

TOWN OF HERMON, MAINE

Annual Financial Report

For the Year Ended June 30, 2009

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For the year ended June 30, 2009

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Certified Public Accountants and Business Consultants

Independent Auditor's Report

Town Council

Town of Hermon, Maine:

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 Hermon, Maine as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Hermon, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 Hermon, Maine, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report March 2, 2010, on our consideration of the Town of Hermon, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Town Council

Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hermon, Maine's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Remy Kristen Ouellette". The signature is written in a cursive style with a large initial 'R'.

March 2, 2010

South Portland, Maine



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

March 2, 2010

The Management Discussion and Analysis ("MD&A") is a report of the Town of Hermon's fiscal activity for the year ending June 30, 2009. The report is presented in a manner that fairly represents the Town's present financial position in respect to all funds and accounts. Included is all the information to accurately understand the Town's financial position, and the data is correct to the best of our knowledge and belief.

The report includes funds and accounts that the Town of Hermon is required, either by legal or fiduciary duty, to maintain in the operation of all services. The use of the additional financial statements is encouraged to more fully understand the report.

The financial information of the Town includes all Town departments. All Town departments include municipal departments (Public Works, Public Safety, Administration, and others) and the School Department. The School Department and all other municipal departments combined are what comprise the Town.

BIOGRAPHICAL INFORMATION

The Town of Hermon is primarily a residential community with a portion of the Town that has multiple business parks, along the Bangor border on Route 2 and Coldbrook Roads. The growth of Hermon's business district has led to the utilization of resources available from Bangor. Specifically Hermon's water and sewer service is Town-owned and maintained, but the service for these utilities is provided through Bangor.

The residential portions of Hermon are a suburb to the Bangor Region and strive to maintain a rural character. Hermon is one of the more quickly growing communities in the State, and this growth created a population increase of approximately 25% from 1990 to 2000 and this trend has not changed since 2000. The growth in Hermon has created a continual increase to the Town value and allowed the Town to maintain a mil rate below surrounding communities. However, the council and administration are well aware that the continued growth puts larger demands on services and efforts from the Town are to make sure the community is prepared for long term success.

The goal of the community is to continue the success and growth of our business parks while maintaining separation for our residential community. Hermon's residential area continues its dedication to serve Bangor as a bedroom community that allows for country, family living. Some business is encouraged in the village area to serve the residents while the bulk of services continue to be available by traveling to Bangor.

FINANCIAL INFORMATION

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

The following is a summary of the financial highlights of the Town for the fiscal year:

- The total assets of the Town of Hermon exceeded liabilities by \$15,654,487 an increase of \$777,297 when compared to the beginning net asset figure for year ending June 30, 2008 of \$14,877,190.
- The Town's debt decreased by \$980,595 for a total of \$7,797,281.
- The undesignated fund balance as reported in the Town's comparative balance sheets decreased by \$170,627 to a total of \$3,069,235. \$113,969 of this decrease is attributed to the increase in designated fund balance from \$1,989,298 as of June 30, 2008 to \$2,103,267 as of June 30, 2009.
- The Town of Hermon has a fund balance policy that sets 8.33% of yearly appropriations as a minimum, 16.66% as a target, and 25% as a maximum with any funds over that amount being transferred to reserves. General Fund, undesignated fund balance as of June 30, 2009 was \$3,069,235 or 19.86% (as compared to expenses of \$15,456,954). Pursuant to the policy Hermon's fund balance does exceed the target of 16.66%.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis is an introduction to the Town's basic financial statements. The basic financial statements are prepared and are part of the Town's annual audit. The MD&A serves as a subjective explanation by the Town of the data contained in the audit. The three areas that the financial statements are broken into include: 1. Government-Wide statements, 2. Fund Financial statements, and 3. Notes to the financial statements. Subjective analysis of the statements is also made and other supplementary information supplied to better explain the statements.

Government-wide Financial Statements

The government-wide statements are a total overview of the Town's financial status. They include all assets, liabilities, and activities in a manner similar to private sector accounting. The purpose is to show Town finance's in a format that is familiar to the common person.

The statement of net assets is used to express the financial data required for the government-wide financials. This shows the total assets which now include land, buildings, inventory, and other capital assets. These are then reduced by the liabilities which now include total bonds and leases due over their entire lives. The result is the net assets of the Town.

Government-wide statements distinguish business-type activities from governmental activities. Business-type activities are those that are funded through use fees or user based revenue, no tax dollars being the key separation from governmental activities. It then follows that governmental activities are those that are primarily funded through taxes and governmental fees. The only business-type activity in Hermon is the recreation enterprise.

Fund Financial Statements

The Town segregates accounts into three basic funds. Each fund is determined to separate information in order to accurately report specific account activities. The determination of various funds is based upon accounting standards and legal requirements. The three funds for the Town are General Fund (Primary Fund), Capital Projects Fund (Reserves), and Other Governmental Funds (Trusts and Special Revenue).

General Fund

The General Fund covers essentially the same data as included in the government wide statements. The difference is that fund financials focus on yearly inflows and outflows to determine a specific year's accessible resources. Capital assets and depreciation are not included because they do not exemplify a specific year's transactions.

A budgetary comparison exhibit is provided to show budgeted amounts as compared to the actual activity. This information is useful to determine future budgets and community planning.

Capital Projects Fund

Capital Projects represent investment of reserve funds that are designated for different purposes. They represent long-term planning and projects that are not feasible to budget within a single year. The purpose is to spread the cost out over a specified time to reduce the overall financial burden on the Town.

Other Governmental Funds

Other Governmental Funds are comprised of specific trusts, school lunch, and special revenues. These funds were each individually determined to be non-major and are required to be categorized and grouped into other governmental funds. A separate schedule is provided in the other supplemental information.

