

TOWN OF PATTEN, MAINE  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES	12
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	14
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	15
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	16
STATEMENTS OF NET POSITION - PROPRIETARY FUNDS	17
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS	18
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS	19
STATEMENTS OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	20
COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	21
NOTES TO FINANCIAL STATEMENTS	22-39
REQUIRED SUPPLEMENTARY INFORMATION	
GENERAL FUND-STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	40
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	41
SUPPLEMENTARY INFORMATION	
SCHEDULE OF PROPERTY VALUATION AND ASSESSMENT - GENERAL FUND	42



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## INDEPENDENT AUDITORS' REPORT

To the Board of Selectpersons of  
Town of Patten, Maine

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business – type activities, each major fund and the aggregate remaining fund information of the Town of Patten, Maine, as of and for the year ended December 31, 2023, and the related notes to the financial statements which collectively comprise the Town of Patten, 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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Patten, Maine, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 the Town of Patten, 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 these 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 Patten, Maine’s ability to continue as a going concern for twelve months beyond the financial statement date.

## *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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 of Patten, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Patten, Maine's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of changes in net OPEB liability and related ratios 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 Government 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 Patten, Maine's basic financial statements. The schedule of property valuation and assessment – general fund 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 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Chester M. Kearney*

Presque Isle, Maine  
July 24, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF PATTEN, MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Patten, Maine, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

*Financial Highlights*

- The assets of the Town of Patten exceeded its liabilities at the close of the most recent fiscal year by \$7,110,637 (net position). Of this amount, \$2,104,938 (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 \$82,681 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,635,072, an increase of \$104,557 in comparison with the prior year. Approximately 53% of this total amount, \$870,863, is unassigned and available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$870,863 or 43.6% of total general fund expenditures.
- The Town had no debt obligations in 2023.

*Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the Town of Patten's basic financial statements. The Town's basic financial statements are comprised of three (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 the Town of Patten's finances, in a manner similar to a private-sector business.

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, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town 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 and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town 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 Town include general government, public safety, parks and recreation, culture, community services, community development, education, and other charges.

TOWN OF PATTEN, MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements can be found on pages 11-12 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 of Patten, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

*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 Town maintains four (4) individual governmental funds. 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 a major fund.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the fiscal year 2023 budget.

The basic governmental fund financial statements can be found on pages 13 to 16 of this report.

*Proprietary funds.* The Town maintains proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses proprietary funds to account for its ambulance, sewer and water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the ambulance, sewer and water operations, which are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found on pages 17 to 19 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 20 to 21 of this report.



TOWN OF PATTEN, MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

*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 22 to 39 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 the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,110,637 at the close of the most recent fiscal year.

By far, the largest portion of the Town's net position (63%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services 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.

TOWN OF PATTEN, Net position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Dec. 31,</u> <u>2023</u>	<u>Dec. 31,</u> <u>2022</u>	<u>Dec. 31,</u> <u>2023</u>	<u>Dec. 31,</u> <u>2022</u>	<u>Dec. 31,</u> <u>2023</u>	<u>Dec. 31,</u> <u>2022</u>
Current and other assets	1,927,372	1,746,234	898,346	939,634	2,825,718	2,685,868
Capital assets	<u>2,322,050</u>	<u>2,387,384</u>	<u>2,138,247</u>	<u>2,045,214</u>	<u>4,460,297</u>	<u>4,432,598</u>
Total assets	<u>4,249,422</u>	<u>4,133,618</u>	<u>3,036,593</u>	<u>2,984,848</u>	<u>7,286,015</u>	<u>7,118,466</u>
Deferred outflows of resources	<u>333</u>	<u>2,673</u>			<u>333</u>	<u>2,673</u>
Other liabilities	61,300	13,719	89,733	55,673	151,033	69,392
Long-term liabilities	<u>18,163</u>	<u>17,849</u>			<u>18,163</u>	<u>17,849</u>
Total liabilities	<u>79,463</u>	<u>31,568</u>	<u>89,733</u>	<u>55,673</u>	<u>169,196</u>	<u>87,241</u>
Deferred inflows of resources	<u>6,515</u>	<u>5,942</u>			<u>6,515</u>	<u>5,942</u>
Net position:						
Invested in capital assets						
net of related debt	2,322,050	2,387,384	2,138,247	2,045,214	4,460,297	4,432,598
Other	<u>1,841,727</u>	<u>1,711,397</u>	<u>808,613</u>	<u>883,961</u>	<u>2,650,340</u>	<u>2,595,358</u>
Total net position	<u>4,163,777</u>	<u>4,098,781</u>	<u>2,946,860</u>	<u>2,929,175</u>	<u>7,110,637</u>	<u>7,027,956</u>

TOWN OF PATTEN, MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The unrestricted net position, \$2,104,938, may be used to meet the government's on-going obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net position increased by \$82,681 during the current fiscal year. A substantial portion of this increase was attributable to the general fund.

Governmental activities increased the Town's net position by \$64,996 and business-type activities increased net position by \$17,685. Key elements of these changes in net position are as follows:

	TOWN OF PATTEN, Changes in Net position					
	Governmental Activities		Business-type Activities		Total	
	Jan. 1, 2023 to Dec. 31, 2023	Jan. 1, 2022 to Dec. 31, 2022	Jan. 1, 2023 to Dec. 31, 2023	Jan. 1, 2022 to Dec. 31, 2022	Jan. 1, 2023 to Dec. 31, 2023	Jan. 1, 2022 to Dec. 31, 2022
Revenues						
Program revenues:						
Charges for services	28,709	19,879	721,995	288,276	750,704	308,155
Operating grants and contributions	153,595	72,797			153,595	72,797
Capital grants and contributions			333,002	146,901	333,002	146,901
General revenues:						
Property taxes	1,096,337	940,206			1,096,337	940,206
Excise taxes	181,490	184,285			181,490	184,285
Grants and other contributions not restricted specific programs						
Other	<u>671,281</u>	<u>577,738</u>	<u>4,576</u>	<u>1,197</u>	<u>675,857</u>	<u>578,935</u>
Total revenues	<u>2,131,412</u>	<u>1,794,905</u>	<u>1,059,573</u>	<u>436,374</u>	<u>3,190,985</u>	<u>2,231,279</u>
Expenses						
Education	562,412	524,610			562,412	524,610
General government	519,492	342,907			519,492	342,907
Public Safety	172,349	131,462			172,349	131,462
Public Works	362,883	269,218			362,883	269,218
Sanitation/Health & Welfare	33,843	32,263			33,843	32,263
County Tax	73,944	70,720			73,944	70,720
Culture & Recreation	56,362	43,023			56,362	43,023
Cemetery	19,765	19,077			19,765	19,077
Unclassified	8,900	9,000			8,900	9,000
OPEB Expense	3,227	3,045			3,227	3,045
Unallocated depreciation	240,112	238,740			240,112	238,740
Ambulance			820,966	391,967	820,966	391,967
Sewer			119,672	115,603	119,672	115,603
Water			<u>114,099</u>	<u>113,494</u>	<u>114,099</u>	<u>113,494</u>
Total expenses	<u>2,053,289</u>	<u>1,684,065</u>	<u>1,054,737</u>	<u>621,064</u>	<u>3,108,026</u>	<u>2,305,129</u>
Transfers in/(out)	<u>(12,449)</u>	<u>(32,124)</u>	<u>12,449</u>	<u>32,124</u>		
Gain (loss) on asset disposal	<u>(678)</u>		<u>400</u>		<u>(278)</u>	
Change in net position	64,996	78,716	17,685	(152,566)	82,681	(73,850)
Net position – beginning	<u>4,098,781</u>	<u>4,020,065</u>	<u>2,929,175</u>	<u>3,081,741</u>	<u>7,027,956</u>	<u>7,101,806</u>
Net position – ending	<u>4,163,777</u>	<u>4,098,781</u>	<u>2,946,860</u>	<u>2,929,175</u>	<u>7,110,637</u>	<u>7,027,956</u>

TOWN OF PATTEN, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

The key elements of the change in Governmental Activities net position are as follows:

- Budgeted property tax overlay of \$59,895.
- Operating grant revenue of \$153,595 from various grantors.

