taxes				
Commitment	134,341	134,341	134,519	178
Increase in unavailable property taxes	-	-	(3,473)	(3,473)
Abatements and discounts	(400)	(400)	-	400
Net property taxes	<u>133,941</u>	<u>133,941</u>	<u>131,046</u>	<u>(2,895)</u>
State assistance				
Revenue sharing	1,547	1,547	3,742	2,195
Local road assistance program	-	-	3,648	3,648
Tree growth	17,276	17,276	18,550	1,274
Homestead exemption	4,073	4,073	3,956	(117)
Veteran exemption	137	137	202	65
Other revenues	<u>18,170</u>	<u>18,170</u>	<u>77,835</u>	<u>59,665</u>
TOTAL REVENUES	<u>175,144</u>	<u>175,144</u>	<u>238,979</u>	<u>63,835</u>
EXPENDITURES				
Current				
Education	16,981	16,981	45,969	(28,988)
General government	49,032	49,032	34,906	14,126
Public works	68,500	68,500	21,679	46,821
Protection	16,800	16,800	16,495	305
Health and sanitation	3,845	3,845	3,317	528
County tax	16,557	16,557	17,653	(1,096)
LURC assessment	2,124	2,124	2,133	(9)
Community agencies	1,305	1,305	1,115	190
TOTAL EXPENDITURES	<u>175,144</u>	<u>175,144</u>	<u>143,267</u>	<u>31,877</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>95,712</u>	<u>95,712</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>95,712</u>	<u>95,712</u>
FUND BALANCE - JULY 1, 2022			<u>58,215</u>	
FUND BALANCE - JUNE 30, 2023			<u>153,927</u>	

The notes to the financial statements are an integral part of this statement

SUPPLEMENTARY INFORMATION

MORO PLANTATION, MAINE

SCHEDULE OF PROPERTY VALUATION AND ASSESSMENT - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	<u>REAL ESTATE</u>	<u>PERSONAL PROPERTY</u>	<u>TOTAL</u>
ASSESSED VALUATION	8,678,650	-	8,678,650
TAX RATE PER \$1,000			<u>15.500</u>
			<u><u>134,519</u></u>

COMPUTATION OF ASSESSMENT

TAX COMMITMENT	134,519	
Less: Abatements and discounts	<u>(400)</u>	
	134,119	
ESTIMATED REVENUES		
State Municipal Revenue Sharing	1,547	
Homestead Reimbursement	4,073	
Other Revenue	<u>35,583</u>	
	41,203	175,322
APPROPRIATIONS		
Municipal	141,606	
Education	16,981	
County tax	<u>16,557</u>	<u>175,144</u>
OVERLAY		<u><u>178</u></u>

The notes to the financial statements are an integral part of this statement

MORO PLANTATION, MAINE

SCHEDULE OF CHANGES IN PROPERTY TAXES - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	<u>TOTAL</u>	<u>2023/24 TAXES</u>	<u>2022/23 TAXES</u>	<u>2021/22 TAXES</u>	<u>PRIOR YEAR LIENS</u>
UNCOLLECTED AT JULY 1, 2022	10,598	-	(2)	7,838	2,762
2022/23 COMMITMENT	<u>134,519</u>	<u>-</u>	<u>134,519</u>	<u>7,838</u>	<u>2,762</u>
	<u>145,117</u>	<u>-</u>	<u>134,517</u>	<u>7,838</u>	<u>2,762</u>
COLLECTIONS	129,564	96	121,552	5,695	2,221
ABATEMENTS AND DISCOUNTS	-	-	-	-	-
	<u>129,564</u>	<u>96</u>	<u>121,552</u>	<u>5,695</u>	<u>2,221</u>
UNCOLLECTED AT JUNE 30, 2023	<u>15,553</u>	<u>(96)</u>	<u>12,965</u>	<u>2,143</u>	<u>541</u>
REPRESENTED BY					
Real estate taxes/liens		<u>(96)</u>	<u>12,965</u>	<u>2,143</u>	<u>541</u>
		<u>(96)</u>	<u>12,965</u>	<u>2,143</u>	<u>541</u>

The notes to the financial statements are an integral part of this statement