Notes to Financial Statements

The notes to the financial statements are included in the audit to give specific comment to certain areas. These are a crucial part of the audit and are closely monitored by Town administration. The reason they are monitored is that they provide additional insight into activities of the Town. These can show areas of strength and weakness for continued success and improvement. The notes to the financial statements are included on 26-39.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning financial performance.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information.

GOVERNMENT-WIDE ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$15,510,764 as of June 30, 2009.

Net Assets for the Period Ending June 30, 2009

The current year's financial statements show a change in asset classes, with a decrease to liabilities that net a 5.4% increase to total net assets. The overall reason for these changes are the completion of the public safety building, other added equipment assets, a receivable for the State of Maine for education subsidy of \$501,434.60, and the transfer of school carry forward to a restricted asset for accrued payroll and future consolidation costs.

The following is a summary of the Statement of Net Assets.

	<u>Governmental Activities</u>			
	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>% Change</u>
Cash & cash equivalents	\$ 828,348	793,372	34,976	4.4%
Investments	7,176,671	9,366,335	(2,189,664)	-23.4%
Other assets	1,003,286	535,493	467,793	87.4%
Capital assets, net	15,483,544	13,891,727	1,591,817	11.5%
Total Assets	24,491,849	24,586,927	(95,078)	-0.4%
Long-term debt due w/in 1 year	1,032,122	1,072,081	(39,959)	-3.7%
Long-term debt due in more than 1 year	6,866,239	7,797,281	(931,042)	-11.9%
Other liabilities	1,082,724	999,159	83,565	8.4%
Total Liabilities	8,981,085	9,868,521	(887,436)	-9.9%
NET ASSETS:				
Invested In:				
Invested in capital assets, net of related debt	7,585,183	5,022,365	2,562,818	51.0%
Restricted for:				
Nonexpendable trust principal	7,932	7,932	-	0.0%
Unrestricted	7,917,649	9,688,109	(1,770,460)	-18.3%
Total Net Assets	\$ 15,510,764	14,718,406	792,358	5.4%

The following table presents a summary of the Statement of Net Activities for the fiscal year ended June 30, 2009.

	<u>Governmental Activities</u>			Percent
	2009	2008	Change	Change
Revenues				
Program Revenues				
Charges for services	\$ 2,537,226	2,688,875	(151,649)	-5.6%
Operating grants & contributions	7,590,079	7,213,705	376,374	5.2%
Capital grants & contributions	22,140	366,035	(343,895)	-94.0%
General revenues				
Property taxes	4,626,528	4,548,549	77,979	1.7%
Excise taxes	2,016,327	2,180,978	(164,651)	-7.5%
Interest and costs on taxes	19,463	34,041	(14,578)	-42.8%
Grants and contributions not restricted				
State Revenue Sharing	366,288	442,552	(76,264)	-17.2%
Homestead exemption	109,756	108,152	1,604	1.5%
Other intergovernmental revenues	66,314	12,117	54,197	447.3%
Investment earnings	146,376	347,626	(201,250)	-57.9%
Forgiveness of debt	-	650,453	(650,453)	-100.0%
Disposal of property	(6,785)	(49,308)	42,523	-86.2%
Miscellaneous	78,204	83,335	(5,131)	-6.2%
Total revenues:	17,571,916	18,627,110	(1,055,194)	-5.7%
Expenses				
General government	690,266	605,763	84,503	13.9%
Public safety	648,209	560,156	88,053	15.7%
Public works	1,075,489	790,056	285,433	36.1%
Solid waste	474,930	465,235	9,695	2.1%
Recreational and social services	182,461	145,811	36,650	25.1%
Education	11,717,581	11,789,173	(71,592)	-0.6%
Unclassified	776,605	950,453	(173,848)	-18.3%
Grants and other special uses	979,505	891,196	88,309	9.9%
Special projects	33,309	307,142	(273,833)	-89.2%
Other	102,417	20,095	82,322	409.7%
Interest on debt	38,147	100,479	(62,332)	-62.0%
Capital maintenance expenses	60,639	411,314	(350,675)	-85.3%
Total expenses:	16,779,558	17,036,873	(257,315)	-1.5%
Increase (decrease) in net assets:	\$ 792,358	\$ 1,590,237	\$ (797,879)	-50.2%

Comparatives of revenues identify two key changes. First is the drop of excise revenue which is expected to continue. Second is loss of interest on investment revenue. Both are connected to the economy. Internally the goal is to recognize efficiencies that mitigate the loss without increasing property taxes.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with financial-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. As the Town completed the year, its governmental funds reported a combined fund balance of \$7,577,990, \$1,752,949 lower than the previous year. As analysis of transactions affecting the change in the combined fund balance of the Town's governmental funds is as follows:

Revenues exceeded expenditures in the general fund by \$127,790. However, reserve expenditures exceed revenues by \$1,710,529 due primarily due to the appropriation of funds for Highway Capital and the Public Safety Building Construction exceeding revenues by \$166,133 and \$1,306,430, respectively. The overall result is a deficiency of \$1,838,319.

Other finance sources resulted in gain of \$85,370. The net gain is attributed to the lease of a school bus and leases of copiers. One of the other larger expenses showing up is the purchase of a fire truck for \$318,745 but this is offset with a transfer from the Fire Equipment reserve for 100% of the purchase.

The deficiency of \$1,838,319 is only offset by the gain of \$85,370 resulting in the overall net change to all governmental funds of a loss of \$1,752,949.

General Fund

The following is a summary of General Fund expenditures and revenues by function, with comparison to 2008. The information is gathered from Exhibit A-2.