*Business-type activities.* Business-type activities increased the Town's net position by \$17,685. The key elements of this increase are as follows:

- Capital grant revenue of \$333,002 for sewer wastewater pump station upgrade project and ambulance capital assets.

*Financial Analysis of the Government's Funds*

As noted earlier, the Town of Patten uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned 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 Town's governmental funds reported combined ending fund balances of \$1,635,072, an increase of \$104,557. Approximately 53% of this total amount, \$870,863, constitutes unassigned general 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 because it has already been classified for special purposes.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$870,863, while total fund balance increased to \$1,466,162. As a measure of the general fund's liquidity, it may be useful to compare the fund balance to total fund expenditures. Unassigned fund balance represents 43.86% of total general fund expenditures, while total fund balance represents 73.84% of that same amount.

The fund balance of the Town's general fund increased by \$103,821 during the current fiscal year.

*General Fund Budgetary Highlights*

The final appropriated budget, including budgeted revenues, as per the fiscal year commitment, is \$1,876,726. The Town carries, from year to year, the unspent balances of various functions/programs. The amount carried from fiscal year 2022 for the various programs was \$0.

TOWN OF PATTEN, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

*Capital Assets and Debt Administration*

*Capital assets.* The Town's investment in capital assets for its governmental and business type activities as of December 31, 2023, amounts to \$4,460,297 (net of accumulated depreciation and related debt). This investment in capital assets includes land, infrastructure (roads and streets), buildings, improvements, fire units, and equipment.

Major capital asset events during the current fiscal year included the following:

TOWN OF PATTEN, Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Dec. 31,</u> <u>2023</u>	<u>Dec. 31,</u> <u>2022</u>	<u>Dec. 31</u> <u>2023</u>	<u>Dec. 31,</u> <u>2022</u>	<u>Dec. 31,</u> <u>2023</u>	<u>Dec. 31,</u> <u>2022</u>
Land	509,100	509,100	6,000	6,000	515,100	515,100
Construction in progress			526,700	354,760	526,700	354,760
Buildings	1,023,215	939,798	151,137	151,137	1,174,352	1,090,935
Equipment	780,822	739,506	916,579	865,248	1,697,401	1,604,754
Infrastructure	<u>8,740,534</u>	<u>8,744,311</u>	<u>4,859,950</u>	<u>4,859,950</u>	<u>13,600,484</u>	<u>13,604,261</u>
Total	<u>11,053,671</u>	<u>10,932,715</u>	<u>6,460,366</u>	<u>6,237,095</u>	<u>17,514,037</u>	<u>17,169,810</u>
Accumulated Depreciation	<u>8,731,621</u>	<u>8,545,331</u>	<u>4,322,119</u>	<u>4,191,881</u>	<u>13,053,740</u>	<u>12,737,212</u>
Net	<u>2,322,050</u>	<u>2,387,384</u>	<u>2,138,247</u>	<u>2,045,214</u>	<u>4,460,297</u>	<u>4,432,598</u>

Additional information on the Town's capital assets can be found on pages 25, 26 and 30 of this report.

*Long-term debt.* At the end of the current fiscal year, the Town had total bonded debt outstanding of \$0.

Additional information on the Town's long-term debt can be found on pages 26, 27, 32 and 33 of this report.

*Economic Factors and Next Year's Budgets and Rate*

- The unemployment rate for Penobscot County is currently 3.8%, which is an increase from a rate of 2.8% a year ago, the rate in neighboring Aroostook County is 4.9%. The County's rate is comparable to the national rate of 3.7% and the state rate of 3.4%.

- Inflationary trends in the region compare favorably to national indices.

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

During the current calendar year, unassigned fund balance in the general fund decreased to \$870,863. It is intended that the use of available fund balance will reduce the need to raise taxes or charges during the 2024 fiscal year.

TOWN OF PATTEN, MAINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

*Requests for Information*

This financial report is designed to provide a general overview of the Town of Patten, Maine's finances for all those with an interest in the government's finances and to show the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, Town of Patten, P.O. Box 260, Patten, Maine 04765.

BASIC FINANCIAL STATEMENTS

TOWN OF PATTEN, MAINE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023

	GOVERNMENTAL <u>ACTIVITIES</u>	BUSINESS-TYPE <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	1,575,860	629,770	2,205,630
Taxes receivable (net of allowance for uncollectibles)	254,764		254,764
Accounts receivable (net)	14,271	106,719	120,990
Grants receivable	8,255		8,255
Tax acquired property	1,766		1,766
Due from other governments	21,753		21,753
Due from governmental activities		33,542	33,542
Due from business-type activities	50,703		50,703
Investments - certificates of deposit		128,315	128,315
	<u>1,927,372</u>	<u>898,346</u>	<u>2,825,718</u>
Capital assets			
Land	509,100	6,000	515,100
Construction in progress	-	526,700	526,700
Buildings	1,023,215	151,137	1,174,352
Equipment	780,822	916,579	1,697,401
Infrastructure	8,740,534	4,859,950	13,600,484
Less accumulated depreciation	<u>(8,731,621)</u>	<u>(4,322,119)</u>	<u>(13,053,740)</u>
	<u>2,322,050</u>	<u>2,138,247</u>	<u>4,460,297</u>
<b>TOTAL ASSETS</b>	<u>4,249,422</u>	<u>3,036,593</u>	<u>7,286,015</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Outflows related to OPEB	<u>333</u>		<u>333</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accruals	23,403	39,030	62,433
Due to fiduciary fund	4,355		4,355
Due to business-type activities	33,542		33,542
Due to governmental activities		50,703	50,703
	<u>61,300</u>	<u>89,733</u>	<u>151,033</u>
Non-current liabilities			
OPEB Liabilities	<u>18,163</u>		<u>18,163</u>
	<u>18,163</u>		<u>18,163</u>
<b>TOTAL LIABILITIES</b>	<u>79,463</u>	<u>89,733</u>	<u>169,196</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Inflows related to OPEB	<u>6,515</u>		<u>6,515</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>6,515</u>		<u>6,515</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,322,050	2,138,247	4,460,297
Restricted	181,840	363,562	545,402
Unrestricted	<u>1,659,887</u>	<u>445,051</u>	<u>2,104,938</u>
<b>TOTAL NET POSITION</b>	<u>4,163,777</u>	<u>2,946,860</u>	<u>7,110,637</u>

See notes to financial statements

TOWN OF PATTEN, MAINE  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023

Functions/Programs:	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Education							
General government	562,412				(562,412)		(562,412)
Public safety	519,492		83,983		(435,509)		(435,509)
Public works	172,349	17,350	49,988		(105,011)		(105,011)
Sanitation/Health and Welfare	362,883		18,624		(344,259)		(344,259)
County Tax	33,843				(33,843)		(33,843)
Culture and Recreation	73,944		1,000		(73,944)		(73,944)
Cemetery	56,362				(56,362)		(56,362)
Unclassified	19,765	11,359			(8,406)		(8,406)
OPEB expense	8,900				(8,900)		(8,900)
Unallocated depreciation	3,227				(3,227)		(3,227)
<b>Total governmental activities</b>	<u>2,401,112</u>	<u>28,709</u>	<u>153,595</u>	<u>-</u>	<u>(240,112)</u>	<u>260</u>	<u>(240,112)</u>
	<u>2,053,289</u>				<u>(1,870,985)</u>		<u>(1,870,985)</u>
<b>Business-type activities:</b>							
Ambulance service	820,966	619,125		164,000		(37,841)	(37,841)
Sewer department	119,672	25,913		169,002		75,243	75,243
Water department	114,099	76,957				(37,142)	(37,142)
<b>Total business-type activities</b>	<u>1,054,737</u>	<u>721,995</u>	<u>-</u>	<u>333,002</u>		<u>260</u>	<u>260</u>
<b>Total primary government</b>	<u>3,108,026</u>	<u>750,704</u>	<u>153,595</u>	<u>333,002</u>	<u>(1,870,985)</u>	<u>260</u>	<u>(1,870,725)</u>
<b>General revenues:</b>							
Taxes	1,096,337				1,096,337		1,096,337
Excise taxes	181,490				181,490		181,490
Intergovernmental revenues	496,547				496,547		496,547
Unrestricted investment earnings	19,235				19,235	4,576	23,811
Other	155,499				155,499	4,576	160,075
<b>Total general revenues</b>	<u>1,949,108</u>				<u>1,949,108</u>	<u>4,576</u>	<u>1,953,684</u>
Transfer in/(out)					(12,449)	12,449	-
Gain (loss) on asset disposal					(678)	400	(278)
Change in net position					64,996	17,685	82,681
Net position - January 1, 2023					4,098,781	2,929,175	7,027,956
Net position - December 31, 2023					<u>4,163,777</u>	<u>2,946,860</u>	<u>7,110,637</u>

See notes to financial statements

Chester M. Kearney, Certified Public Accountants



TOWN OF PATTEN, MAINE

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	MAJOR FUND	NON-MAJOR SPECIAL REVENUE		TOTAL
	GENERAL	CORRIVEAU LIBRARY	ARPA	GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	1,508,936	66,924		1,575,860
Tax receivable (net of allowance for uncollectibles)	254,764			254,764
Tax acquired property	1,766			1,766
Accounts receivable	14,271			14,271
Grants receivable	8,255			8,255
Due from other governments	21,753			21,753
Due from general fund			51,283	51,283
Due from proprietary fund			50,703	50,703
<b>TOTAL ASSETS</b>	<b>1,809,745</b>	<b>66,924</b>	<b>101,986</b>	<b>1,978,655</b>
<b>LIABILITIES</b>				
Accounts payable and accruals	23,403			23,403
Due to special revenue fund	51,283			51,283
Due to proprietary funds	33,542			33,542
Due to fiduciary fund	4,355			4,355
<b>TOTAL LIABILITIES</b>	<b>112,583</b>			<b>112,583</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue-property taxes	231,000			231,000
<b>FUND BALANCES</b>				
Restricted for:				
Library		66,924		66,924
ARPA			101,986	101,986
Library grant	12,000			12,000
Septage	930			930
	12,930	66,924	101,986	181,840
Committed for:				
Fire Building Reserve	7,656			7,656
Fire Truck Reserve	106,242			106,242
Highway Equipment	34,618			34,618
Highway Capital Road Reserve	293,529			293,529
Culture and Recreation Reserve	42,504			42,504
Municipal Building	12,866			12,866
Veterans' Monument	6,646			6,646
Community Celebrations	4,308			4,308
Patten Academy Park	19,000			19,000
Tax Maps / Revaluation	45,000			45,000
Grant Writing Reserve	10,000			10,000
	582,369			582,369
Unassigned:	870,863			870,863
<b>TOTAL FUND BALANCES</b>	<b>1,466,162</b>	<b>66,924</b>	<b>101,986</b>	<b>1,635,072</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>1,809,745</b>	<b>66,924</b>	<b>101,986</b>	<b>1,978,655</b>

See notes to financial statements

TOWN OF PATTEN, MAINE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2023

Total fund balances for governmental funds	1,635,072
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not financial funds.	2,322,050
Some liabilities 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.	
Deferred outflows of resources	333
Net OPEB liability	(18,163)
Deferred inflows of resources	(6,515)
Other long-term assets are not available to pay for the current period expenditures and, therefore, are deferred in the funds.	<u>231,000</u>
Total net position of governmental activities	<u><u>4,163,777</u></u>

See notes to financial statements

TOWN OF PATTEN, MAINE  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023

	<u>MAJOR FUND</u>	<u>NON-MAJOR SPECIAL REVENUE</u>		TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	CORRIVEAU LIBRARY	ARPA	
REVENUES				
Property taxes	1,096,337			1,096,337
Excise taxes	181,490			181,490
State revenues	515,171			515,171
Other	337,678	33	703	338,414
TOTAL REVENUES	<u>2,130,676</u>	<u>33</u>	<u>703</u>	<u>2,131,412</u>
EXPENDITURES				
Education	562,412			562,412
General government	602,909			602,909
Public safety	213,665			213,665
Public works	413,606			413,606
Sanitation/Health and Welfare	33,843			33,843
County tax	73,944			73,944
Culture and recreation	56,362			56,362
Cemetery	19,765			19,765
Unclassified	8,900			8,900
TOTAL EXPENDITURES	<u>1,985,406</u>	<u>-</u>	<u>-</u>	<u>1,985,406</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>145,270</u>	<u>33</u>	<u>703</u>	<u>146,006</u>
UNCOLLECTED/UNCOLLECTABLE PROPERTY TAXES	<u>(29,000)</u>			<u>(29,000)</u>
TRANSFERS OUT	<u>(12,449)</u>	<u>-</u>	<u>-</u>	<u>(12,449)</u>
NET CHANGE IN FUND BALANCES	103,821	33	703	104,557
FUND BALANCES - JANUARY 1, 2023	<u>1,362,341</u>	<u>66,891</u>	<u>101,283</u>	<u>1,530,515</u>
FUND BALANCES - DECEMBER 31, 2023	<u>1,466,162</u>	<u>66,924</u>	<u>101,986</u>	<u>1,635,072</u>