	<u>Actual Activity</u>			<u>Percent</u>
	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>Change</u>
Revenues				
Property taxes	\$ 4,626,528	\$ 4,429,109	\$ 197,419	4.5%
Excise taxes	2,016,327	2,180,978	(164,651)	-7.5%
Interest on taxes	19,463	34,041	(14,578)	-42.8%
Tax Increment Financing	-	119,440	(119,440)	-100.0%
State Revenue Sharing	366,288	442,552	(76,264)	-17.2%
Homestead exemption	109,756	108,152	1,604	1.5%
State education subsidy	4,545,714	4,286,077	259,637	6.1%
Other intergovernmental revenues	933,813	876,665	57,148	6.5%
Licenses and permits	42,113	43,640	(1,527)	-3.5%
Charges for services	2,229,197	2,346,257	(117,060)	-5.0%
Interest earned	39,484	146,660	(107,176)	-73.1%
Miscellaneous	518,832	581,699	(62,867)	-10.8%
Total revenues:	15,447,515	15,595,270	(147,755)	-0.9%
Expenditures				
General government	659,671	601,510	58,161	8.8%
Public safety	602,188	528,918	73,270	12.2%
Public works	1,054,381	765,623	288,758	27.4%
Solid waste	474,930	465,235	9,695	2.0%
Recreational and social services	182,461	145,811	36,650	20.1%
Unclassified	762,877	778,212	(15,335)	-2.0%
Education	10,996,230	11,013,842	(17,612)	-0.2%
Special projects	33,309	307,142	(273,833)	-822.1%
Debt service	132,678	136,478	(3,800)	-2.9%
Total expenditures:	14,898,725	14,742,771	155,954	1.0%
Excess (deficiency) of revenues over				
(under) expenditures	\$ 548,790	\$ 852,499	\$ (303,709)	-55.3%

Overall, in 2009 revenues exceeded expenses by \$548,790. This is down by \$303,709, which continues a good trend of having expenditures closer to revenues, however losses to excise, revenue sharing, and interest income revenues show a bad trend. The loss of these revenues with no gains when added to the projected loss to education funding will result in very tough budgets in the future. Without significant savings to expenses an increase in property tax will be the only remaining revenue source.

Capital Asset and Debt Administration

	Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
Governmental Activities				
Land	\$ 33,600	-	-	33,600
Total assets not being depreciated	33,600	-	-	33,600
Buidlings and improvements	17,528,252	1,634,977	7,604	19,155,625
Equipment, furniture, and fixtures	1,191,380	260,482	10,981	1,440,881
Vehicles	1,434,781	398,565	32,200	1,801,146
Total assets being depreciated	20,154,413	2,294,024	50,785	22,397,652
Total depreciation	6,296,286	695,422	44,000	6,947,708
Total capital assets, net	\$ 13,891,727	1,598,602	6,785	15,483,544

Additional information on the Town's capital assets can be found in the notes to the financial statements on page

Debt Administration

The Town's debt consists of six bonds and several capital leases. A summary of the Town's debt activity for the year ended June 30, 2009 is as follows:

Long-term Debt					
	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental Activities					
Bonds payable	\$ 8,777,876	-	980,595	7,797,281	975,595
Capital leases payable	91,486	85,370	75,776	101,080	56,527
Accrued compensated absences	30,798	22,142	-	52,940	-
Governmental activities long-term liabilities	\$ 8,900,160	107,512	1,056,371	7,951,301	1,032,122

Additional information on the Town's long-term debt can be found in the notes to the basic financial statements.

ECONOMIC FACTORS, TAX RATES, AND NEXT YEAR'S BUDGET

The following is an excerpt from the Budget Summary and Analysis which is prepared every spring at the end of the budget process. Please view the full document for a more detailed report.

COMMITMENT:

Commitment is the most important number to analyze because no matter what the change is in any other category this one is the most simplistic. It is the amount of money Hermon needs to raise to stay on budget and it comes from one source Real Estate and Personal Property taxes. This year we need \$4,835,747 compared to last year's \$4,616,183. Both of these numbers include \$105,000 for overlay. However one reason for the increase is a procedural. In recent years we have been including a revenue budget for the homestead exemption, this year that revenue is being excluded. This was done to correctly follow the State's formula that increases the Town value to account for this benefit. To account for removing the revenue we used the State process to determine Town value. As a result our commitment amount increases, but the Town value increased as well resulting in a mill rate projection of 11.05 or almost identical to last year. The reason the change has almost zero effect is that budgeting revenue or increasing Town value results in the same impact on taxes. The change is being implemented to allow our budget to more closely resemble the State forms we will complete later in the fall of 2009.

BUDGET HIGHLIGHTS

The budget highlights identify changes in the 2009-10 budget from the 2008-09. These points are only the highlights and serve to summarize changes to the overall budget rather than provide an explanation to every adjustment to the budget.

- General Government is facing an increase of \$15,988 or 2.5%. Wages are budgeted for a 2.0% increase and the addition of paid internships for New England School of Communications students to operate our audio / visual equipment during Council meetings are two reasons why the budget is up. Heating oil is down due to a low lock in price during the budget and health insurance is slightly less due to changes in employment that led to different plans being selected by new staff.
- The Economic Development budget is remaining exactly the same as last year. One key difference is the Council is budgeting \$71,582 of TIF proceeds to offset this department. The result is 100% of the consultant costs, some of advertising, and 10% of the Town Manager's salary is being offset by TIF revenues.
- Public Safety, which encompasses Police, Fire, Animal Control and traffic lights, is increasing by 8.0% or \$47,937. One reason is the addition of 16 hours to the part-time police officer budget to increase coverage. Another increase is placing \$20,000 for cruiser purchase in the budget for Police instead of reserve. This is an increase to the Police budget but almost no change to the overall budget since it used to be in reserves. Over the next 4 years this line will increase by \$1,000 to \$2,000 per year and then the budget will be set up for one new cruiser being purchased every year on a four year cycle. Fire is also increasing due to salary changes and increased operating costs of the new public safety building. This is a phased in approach from last year where some costs were increased and now this year we are budgeting for a full year in the building.