See notes to financial statements

TOWN OF PATTEN, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF ACTIVITIES

DECEMBER 31, 2023

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balances - total governmental funds	<u>104,557</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Increase in unavailable property tax revenue	<u>29,000</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
OPEB Expense	<u>(3,227)</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital expenditures depreciated	175,456
Loss on asset disposal	(678)
Depreciation expense	<u>(240,112)</u>
	<u>(65,334)</u>
Change in net position of governmental activities	<u><u>64,996</u></u>

See notes to financial statements

TOWN OF PATTEN, MAINE  
STATEMENTS OF NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2023

	<u>BUSINESS-TYPE ACTIVITIES</u>			<u>TOTALS</u>
	<u>AMBULANCE</u>	<u>SEWER</u>	<u>WATER</u>	
<b>ASSETS</b>				
Cash and cash equivalents	436,924	48,282	144,564	629,770
Accounts receivable (net)	91,471	5,809	9,439	106,719
Due from governmental activities	10,288	-	23,254	33,542
Investments	128,315	-	-	128,315
	<u>666,998</u>	<u>54,091</u>	<u>177,257</u>	<u>898,346</u>
Capital assets:				
Land	6,000	-	-	6,000
Construction in progress	-	526,700	-	526,700
Buildings and equipment	1,060,858	3,250	3,608	1,067,716
Infrastructure	-	2,789,991	2,069,959	4,859,950
Less accumulated depreciation	<u>(770,925)</u>	<u>(2,014,963)</u>	<u>(1,536,231)</u>	<u>(4,322,119)</u>
Capital assets (net)	<u>295,933</u>	<u>1,304,978</u>	<u>537,336</u>	<u>2,138,247</u>
<b>TOTAL ASSETS</b>	<u>962,931</u>	<u>1,359,069</u>	<u>714,593</u>	<u>3,036,593</u>
<b>LIABILITIES</b>				
Accounts payable	16,811	-	900	17,711
Accrued payroll	19,804	-	-	19,804
Payroll liabilities	1,515	-	-	1,515
Due to governmental activities	-	50,703	-	50,703
<b>TOTAL LIABILITIES</b>	<u>38,130</u>	<u>50,703</u>	<u>900</u>	<u>89,733</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	295,933	1,304,978	537,336	2,138,247
Restricted	363,562	-	-	363,562
Unrestricted	265,306	3,388	176,357	445,051
<b>TOTAL NET POSITION</b>	<u>924,801</u>	<u>1,308,366</u>	<u>713,693</u>	<u>2,946,860</u>

See notes to financial statements

TOWN OF PATTEN, MAINE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITIES			TOTALS
	AMBULANCE	SEWER	WATER	
OPERATING REVENUES				
Charges for services	594,385	25,913	76,957	697,255
Donations	22,596	-	-	22,596
Miscellaneous	2,144	-	-	2,144
TOTAL OPERATING REVENUES	<u>619,125</u>	<u>25,913</u>	<u>76,957</u>	<u>721,995</u>
OPERATING EXPENSES				
Wages	481,362	-	-	481,362
Insurance	44,780	2,500	2,555	49,835
Training and education	228	-	700	928
Supplies	20,217	361	81	20,659
Maintenance and repairs	39,698	11,195	12,935	63,828
Office	7,235	11	406	7,652
Utilities	6,333	11,136	5,643	23,112
Fuel	33,847	1,463	1,000	36,310
Payroll taxes	36,824	-	-	36,824
Depreciation	42,721	72,126	51,392	166,239
Contracted services	30,526	17,480	34,000	82,006
Lease expense	6,000	-	-	6,000
Bad debt expense	53,000	-	-	53,000
Miscellaneous	18,195	3,400	5,387	26,982
TOTAL OPERATING EXPENSES	<u>820,966</u>	<u>119,672</u>	<u>114,099</u>	<u>1,054,737</u>
OPERATING LOSS	<u>(201,841)</u>	<u>(93,759)</u>	<u>(37,142)</u>	<u>(332,742)</u>
NONOPERATING REVENUES				
Grant income	164,000	169,002	-	333,002
Interest income	4,481	10	85	4,576
Gain on sale of asset	400	-	-	400
TOTAL NONOPERATING REVENUES	<u>168,881</u>	<u>169,012</u>	<u>85</u>	<u>337,978</u>
INCOME (LOSS) BEFORE TRANSFER AND CONTRIBUTIONS	<u>(32,960)</u>	<u>75,253</u>	<u>(37,057)</u>	<u>5,236</u>
TRANSFER IN	<u>-</u>	<u>12,449</u>	<u>-</u>	<u>12,449</u>
CHANGE IN NET POSITION	<u>(32,960)</u>	<u>87,702</u>	<u>(37,057)</u>	<u>17,685</u>
TOTAL NET POSITION - JANUARY 1, 2023	<u>957,761</u>	<u>1,220,664</u>	<u>750,750</u>	<u>2,929,175</u>
TOTAL NET POSITION - DECEMBER 31, 2023	<u>924,801</u>	<u>1,308,366</u>	<u>713,693</u>	<u>2,946,860</u>

See notes to financial statements

TOWN OF PATTEN, MAINE  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2023

	<u>AMBULANCE</u>	<u>SEWER</u>	<u>WATER</u>	<u>TOTALS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	518,848	28,729	79,868	627,445
Cash received from donors	22,596	-	-	22,596
Cash paid to suppliers for goods and services	(278,557)	(47,546)	(62,181)	(388,284)
Cash paid to employees for services	<u>(461,558)</u>	<u>-</u>	<u>-</u>	<u>(461,558)</u>
Net cash provided by/(used in) operating activities	<u>(198,671)</u>	<u>(18,817)</u>	<u>17,687</u>	<u>(199,801)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Net cash received from (paid to) General Fund	2,984	12,449	(78,553)	(63,120)
Net cash received from (paid to) ARPA Fund	<u>-</u>	<u>50,703</u>	<u>-</u>	<u>50,703</u>
Net cash provided by (used in) noncapital financing activities	<u>2,984</u>	<u>63,152</u>	<u>(78,553)</u>	<u>(12,417)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital grants received	<u>76,668</u>	<u>-</u>	<u>-</u>	<u>76,668</u>
Net cash provided by capital and related financing activities	<u>76,668</u>	<u>-</u>	<u>-</u>	<u>76,668</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	3,621	10	85	3,716
Proceeds from certificate of deposit	127,074	-	-	127,074
Purchase of capital assets	-	(2,938)	-	(2,938)
Proceeds from sale of capital assets	<u>400</u>	<u>-</u>	<u>-</u>	<u>400</u>
Net cash provided by (used in) investing activities	<u>131,095</u>	<u>(2,928)</u>	<u>85</u>	<u>128,252</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>12,076</b>	<b>41,407</b>	<b>(60,781)</b>	<b>(7,298)</b>
<b>CASH - JANUARY 1, 2023</b>	<b><u>424,848</u></b>	<b><u>6,875</u></b>	<b><u>205,345</u></b>	<b><u>637,068</u></b>
<b>CASH - DECEMBER 31, 2023</b>	<b><u>436,924</u></b>	<b><u>48,282</u></b>	<b><u>144,564</u></b>	<b><u>629,770</u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating loss	<u>(201,841)</u>	<u>(93,759)</u>	<u>(37,142)</u>	<u>(332,742)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities				
Depreciation	42,721	72,126	51,392	166,239
Change in assets and liabilities				
Accounts receivable - (increase) decrease	(77,681)	2,816	2,911	(71,954)
Accounts payable - (decrease) increase	16,811	-	526	17,337
Accrued payroll - (decrease) increase	19,804	-	-	19,804
Payroll liabilities - (decrease) increase	<u>1,515</u>	<u>-</u>	<u>-</u>	<u>1,515</u>
	<u>3,170</u>	<u>74,942</u>	<u>54,829</u>	<u>132,941</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b><u>(198,671)</u></b>	<b><u>(18,817)</u></b>	<b><u>17,687</u></b>	<b><u>(199,801)</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased with grant funds	<u>87,332</u>	<u>169,002</u>	<u>-</u>	<u>256,334</u>