- The Public Works Department is decreasing by 9.1% or about \$94,881. Last year was a major increase due to paving, plowing, and one time projects. This year the Council wanted to make a concerted effort to lower taxes. To do this we lowered the construction money for paving. We still have a strong paving plan but the Council is trying to lessen impacts during these tough economic times. There are increases, one is the lease purchase of a backhoe and the other is going from 2.5 employees to 3. Both of these increases are mitigated by savings such as lower equipment rental costs and deleting building cleaning contracts that will now be done by staff.
- The Solid Waste budget is increasing by 3.0% or \$14,915. The almost sole reason for the increase is Penobscot Energy Recovery Corporation increases to tipping fees. Basically this is an inflationary increase to this facility's operation costs and increased waste coming from Hermon. It is still a good cost savings overall and is offset some by revenue.
- Recreation and Social Services is decreasing by 1.6% or \$2,883. No major change is occurring just different strategies to the operation of the department that resulted in a decreased budget.
- Reserves are down \$100,009 or 21.8%. Primarily this is so that a one year operating budget in special assessments could be created to renovate the interior and exterior of the Town Office. There is one new item for fire and rescue consolidation in the amount of \$30,000 that the Council feels will be helpful in the future.
- Special Assessments includes a Town Office project and as usual County Tax and TIFs. The one item to mention the most is TIFs. Finance Staff and our new auditors are reviewing if this is the best way to budget our TIFs and credit enhancement agreements. For this year it is remaining but we are reviewing alternatives for next year's budget.
- The School budget expenses are down about \$564,000 but revenues are also down about \$526,000. Overall, the good news is that last year \$550,000 was added to the school budget for reserves and because the School Committee and Council agreed that realizing a one year drop and then increasing taxes the next was a bad approach. By not dropping taxes for one year we have created a stable base that would have come back up this year, thus avoiding a large increase to taxes and preparing us fiscally for future shortfalls. So good long-term planning led to stable taxes instead of a one-year drop followed by a big increase the next year. The strong work or cooperation between the School Department and the Town will hopefully continue to obtain the same result. It is probably fair to say that all those involved with budgets are concerned that next year will not be as easy, because of continued cuts in funding from the State and increased costs.
- The Town's revenue is \$3,105,016 for this year. Last year it was \$3,343,979, resulting in a decrease of \$238,963. A decrease such as this is very hard to deal with while maintaining services. However one of the cuts was for the Homestead exemption which has no impact on taxes because it is a procedural change that is balanced by a major increase in Town value. The other two issues were a decrease of more than \$100,000 to excise and State Revenue Sharing decreasing by more than \$125,000. Overall, revenues are down but the budget overall was able to maintain services without increasing taxes.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the Town's finances. If you have questions about this report or need any additional information, contact the Town Manager, at PO Box 6300 Hermon, Maine 04402-6300 or call (207) 848-3485 or www.hermon.net.

(207) 848-3485 (207) 848-3316 (fax)
<http://www.hermon.net>

BASIC FINANCIAL STATEMENTS

TOWN OF HERMON, MAINE
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 828,348	-	828,348
Investments	7,176,671	-	7,176,671
Receivables:			
Taxes receivable - current year	322,802	-	322,802
Taxes receivable - prior year	148,555	-	148,555
Tax liens - prior years	94,740	-	94,740
Tax acquired property	21,044	-	21,044
Accounts receivable	556,562	-	556,562
Internal balances	(143,723)	143,723	-
Inventory	3,306	-	3,306
Nondepreciable capital assets	33,600	-	33,600
Depreciable capital assets, net	15,449,944	-	15,449,944
Total assets	24,491,849	143,723	24,635,572
LIABILITIES			
Accounts payable	237,551	-	237,551
Accrued payroll	656,478	-	656,478
Accrued compensated absences	52,940	-	52,940
Prepaid taxes	9,014	-	9,014
Accrued interest	49,270	-	49,270
Other liabilities	77,471	-	77,471
Noncurrent liabilities:			
Due within one year	1,032,122	-	1,032,122
Due in more than one year	6,866,239	-	6,866,239
Total liabilities	8,981,085	-	8,981,085
NET ASSETS			
Invested in capital assets, net of related debt	7,585,183	-	7,585,183
Restricted for:			
Permanent Funds - Nonexpendable principal	7,932	-	7,932
Unrestricted	7,917,649	143,723	8,061,372
Total net assets	\$ 15,510,764	143,723	15,654,487

See accompanying notes to financial statements.

TOWN OF HERMON, MAINE
Statement of Activities
For the year ended June 30, 2009

Functions/programs	Program revenues				Net (expense) revenue and changes in net assets		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	in net assets		
					Governmental activities	Business-type activities	Total
Primary government:							
Governmental activities:							
General government	\$ 690,266	42,113	-	-	(648,153)	-	(648,153)
Public safety	648,209	963	-	-	(647,246)	-	(647,246)
Public works	1,075,489	2,516	-	-	(1,072,973)	-	(1,072,973)
Solid waste	474,930	217,080	-	-	(257,850)	-	(257,850)
Recreational and social services	182,461	-	-	-	(182,461)	-	(182,461)
Education	11,717,581	1,981,644	6,824,063	-	(2,911,874)	-	(2,911,874)
Unclassified	776,605	7,752	101,172	22,140	(645,541)	-	(645,541)
Grants and other special uses	979,505	285,158	664,844	-	(29,503)	-	(29,503)
Special projects	33,309	-	-	-	(33,309)	-	(33,309)
Other	102,417	-	-	-	(102,417)	-	(102,417)
Interest on debt	38,147	-	-	-	(38,147)	-	(38,147)
Capital maintenance expenses	60,639	-	-	-	(60,639)	-	(60,639)
Total governmental activities	16,779,558	2,537,226	7,590,079	22,140	(6,630,113)	-	(6,630,113)
Business-type activities:							
Recreation department	197,922	182,861	-	-	-	(15,061)	(15,061)
Total business-type activities	197,922	182,861	-	-	-	(15,061)	(15,061)
Total primary government	\$ 16,977,480	2,720,087	7,590,079	22,140	(6,630,113)	(15,061)	(6,645,174)
General revenues:							
Property taxes					4,626,528	-	4,626,528
Excise taxes					2,016,327	-	2,016,327
Interest and costs on taxes					19,463	-	19,463
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					366,288	-	366,288
Homestead exemption					109,756	-	109,756
Other intergovernmental revenues					66,314	-	66,314
Unrestricted investment earnings					146,376	-	146,376
Loss on disposal of property					(6,785)	-	(6,785)
Miscellaneous revenues					78,204	-	78,204
Total general revenues					7,422,471	-	7,422,471
Change in net assets					792,358	(15,061)	777,297
Net assets - beginning					14,718,406	158,784	14,877,190
Net assets - ending					\$ 15,510,764	143,723	15,654,487

See accompanying notes to financial statements.

TOWN OF HERMON, MAINE
Balance Sheet
Governmental Funds
June 30, 2009

	General	Highway Capital Reserve	Fire Station Reserve	School Capital Reserve	Middle School Improvement	Billings Road	All Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash	\$ 775,829	-	-	-	-	-	52,519	828,348
Investments	4,283,357	508,429	10,000	261,386	-	-	2,113,499	7,176,671
Receivables:								
Taxes receivable - current year	322,802	-	-	-	-	-	-	322,802
Taxes receivable - prior year	148,555	-	-	-	-	-	-	148,555
Tax liens - prior years	94,740	-	-	-	-	-	-	94,740
Tax acquired property	21,044	-	-	-	-	-	-	21,044
Accounts receivable	436,911	-	-	-	-	-	119,651	556,562
Inventory	-	-	-	-	-	-	3,306	3,306
Interfund loans receivable	1,144,406	-	53,913	-	154,918	6,190	73,119	1,432,546
Total assets	\$ 7,227,644	508,429	63,913	261,386	154,918	6,190	2,362,094	10,584,574

LIABILITIES AND FUND BALANCES

Liabilities:								
Accounts payable	126,720	-	72,696	-	-	-	38,135	237,551
Accrued payroll	656,478	-	-	-	-	-	-	656,478
Prepaid taxes	9,014	-	-	-	-	-	-	9,014
Interfund loans payable	735,658	480,056	-	-	-	-	360,555	1,576,269
Deferred tax revenue	449,801	-	-	-	-	-	-	449,801
Other liabilities	77,471	-	-	-	-	-	-	77,471
Total liabilities	2,055,142	480,056	72,696	-	-	-	398,690	3,006,584
Fund balances (deficits):								
Reserved for:								
Inventory	-	-	-	-	-	-	3,306	3,306
Nonexpendable principal	-	-	-	-	-	-	7,932	7,932
Unreserved, reported in:								
General fund - designated	2,103,267	-	-	-	-	-	-	2,103,267
General fund - undesignated	3,069,235	-	-	-	-	-	-	3,069,235
Special revenue funds - undesignated	-	-	-	-	-	-	1,132,226	1,132,226
Capital projects - undesignated	-	28,373	(8,783)	261,386	154,918	6,190	757,666	1,199,750
Permanent funds - undesignated	-	-	-	-	-	-	62,274	62,274
Total fund balances (deficits)	5,172,502	28,373	(8,783)	261,386	154,918	6,190	1,963,404	7,577,990
Total liabilities and fund balances	\$ 7,227,644	508,429	63,913	261,386	154,918	6,190	2,362,094	

Amounts reported for governmental activities in the statement of net assets are different because

Capital assets used in governmental activities are not financial resources

and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current period expenditures

and, therefore, are deferred in the funds.

Long-term liabilities, including bonds payable, are not due and payable

in the current period and therefore, are not reported in the funds.

Bonds payable

Capital leases

Accrued interest

Accrued compensated absences

Net assets of governmental activities

\$ 15,510,764

See accompanying notes to financial statements.

TOWN OF HERMON, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2009

	General	Highway Capital Reserve	Fire Station Reserve	School Capital Reserve	Middle School Improvement	Billings Road	Nonmajor Funds	All Funds	Total Governmental Funds
Revenues:									
Taxes	\$ 6,662,318	-	-	-	-	-	-	-	6,662,318
Intergovernmental	5,955,571	-	-	-	-	-	657,029	-	6,612,600
Maine PERS on-behalf payments	950,980	-	-	-	-	-	-	-	950,980
Licenses and permits	42,113	-	-	-	-	-	-	-	42,113
Charges for services	2,229,197	-	-	-	-	-	-	-	2,229,197
Investment income	39,484	11,547	27,148	4,570	-	-	63,627	-	146,376
Other	518,832	68,692	-	-	2,496	-	345,097	-	935,117
Total revenues	16,398,495	80,239	27,148	4,570	2,496	-	1,065,753	-	17,578,701
Expenditures:									
Current:									
General government	659,671	-	-	-	-	-	-	-	659,671
Public safety	602,188	-	-	-	-	-	-	-	602,188
Public works	1,054,381	-	-	-	-	-	-	-	1,054,381
Solid waste	474,930	-	-	-	-	-	-	-	474,930
Recreational and social services	182,461	-	-	-	-	-	-	-	182,461
Education	11,331,860	-	-	-	-	-	-	-	11,331,860
Unclassified	762,877	-	-	-	-	-	-	-	762,877
Grants and other special uses	-	-	-	-	-	-	979,505	-	979,505
Special projects	33,309	-	-	-	-	-	-	-	33,309
Other	-	-	-	-	-	-	102,417	-	102,417
Maine PERS on-behalf payments	950,980	-	-	-	-	-	-	-	950,980
Debt service	132,678	-	-	-	-	-	-	-	132,678
Capital outlay	85,370	246,372	1,333,578	-	26,619	3,893	453,931	-	2,149,763
Total expenditures	16,270,705	246,372	1,333,578	-	26,619	3,893	1,535,853	-	19,417,020
Excess (deficiency) of revenues over (under) expenditures	127,790	(166,133)	(1,306,430)	4,570	(24,123)	(3,893)	(470,100)	-	(1,838,319)
Other financing sources (uses):									
Proceeds from capital lease	85,370	-	-	-	-	-	-	-	85,370
Transfers from other funds	422	125,000	82,159	-	-	-	411,070	-	618,651
Transfers to other funds	(558,229)	-	-	-	-	-	(60,422)	-	(618,651)
Total other financing sources (uses)	(472,437)	125,000	82,159	-	-	-	350,648	-	85,370
Net change in fund balances	(344,647)	(41,133)	(1,224,271)	4,570	(24,123)	(3,893)	(119,452)	-	(1,752,949)
Fund balances, beginning of year	5,517,149	69,506	1,215,488	256,816	179,041	10,083	2,082,856	-	9,330,939
Fund balances (deficits), end of year	\$ 5,172,502	28,373	(8,783)	261,386	154,918	6,190	1,963,404	-	7,577,990