See notes to financial statements

TOWN OF PATTEN, MAINE

STATEMENTS OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2023

	CUSTODIAL FUNDS							TOTALS
	BELL FUND	MINISTERIAL AND SCHOOL FUND	CEMETERY FUND	MEMORIAL FUND	FIRE FUND	PATTEN PLAYGROUND FUND		
ASSETS								
Cash and cash equivalent	73	2,442	3,938	3,958	366	8,243	19,020	
Investments	-	1,310	207,513	13,125	-	-	221,948	
Due from General Fund	-	-	-	-	-	4,355	4,355	
<b>TOTAL ASSETS</b>	<b>73</b>	<b>3,752</b>	<b>211,451</b>	<b>17,083</b>	<b>366</b>	<b>12,598</b>	<b>245,323</b>	
LIABILITIES								
None								
<b>TOTAL LIABILITIES</b>								
NET POSITION								
Endowments	-	2,000	132,900	2,000	-	-	136,900	
Held in trust for specific programs	73	1,752	78,551	15,083	366	12,598	108,423	
<b>TOTAL NET POSITION</b>	<b>73</b>	<b>3,752</b>	<b>211,451</b>	<b>17,083</b>	<b>366</b>	<b>12,598</b>	<b>245,323</b>	

See notes to financial statements

Chester M. Kearney, Certified Public Accountants



TOWN OF PATTEN, MAINE

COMBINING STATEMENTS OF

CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2023

CUSTODIAL FUNDS

	BELL FUND	MINISTERIAL AND SCHOOL FUND	CEMETERY FUND	MEMORIAL BOOK FUND	FIRE FUND	PATTEN PLAYGROUND FUND	TOTAL FIDUCIARY FUNDS
ADDITIONS							
Investment income	-	4	189	35	-	3	231
Donations	-	-	-	-	-	15,340	15,340
TOTAL ADDITIONS	-	4	189	35	-	15,343	15,571
DEDUCTIONS							
Scholarship	-	-	-	-	-	-	-
Other	-	-	-	-	-	2,745	2,745
	-	-	-	-	-	2,745	2,745
CHANGE IN NET POSITION	-	4	189	35	-	12,598	12,826
UNREALIZED GAIN ON INVESTMENTS	-	-	1,560	-	-	-	1,560
NET POSITION - JANUARY 1, 2023	73	3,748	209,702	17,048	366	-	230,937
NET POSITION - DECEMBER 31, 2023	73	3,752	211,451	17,083	366	12,598	245,323

TOWN OF PATTEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
TABLE OF CONTENTS

	PAGE
(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
Reporting Entity	22
Accounting Methods and Basis of Financial Statement Presentation	22
Governmental-Wide and Fund Financial Statements	23
Measurement Focus and Basis of Accounting	23 - 25
Deposits and Investments	25
Inter-fund Receivables and Payables	25
Capital Assets	25 - 26
Compensated Absences	26
Sick Leave	26
Long-Term Obligations	26 - 27
Net Position Flow Assumption	27
Fund Balance Flow Assumption	27
Deferred Outflows/Inflows of Resources	27
Fund Equity or Balances	28
Allowance for Uncollectible Accounts	28
Use of Estimates	28
Net Position	28
Other General Items	28
Minimum Fund Balance	28
(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	
Budgetary Information	28 - 29
Excess of Expenditures Over Appropriations	29
Cash and Equivalents	29
Custodial Credit Risk-Deposits	29
Interest Credit Risk	29

TOWN OF PATTEN, MAINE  
NOTES TO FINANCIAL STATEMENTS  
TABLE OF CONTENTS (cont'd.)

	Concentration of Credit Risk	30
	Property Tax	30
	Capital Assets	30 - 31
	Inter-fund Transactions	32
	Legal Debt Limit	32
	Overlapping Debt	33
	Fund Balances	33 - 34
(3)	OTHER INFORMATION	
	Risk Management	34
	Retirement	34
	Contingent Liability	35
	Taxes	35
	Subsequent Events	35
(4)	OTHER POST-EMPLOYMENT BENEFITS	
	Plan Description – Maine Municipal Employees Health Trust	35
	Accounting Policies	35-36
	Future Plan Changes	36
	Demographic Assumptions	37
	Discount Rate	37-38

TOWN OF PATTEN, MAINE  
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Reporting Entity*

The Town of Patten, Maine, was incorporated under the laws of the State of Maine in 1841 and operates under a selectmen/town manager form of government. In evaluating how to define the reporting entity, for financial purposes, management has considered all potential component units. The criteria used to determine which entities are part of the Town's operations include how the budget is adopted, whether debt is secured by general obligation of the Town, the Town's duty to cover any deficits that may occur, and supervision over the accounting functions. Based upon all pertinent facts derived from the analysis of the above criteria, it was determined that no additional entities should be included as part of these financial statements.

*Accounting Methods and Basis of Financial Statement Presentation*

The Town follows Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Under GASB #54 the Town is required to change its reporting format of fund balance, and thus these financial statements conform to that format.

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. Fund balance is reported as follows:

- 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 the Town of Patten this action requires a vote at a town 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.

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

*Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e. the statement of net position and the statement of change in net position) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, 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.

*Measurement Focus and Basis of Accounting*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

*Measurement Focus and Basis of Accounting (cont'd.)*

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental funds:

- The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

- The Sewer Utility Fund accounts for the cost of construction and operation of the sewage treatment plant, the Town sewer system, and sewer operation activities, and is self-supported through sewer usage fees. Sewer fees are not sufficient to cover all the operating expenses requiring the general fund to supplement its operating resources.
- The Water Utility Fund accounts for the cost of water distribution system and is self-supporting through water usage fees.
- The Ambulance Service Fund accounts for the cost of ambulance service to the residents of Patten and surrounding towns. It is self-supporting through patient user fees and per capita fees.

Additionally, the Town reports the following fund types:

- Special revenue funds – accounts for grant funds and other donations. The Town's special revenue funds are for donations made for use at the library and ARPA grant funds.
- Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund type:

Custodial funds do not present results of operations or have a measurement focus. Custodial funds are accounted for using accrual basis of accounting. The funds are used to account for assets that the Town holds for others in a custodial capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to the same limitations. The Town has not elected to follow subsequent private-sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's public service function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

*Measurement Focus and Basis of Accounting (cont'd.)*

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

*Deposits and Investments*

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Town policy prohibits the investment in so-called "derivative instruments".

Investments are reported at fair value.

*Inter-fund Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds", (i.e., the non-current portion of inter-fund loans) or "advances to/from other funds", (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

*Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year, are capitalized.