See accompanying notes to financial statements.

TOWN OF HERMON, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2009

Net change in fund balances - total governmental funds (from Statement 4)	\$	(1,752,949)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

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 as depreciation expense.

This is the amount by which capital outlay (\$2,294,024) exceeded loss on disposal (\$6,785) and depreciation expense (\$695,422) in the current period.

1,591,817

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 the governmental funds. This is the change in accrued compensated absences (\$22,142) and accrued interest (\$4,631).

(17,511)

Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

This is the amount of bond repayments.

980,595

This is the amount by which lease proceeds (\$85,370) exceeded repayments (\$75,776).

(9,594)

Change in net assets of governmental activities (see Statement 2)	\$	792,358
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See accompanying notes to financial statements.

TOWN OF HERMON, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2009

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 6,799,934	6,799,934	6,662,318	(137,616)
Intergovernmental	5,966,261	5,966,261	5,955,571	(10,690)
Licenses and permits	60,000	60,000	42,113	(17,887)
Charges for services	2,179,029	2,179,029	2,229,197	50,168
Interest earned	100,000	100,000	39,484	(60,516)
Other revenues	402,900	402,900	518,832	115,932
Total revenues	15,508,124	15,508,124	15,447,515	(60,609)
Expenditures:				
Current:				
General government	696,317	696,617	659,671	36,946
Public safety	611,887	611,887	602,188	9,699
Public works	1,092,722	1,092,722	1,054,381	38,341
Solid waste	493,904	493,904	474,930	18,974
Recreation and social services	183,550	183,550	182,461	1,089
Unclassified	885,097	885,097	762,877	122,220
Education	12,145,018	12,145,018	10,996,230	1,148,788
Special projects	27,000	34,000	33,309	691
Debt service:				
Principal	89,900	89,900	89,900	-
Interest	42,778	42,778	42,778	-
Total expenditures	16,268,173	16,275,473	14,898,725	1,376,748
Excess (deficiency) of revenues over (under) expenditures	(760,049)	(767,349)	548,790	1,316,139
Other financing sources (uses):				
Transfers out	(486,840)	(486,840)	(558,229)	(71,389)
Transfers in	-	-	422	422
Utilization of prior year surplus - School	1,645,889	1,645,889	-	(1,645,889)
Utilization of prior year surplus - Town	151,000	151,000	-	(151,000)
Tax rate stabilization	(550,000)	(550,000)	-	550,000
Supplemental appropriations	-	7,300	-	(7,300)
Total other financing sources (uses)	760,049	767,349	(557,807)	(1,325,156)
Net change in fund balance, budgetary basis	-	-	(9,017)	(9,017)
Reconciliation to GAAP:				
Change in encumbrances			(287,989)	
Change in accrued summer salaries			(47,641)	
Net change in fund balance, GAAP basis			(344,647)	
Fund balance, beginning of year			5,517,149	
Fund balance, end of year	\$		5,172,502	

See accompanying notes to financial statements.

TOWN OF HERMON, MAINE
Statement of Net Assets
Proprietary Funds
June 30, 2009

Business-type Activities - Enterprise Funds		
		Recreation Department
ASSETS		
Current assets:		
Interfund loans receivable	\$	143,723
Total assets		143,723
LIABILITIES		
Current liabilities:		
Accounts payable		-
Total liabilities		-
NET ASSETS		
Unrestricted		143,723
Total net assets	\$	143,723

See accompanying notes to financial statements.

TOWN OF HERMON, MAINE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2009

Business-type Activities - Enterprise Funds		
		Recreation Department
Operating revenues:		
Charges for services	\$	182,861
Total operating revenues		182,861
Operating expenses:		
Current:		
Payroll		68,494
Recreation programs		129,428
Total operating expenses		197,922
Operating loss		(15,061)
Total net assets, beginning of year		158,784
Total net assets, end of year	\$	143,723

See accompanying notes to financial statements.

TOWN OF HERMON, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2009

Business-type Activities - Enterprise Funds		Recreation Department
<hr/>		
Cash flows from operating activities:		
Receipts from customers and users	\$	182,861
Payments to suppliers		(129,428)
Payments to employees		(68,494)
Interfund activity		15,061
Net cash provided by operating activities		-
<hr/>		
Increase (decrease) in cash		-
<hr/>		
Cash, beginning of year		-
<hr/>		
Cash, end of year	\$	-
<hr/>		
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$	(15,061)
Adjustments to reconcile operating income to net cash used in operating activities:		
Decrease in interfund receivables		15,061
Net cash provided by operating activities		-

See accompanying notes to financial statements.