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

*Capital Assets (cont'd.)*

Donated capital assets are recorded at estimated fair value at the time of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalization value of the assets constructed.

Capital assets of the primary government and business-type activities are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	5 to 50
Buildings	3 to 20
Equipment	15 to 50

*Compensated Absences*

Vested or accumulated vacation leave that is expected to liquidate with expendable available financial resources is reported in an expenditure and fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

At December 31, 2023, accrued compensated absences was \$0.

*Sick Leave*

Accumulated sick leave lapses when employees leave the employment of the government and, upon separation from service, no monetary obligation exists.

*Long-Term Obligations*

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or propriety fund type statement of net assets. Bond premiums and discounts, as well as issuance costs of material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.



TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

*Long-Term Obligations (cont'd.)*

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*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 Balance Flow Assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balances). In order to calculate the amount to report as restricted, committed, assigned, and unassigned fund balance in governmental fund financial statements 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 fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town reports deferred outflows related to Other Post Employment Benefits (OPEB). See note #4 for additional information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item in this category. Accordingly, the item, unavailable revenue, is reported only in the government funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. As of December 31, 2023 the amount of outstanding taxes not considered available for use in that year, and thus recognized as a deferred inflow of resources was \$231,000, an decrease of \$202,000 from the prior year. The town also reports deferred inflows related to OPEB. See note #4 for additional information.

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

*Fund Equity or Balances*

The Town of Patten follows Statement No. 54 which 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.

*Allowance for Uncollectible Accounts*

The Town of Patten provides for the valuation of outstanding taxes and accounts receivable through an allowance account based on estimated uncollectable taxes and receivables. As of December 31, 2023, the allowance for bad debt in governmental funds was \$15,000, unchanged from the prior year. The allowance for business-type activities, all attributable to ambulance, was \$56,000, which is an increase of \$53,000 from the prior year.

*Use of Estimates*

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reporting 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.

*Net Position*

Net position represents the residual of all other financial statement elements presented in a Statement of Financial Position.

*Minimum Fund Balance*

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

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

*Budgetary Information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds, except revenue, and the fiduciary funds. These are not budgeted. All annual appropriations lapse at fiscal year end, unless a carry-forward of unexpected amounts is approved by the Selectpersons and citizens.

The Town Manager meets with department heads to develop budgets which are submitted to the Budget Committee. The Budget Committee holds public hearings and approves a draft budget to be submitted to the board of Selectmen. The Selectpersons hold public hearings and a final budget is prepared and adopted.

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd.)

*Budgetary Information (cont'd.)*

The budget is adopted at the department level through the passage of appropriation resolves. The Town Manager may make transfers of appropriations within a department. Transfers between departments or additional appropriations require the approval of the Board of Selectpersons.

The original annual budget was approved by the voters at a town meeting held April 27, 2023.

*Excess of Expenditures Over Appropriations*

For the year ended December 31, 2023, the general government, public safety and county tax categories had expenditures which exceeded appropriations.

*Cash and equivalents*

Deposits and investments at December 31, 2023 consist of the following:

Deposits	
Cash in Bank	2,254,186
Deposits in transit	3,045
Outstanding checks	(32,855)
	2,224,376
Petty cash on hand	274
Total cash and equivalents	<u>2,224,650</u>
Consists of:	
Governmental activities	1,575,860
Business-type activities	629,770
Fiduciary funds	19,020
	<u>2,224,650</u>

*Custodial Credit Risk-Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does have a policy with respect to custodial credit risk for deposit accounts. The Katahdin Trust Company (the bank) has pledged securities to collateralize the Town's deposits that exceed FDIC Insurance. The Pledged Securities will carry a market value greater than the value of the deposits exceeding FDIC Insurance. These securities are held in safekeeping at Investors Bank & Trust Company.

As of December 31, 2023, none of the Town's bank balances were exposed to custodial credit risk.

*Interest Credit Risk*

In accordance with the Town's investment policy, the Town manages its exposure to declines in fair value by limiting the average maturity of its investments.

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and certain corporate stocks and bonds.

The Town's investments had a fair market value at December 31, 2023 of \$350,263. Investments are held within business-type and fiduciary funds and include certificates of deposit valued at \$217,363. The cemetery fiduciary fund also includes 6,000 shares of Katahdin Bankshares stock valued at \$22.15 per share as of December 31, 2023.

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd.)

*Concentration of Credit Risk*

The Town's investment policy does not allow the Town to invest in debt securities that are not insured, registered or backed by U.S. government securities.

*Property Tax*

The Town's property tax was levied August 25, 2023, on the assessed value listed as of April 1, 2023, for all real and personal property located in the Town. The assessed value for the list of April 1, 2023, upon which the 2023 levy was based, was \$54,816,845. Taxes were due and payable on December 25, 2023 (120 days after taxes are committed) with interest at the rate of 8% being charged on taxes unpaid after that date.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues. Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if the tax lien and associated costs remain unpaid.

*Capital Assets*

Capital asset activity for the year ended December 31, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	509,100			509,100
Buildings	<u>          </u>	<u>83,417</u>		<u>83,417</u>
	<u>509,100</u>	<u>83,417</u>		<u>592,517</u>
Capital assets, being depreciated:				
Buildings and improvements	939,798			939,798
Equipment	739,506	41,316		780,822
Infrastructure	<u>8,744,311</u>	<u>50,723</u>	<u>54,500</u>	<u>8,740,534</u>
Total capital assets being depreciated	<u>10,423,615</u>	<u>92,039</u>	<u>54,500</u>	<u>10,461,154</u>
Less accumulated depreciation for:				
Buildings	594,237	24,516		618,753
Equipment	695,618	18,614		714,232
Infrastructure	<u>7,255,476</u>	<u>196,982</u>	<u>53,822</u>	<u>7,398,636</u>
Total accumulated depreciation	<u>8,545,331</u>	<u>240,112</u>	<u>53,822</u>	<u>8,731,621</u>
Total capital assets, being depreciated, net	<u>1,878,284</u>	<u>(148,073)</u>	<u>( 678)</u>	<u>1,729,533</u>
Governmental activities capital assets, net	<u>2,387,384</u>	<u>( 64,656)</u>	<u>( 678)</u>	<u>2,322,050</u>

Depreciation expense is reflected as unallocated depreciation on the statement of activities - \$240,112.

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(3) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd.)

*Capital Assets (cont'd.)*

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	6,000			6,000
Construction in progress	<u>354,760</u>	<u>171,940</u>		<u>526,700</u>
	<u>360,760</u>	<u>171,940</u>		<u>532,700</u>
Capital assets, being depreciated:				
Buildings and Improvements				
Ambulance	<u>151,137</u>			<u>151,137</u>
Equipment:				
Ambulance	858,390	87,332	36,001	909,721
Sewer department	3,250			3,250
Water department	<u>3,608</u>			<u>3,608</u>
Total	<u>865,248</u>	<u>87,332</u>	<u>36,001</u>	<u>916,579</u>
Infrastructure:				
Sewer department	2,789,991			2,789,991
Water department	<u>2,069,959</u>			<u>2,069,959</u>
Total	<u>4,859,950</u>			<u>4,859,950</u>
Total capital assets being depreciated	<u>5,876,335</u>	<u>87,332</u>	<u>36,001</u>	<u>5,927,666</u>
Less accumulated depreciation for:				
Building	<u>34,255</u>	<u>3,588</u>		<u>37,843</u>
Equipment:				
Ambulance	729,950	39,133	36,001	733,082
Sewer department	3,250			3,250
Water department	<u>3,608</u>			<u>3,608</u>
Total	<u>736,808</u>	<u>39,133</u>	<u>36,001</u>	<u>739,940</u>
Infrastructure:				
Sewer department	1,939,587	72,126		2,011,713
Water department	<u>1,481,231</u>	<u>51,392</u>		<u>1,532,623</u>
Total	<u>3,420,818</u>	<u>123,518</u>		<u>3,544,336</u>
Total accumulated depreciation	<u>4,191,881</u>	<u>166,239</u>	<u>36,001</u>	<u>4,322,119</u>
Business-type activities				
Capital assets – net	<u>2,045,214</u>	<u>93,033</u>	<u>-</u>	<u>2,138,247</u>

Depreciation expense was charged to proprietary-type funds as follows:

Ambulance Service	42,721
Sewer department	72,126
Water department	<u>51,392</u>
Total	<u>166,239</u>

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd.)

*Interfund Transactions*

Due to/from other Fund Balances at December 31, 2023, were as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund – Due to:		
Water department		23,254
Ambulance fund		10,288
ARPA fund		51,283
ARPA Fund – Due from:		
General fund	51,283	
Sewer fund	50,703	
Sewer Department – Due to:		
ARPA fund		50,703
Water Department – Due from:		
General fund	23,254	
Ambulance – Due from:		
General fund	<u>10,288</u>	_____
	<u>135,528</u>	<u>135,528</u>

Due to the Sewer Fund's inability to reimburse the General Fund the Board of Selectpersons voted to account for the balance due to the General Fund as a transfer from the General Fund to the Sewer Fund each year. The accumulated balance that is due to the General Fund has been recorded as contributed capital on the Sewer Fund's Statement of Net Assets.

*Legal Debt Limit*

The maximum legal debt limit for the Town is \$4,111,263, 7.5% of the 2023 state valuation of the Town, which amounted to \$54,816,845.

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd.)

*Overlapping Debt*

The Town's proportionate share of Penobscot County's debt, (determined by the percentage of the Town's state valuation of the County's state valuation), is not reported in the Town's financial statements. Debt service is included in the annual county assessment of the Town.

The Town is subject to the State of Maine laws and regulations that limit the amount of long-term debt to a percentage of its last full state valuation. At December 31, 2023, the Town is in compliance with these laws and regulations.

*Fund Balances – General Fund*

As of December 31, 2023, the following funds were carried forward into the operations of the 2024 fiscal year.

**Restricted**

Library Grant	12,000
Septage	<u>930</u>
	<u>12,930</u>

**Committed**

Fire Building Reserve	7,656
Fire Truck Reserve	106,242
Highway Equipment	34,618
Highway Capital Road Reserve	293,529
Culture and Recreation Reserve	42,504
Municipal Building	12,866
Veterans Monument	6,646
Community Celebrations	4,308
Patten Academy Park	19,000
Tax Maps / Revaluation	45,000
Grant Writing Reserve	<u>10,000</u>
	<u>582,369</u>

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd.)

*Fund Balances (cont'd.)*

Unassigned	<u>870,863</u>
Total Fund Balance	<u>1,466,162</u>

Unclassified Expenses – General Fund

	Budget	Actual	Variance
Eastern Area Agency on Aging	400	400	
Patten Lumberman's Museum	1,000	1,000	
Masonic Lodge	1,500	1,500	
Patten ATV Club	1,000	1,000	
Patten Historical Society	1,000	1,000	
Patten Little League	1,000	1,000	
Patten Area Women's Club	2,000	2,000	
Patten Community Food Cupboard	<u>1,000</u>	<u>1,000</u>	
Total	<u>8,900</u>	<u>8,900</u>	

(3) OTHER INFORMATION

*Risk management*

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended December 31, 2023, no settlements exceeded insurance coverage.

*Retirement*

The Town participates in the Social Security Retirement Program. The Town's contribution to Social Security was \$50,701 for the year ended December 31, 2023.



TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(3) OTHER INFORMATION (cont'd.)

*Contingent Liability*

The Town is a member town of Northern Katahdin Valley Waste Disposal District and is responsible for its proportionate share of any outstanding debt. There is no outstanding debt at December 31, 2023.

*Taxes*

As a municipal entity, the Town is not subject to Federal and State income taxes, accordingly it is not necessary to consider the effects of any uncertain tax positions.

The Town is subject to Federal and State payroll taxes and is required to file the appropriate tax returns. Management believes that all required returns have been properly filed as of December 31, 2022. No examinations have been conducted by the Federal or State taxing authorities. The Town has met its obligations to the federal and state authorities related to tax returns.

*Subsequent Events*

Management has evaluated all subsequent events through July 24, 2024, the date the financial statements were available to be issued.

(4) OTHER POST-EMPLOYMENT BENEFITS

Plan Description – Maine Municipal Employees Health Trust

The Town provides health insurance to its employees through Maine Municipal Employees Health Trust (MMEHT). The Town does not provide postemployment or postretirement healthcare benefits but is subject to an implicit benefit for its members in MMEHT.

Accounting Policies

The impact of experience gains and losses and assumption changes on the Total OPEB Liability (TOL) and are recognized in the Other Post Employment Benefits expense over the average expected remaining service life of all active and inactive members of the plan. As of the beginning of the measurement period this average was 4 years.

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(4) OTHER POST-EMPLOYMENT BENEFITS (cont'd.)

The table below summarizes the current balances of deferred outflows of resources and deferred inflows of resources along with the recognition over the next 5 years, and thereafter:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		4,018
Changes in assumptions	<u>333</u>	<u>2,497</u>
	<u>333</u>	<u>6,515</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized as OPEB expense as follows:

Year ended December 31:

2024	(1,209)
2025	(1,542)
2026	(1,542)
2027	(1,539)
2028	(350)

As of January 1, 2023, the plan membership data is comprised of 3 active members with only an implicit benefit.

Key Assumptions

Measurement Date:	January 1, 2023
Discount Rate:	3.72% per annum for year-end 2023 reporting 2.06% per annum for year-end 2022 reporting
Trend Assumptions:	Rate of inflation – 3.00% Rate of Growth in Real Income/GDP per capita 2032+ - 1.50% Extra Trend due to Taste/Technology 2032+ - 0.80% Expected Health Share of GDP 2032 – 19.80% Health Share of GDP Resistance Point – 19.00% Year for Limiting Cost Growth to GDP Growth - 2043

Future Plan Changes

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

Demographic Assumptions

Retirement rates:	The retirement rates for medical plan elections vary for those plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment).
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TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(4) OTHER POST-EMPLOYMENT BENEFITS (cont'd.)