TOWN OF HERMON, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Agency Funds	Private-purpose Trusts
	Student Activity Funds	School Department Scholarships
ASSETS		
Cash and cash equivalents	\$ 125,617	35,385
Total assets	125,617	35,385
LIABILITIES		
Due to student groups	125,617	-
Total liabilities	125,617	-
NET ASSETS		
Held in trust	\$ -	35,385

See accompanying notes to financial statements.

TOWN OF HERMON, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2009

	Private-purpose Trusts
	School Department Scholarships
Additions	\$ 610
Deductions	-
Change in net assets	610
Net assets, beginning of year	34,775
Net assets, end of year	\$ 35,385

See accompanying notes to financial statements.

TOWN OF HERMON, MAINE
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Hermon have been prepared in conformity with U.S. generally accepted accounting standards (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The Town of Hermon operates under an elected Town Council and Town Manager form of government. The Town's School Department operates under an elected School Board. The Town's major operations include public works, public safety, public services, education, and general administrative services.

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made based on criterion set forth in GAAP. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based on the application of these criteria, there were no potential component units required to be included in this report.

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, 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 the 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.

TOWN OF HERMON, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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 when a liability is incurred, regardless of the timing of related cash flows. 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. Revenues are recognized as soon as they are both 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 for property taxes and one year for other revenues. 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.

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 the 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.

Highway Capital Reserve Fund is used to account for road building and repairs.

Fire Station Reserve Fund is used to account for the building a new fire station.

School Capital Reserve Fund is used to account for major purchases by the school (school bus, telephone system), and building of schools.

Middle School Improvement Fund is used to account for expenses relating to administration, engineering, and construction of an addition and full renovation of Hermon Middle School.

Billings Road Fund is used to account expenses relating to administration, engineering, and construction of a Rural Road Initiative repairing and reconstructing Billings Road from the intersection of Clark and Lewis roads to the intersection of Fuller Road.

TOWN OF HERMON, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Town reports the following major proprietary fund:

Recreation Department Fund is used to account for revenues generated from the variety of services provided by Hermon Recreation on a user basis. The expenses related to these programs are to be covered with revenues generated. Costs covered are program related expenses, food costs, payroll, facilities improvements, clothing/uniforms, and equipment purchases.

Additionally, the Town reports the following fund type:

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 types:

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

Private-purpose trust funds are used to account for resources legally held in trust for the benefit of others.

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 limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's Recreation Department fund and the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary fund is 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 nonoperating revenues and expenses.

TOWN OF HERMON, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Cash and Investments

Cash includes amounts in demand deposits as well as time deposits and certificates of deposit owned by the Town. Investments are stated at fair value. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

E. Interfund Loans Receivable/Payable

Transactions between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans or as interfund advances (i.e. the noncurrent portion of interfund loans).

F. Inventory

Inventory in the School Lunch Program consists of food and supplies and is valued at the lower of cost (first-in, first-out basis) and is offset with a reserved fund balance for inventories. Inventories of the School Lunch Fund include the value of the U. S. Department of Agriculture commodities donated to the Fund.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the assets' estimated useful lives ranging from 3 to 50 years.

H. Compensated Absences

Under the terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. All vacation and sick time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-term Obligations

In the government-wide financial statements in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs if 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 HERMON, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 if material to the financial statements.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

K. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations is used in governmental funds. All encumbrances, if any, are reserved at year end.

L. Use of Estimates

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

M. Comparative Data/Reclassifications

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

A budget is adopted for the General Fund only, and is adopted on a basis consistent with generally accepted accounting principles (GAAP), except for encumbrances and Maine Public Employees Retirement on-behalf payments. Maine Public Employees Retirement contributions are made by the State of Maine on behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$950,980. These amounts have been included as revenue and expenditures in the General Fund on Statement 4 (GAAP basis) and on the Statement of Activities. There is no effect on the fund balance or net assets at the end of the year.

Through June 30, 2009, the Town did not budget for revenues and expenditures related to summer salaries for teachers on an accrual basis.

TOWN OF HERMON, MAINE
Notes to Financial Statements, Continued

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

B. Deficit Fund Balance

For the year ended June 30, 2009, the following fund had a deficit fund balances:

Fire Station Reserve	\$ 8,783
School Lunch Fund	116
Veterans Memorial	133

These deficits are expected to be funded by future revenues or transfers from the General Fund.

CASH AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2009, the Town reported deposits of \$989,350 with a bank balance of \$1,370,016. Of the Town's bank balances of \$1,370,016, none was exposed to custodial credit risk. The entire bank balance was covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 828,348
Reported in fiduciary funds	161,002
Total deposits	\$ 989,350

B. Investments

At June 30, 2009, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years	More than 5 years
U. S. Government securities	\$ 1,105,218	229,983	747,422	127,813
Mutual funds	3,804,458	NA	-	-
Repurchase agreements	2,266,995	2,266,995	-	-
Total investments	\$ 7,176,671	2,496,978	747,422	127,813

TOWN OF HERMON, MAINE
Notes to Financial Statements, Continued

CASH AND INVESTMENTS, CONTINUED

Investments have been reported as follows:

Reported in Governmental Funds	\$ 7,176,671
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Credit Risk: 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 policy is to invest in legally authorized investments under 30A MRSA section 5706.

Custodial Credit Risk-Town's investments: For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$2,266,995 investment in repurchase agreements, 100% was subject to custodial credit risk because it was collateralized by underlying securities held by the related bank, which were not in the Town's name.

Interest rate risk: The Town's investment policy states that interest rate risk should be mitigated by a) structuring the Town's portfolio so that securities mature to meet the Town's cash needs for ongoing operations, thereby precluding the need to sell securities on the open market prior to their maturity and b) investing in primarily in shorter-term securities.

PROPERTY TAX

Property taxes for the current period were committed on September 4, 2009, on the assessed value listed as of April 1, 2009, for all real and personal property located in the Town. Payment of taxes was due in one due on May 1, 2009. Interest at the rate of 11% per annum was charged on any amounts remaining unpaid after this date.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$59,448 for the period ended June 30, 2009.