Demographic Assumptions

Rate of mortality:	<p>Healthy Annuitant: Rates of mortality are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts on June 30, 2021.</p> <p>Active employees: Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts on June 30, 2021.</p>
Retiree contribution increases:	Retiree medical contributions are assumed to increase at the same rate as plan incurred claims. We assume a constant cost sharing in plan design between employer and retirees.
Marriage assumptions:	A husband is assumed to be 3 years older than his wife
Assumed rate of retirement:	For employees hired prior to July 1, 2014 Age 55-63 – 5% Age 64-69 – 20% Age 70 + - 100% For employees hired after July 1, 2014 Age 55-58 – 5% Age 59-64 – 20% Age 65-69 – 25% Age 70 + - 100%
Retiree continuation:	Retirees who are current Medicare participants: 100% Retirees who are Pre-Medicare, active participants: 75% Spouses who are Pre-Medicare, active participants: 50%
Administrative expenses:	Included in the per-capita claims cost.
Salary increases:	2.75% per year
Changes in assumptions:	None

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(4) OTHER POST-EMPLOYMENT BENEFITS (cont'd.)

Discount Rate

The discount rate used to measure the OPEB liability was 2.06% based on a measurement date of January 1, 2022. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

The following table shows how the net OPEB liability as of December 31, 2023 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 3.72%.

1% Decrease	Current Discount Rate	1% Increase
2.72%	3.72%	4.72%
\$20,695	\$18,163	\$16,039

A one percent decrease in the discount rate increases the Net OPEB Liability (NOL) by approximately 13.9%. A one percent increase in the discount rate decreases the NOL by approximately 11.7%.

Changes in the healthcare trend affect the measurement of the TOL. Lower healthcare trend rates produce a lower TOL and higher healthcare trend rates produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trend rate.

1% Decrease	Healthcare Trend Rates	1% Increase
\$15,852	\$18,163	\$20,948

A 1% decrease in the healthcare trend rate decreases the TOL by approximately 12.7% while a 1% increase in the healthcare trend rate increases the TOL by approximately 15.3%.

(5) LEASES

The Town has adopted the requirements of GASB #87. The policy is applied to contracts entered into or changed, on or after January 1, 2022. The Town 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 Town assesses whether; the contract involves the use of an identified asset, if the Town has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use and if the Town has the right to direct the use of the asset. The Town recognizes a right of use asset and a lease liability at the lease commencement date.

TOWN OF PATTEN, MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(5) LEASES (cont'd.)

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 Town's incremental borrowing rate. Generally, the Town will use the incremental borrowing rate as the discount rate. The Town 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.

When the Town acts as a lessor, it determines at lease inception whether each lease is classified as a finance lease or a contract that transfers ownership. Leases are classified as financing leases when the lessor is the legal owner of an asset and the lessee rents the asset for an agreed upon period of time. If the lease contains lease-to-own terms with no termination options, then the lease is not a finance lease and is excluded from the lease designation. 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.

The Town's rental transactions consist of short-term leases. 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.

REQUIRED  
SUPPLEMENTARY INFORMATION

TOWN OF PATTEN, MAINE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property taxes	1,036,442	1,036,442	1,096,337	59,895
Excise	190,000	190,000	181,490	(8,510)
State revenues	488,334	488,334	515,171	26,837
Other	161,950	161,950	337,678	175,728
TOTAL REVENUES	<u>1,876,726</u>	<u>1,876,726</u>	<u>2,130,676</u>	<u>253,950</u>
EXPENDITURES				
Education	592,186	592,186	562,412	29,774
General government	368,520	368,520	602,909	(234,389)
Public safety	176,600	176,600	213,665	(37,065)
Public works	501,048	501,048	413,606	87,442
Sanitation/Health and Welfare	35,782	35,782	33,843	1,939
County tax	73,944	73,944	73,944	-
Culture and recreation	73,250	73,250	56,362	16,888
Cemetery	23,450	23,450	19,765	3,685
Unclassified	8,900	8,900	8,900	-
TOTAL EXPENDITURES	<u>1,853,680</u>	<u>1,853,680</u>	<u>1,985,406</u>	<u>(131,726)</u>
EXCESS OF REVENUES OVER EXPENDITURES			<u>145,270</u>	<u>122,224</u>
UNCOLLECTED/UNCOLLECTIBLE PROPERTY TAXES	-	-	(29,000)	(29,000)
TRANSFERS OUT	-	-	(12,449)	(12,449)
NET CHANGE IN FUND BALANCE	<u>23,046</u>	<u>23,046</u>	103,821	<u>80,775</u>
FUND BALANCE - JANUARY 1, 2023			<u>1,362,341</u>	
FUND BALANCE - DECEMBER 31, 2023			<u>1,466,162</u>	

See notes to financial statements

TOWN OF PATTEN, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service cost (BOY)	2,157	1,710	1,495	240	278	712
Interest (includes interest on service cost)	411	519	573	464	407	589
Changes of benefit terms	-	-	-	(368)	-	-
Differences between expected and actual experience	-	(6,028)	-	3,304	(1,172)	(7,254)
Changes of assumptions	(2,115)	(1,103)	1,329	4,734	-	2,645
Benefit payments, including refunds of member contributions	(139)	(44)	(42)	-	-	-
<b>Net Change in total OPEB Liability</b>	<b>314</b>	<b>(4,946)</b>	<b>3,355</b>	<b>8,374</b>	<b>(487)</b>	<b>(3,308)</b>
<b>Total OPEB Liability - Beginning</b>	<b>17,849</b>	<b>22,795</b>	<b>19,440</b>	<b>11,066</b>	<b>11,553</b>	<b>14,861</b>
<b>Total OPEB Liability - Ending</b>	<b>18,163</b>	<b>17,849</b>	<b>22,795</b>	<b>19,440</b>	<b>11,066</b>	<b>11,553</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	139	44	42	-	-	-
Contributions - Member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(139)	(44)	(42)	-	-	-
Administrative expense	-	-	-	-	-	-
<b>Net change in plan fiduciary net positions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fiduciary Net Position - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fiduciary Net Position - Ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%
Covered employee payroll	155,223	155,223	68,783	68,783	43,823	43,823
Net OPEB liability as a percentage of covered employee payroll	11.7%	11.5%	33.1%	28.3%	25.3%	26.4%

Amounts presented have a measurement date of January 1

Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

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

Chester M. Kearney, Certified Public Accountants



SUPPLEMENTARY INFORMATION

TOWN OF PATTEN, MAINE

SCHEDULE OF PROPERTY VALUATION AND ASSESSMENT - GENERAL FUND

YEAR ENDED DECEMBER 31, 2023

	<u>REAL ESTATE</u>	<u>PERSONAL PROPERTY</u>	<u>TOTAL</u>
ASSESSED VALUATION	52,536,100	2,280,745	54,816,845
TAX RATE PER \$1,000			<u>20.00</u>
			<u><u>1,096,337</u></u>

COMPUTATION OF ASSESSMENT

TAX COMMITMENT		<u>1,096,337</u>	
ESTIMATED REVENUES			
State municipal revenue sharing		245,692	
Homestead reimbursement		103,357	
BETE reimbursement		72,885	
Other revenues		<u>395,304</u>	
		<u>817,238</u>	1,913,575
APPROPRIATIONS			
Municipal		1,187,550	
Education		592,186	
County tax		<u>73,944</u>	
			<u>1,853,680</u>
OVERLAY			<u><u>59,895</u></u>

See notes to financial statements