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

Property taxes levied during the year ended were recorded as receivables at the time the levy was made. The receivables collected during the year ended 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.

TOWN OF HERMON, MAINE
Notes to Financial Statements, Continued

PROPERTY TAX, CONTINUED

The following summarizes the period ended June 30, 2009 levy:

	<u>2009</u>
Assessed value	\$ 419,653,060
Tax rate (per \$1,000)	<u>11.00</u>
Commitment (includes Homestead)	4,616,184
Supplemental taxes assessed	<u>9,476</u>
	4,625,660
Less:	
Collections and abatements	<u>4,302,858</u>
Receivable at June 30	<u>\$ 322,802</u>

Due date	May 1, 2009
Interest rate on delinquent taxes	11%
Collection rate	93.02%

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, <u>2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2009</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 33,600	-	-	33,600
Total capital assets, not being depreciated	33,600	-	-	33,600
Capital assets, being depreciated:				
Buildings and building improvements	17,528,252	1,634,977	7,604	19,155,625
Equipment, furniture and fixtures	1,191,380	260,482	10,981	1,440,881
Vehicles	1,434,781	398,565	32,200	1,801,146
Total capital assets being depreciated	20,154,413	2,294,024	50,785	22,397,652
Less accumulated depreciation for:				
Buildings and building improvements	4,646,886	488,147	5,628	5,129,405
Equipment, furniture and fixtures	670,855	101,234	7,238	764,851
Vehicles	978,545	106,041	31,134	1,053,452
Total accumulated depreciation	6,296,286	695,422	44,000	6,947,708
Total capital assets being depreciated, net	13,858,127	1,598,602	6,785	15,449,944
Governmental activities capital assets, net	<u>\$ 13,891,727</u>	<u>1,598,602</u>	<u>6,785</u>	<u>15,483,544</u>

TOWN OF HERMON, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 12,946
Public safety	46,021
Public Works	25,536
Education	597,191
Unclassified	13,728

Total depreciation expense – governmental activities	\$ 695,422
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INTERFUND BALANCES

Individual interfund receivables and payables at June 30, 2009, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ 1,144,406	735,658
Highway Capital Reserve	-	480,056
Fire Station Reserve	53,913	-
Middle School Improvement	154,918	-
Billings Road	6,190	-
Nonmajor special revenue funds:		
Adult Education	6,087	-
Title IID	359	-
Title IIA	1,000	-
Title 1A	-	16,378
Local Entitlement	25,970	-
Reading First	9,249	-
ARRA Stimulus	-	71,705
Trail Grant	1,033	-
Arts and Humanities	1,759	-
PSIC Grant	-	2,950
FEMA Radio Grant	-	2,266
Municipal Unemployment	-	14,869
Legal Liability	-	9,506
Public Land Acquisition	18,000	-
Comp Grant	7,550	-
Planning and Maintenance	-	25,200
Economic Development	1,920	-
Photocopy Reserve	-	1,711
School Lunch Fund	-	13,619
Total nonmajor special revenue funds	72,927	158,204

TOWN OF HERMON, MAINE
Notes to Financial Statements, Continued

INTERFUND BALANCES, CONTINUED

Nonmajor capital project funds:

Public Works Facilities	\$ -	4,770
Recreation Facilities	-	78,599
Municipal Building	-	30,897
Sewer Maintenance	-	24,447
Total nonmajor capital project funds	-	138,713

Permanent Funds:

Cemetery Reserve	-	61,667
Medical Reimbursement	-	1,771
Veterans Memorial	-	192
Pike	192	-
Boston Post Cane	-	8
Total nonmajor permanent funds	192	63,638

Enterprise Fund:

Recreation Department	143,723	-
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Totals	\$ 1,576,269	1,576,269
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The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. The balances represent each fund's portion of the centralized checking account.

INTERFUND TRANSFERS

Individual fund transfers for the year ended June 30, 2009 were as follows:

	Transfers <u>in</u>	Transfers <u>out</u>
<u>General Fund</u>	\$ 422	558,229
<u>Highway Capital Reserve</u>	125,000	-
<u>Fire Station Reserve</u>	82,159	-

TOWN OF HERMON, MAINE
Notes to Financial Statements, Continued

INTERFUND TRANSFERS, CONTINUED

Nonmajor special revenue funds:

Adult Education	\$ 6,500	-
Maine Forest Service	1,486	-
Fire Department Grant	452	-
Maine Development Foundation	-	422
MMA Safety Enhancement Grant 2008	152	-
MMA Safety Enhancement Grant 2009	733	-
MMA Repeater grant	696	-
Public Land Acquisition	30,000	-
Police Equipment	17,500	-
Municipal Unemployment	2,000	-
Fire Equipment	42,000	-
Planning and Maintenance	10,000	-
Economic Development	40,000	-
Technology Reserve	5,000	-
Credit Reserve	58,151	-
School Lunch Fund	20,000	-
Total nonmajor special revenue funds	234,670	422

Nonmajor capital project funds:

Public Works Facilities	20,000	60,000
Recreation Facilities	40,000	-
Municipal Building	45,000	-
Sewer Maintenance	71,400	-
Total nonmajor capital project funds	176,400	60,000

Totals	\$ 618,651	618,651
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These transfers were budgeted transfers to fund certain activities.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Bonds payable	\$ 8,777,876	-	980,595	7,797,281	975,595
Capital leases payable	91,486	85,370	75,776	101,080	56,527
Accrued compensated absences	30,798	22,142	-	52,940	-
Governmental activities					
long-term liabilities	\$ 8,900,160	107,512	1,056,371	7,951,301	1,032,122

TOWN OF HERMON, MAINE
Notes to Financial Statements, Continued

LONG-TERM DEBT

Bonds and Notes Payable

Long-term debt payable at June 30, 2009 is comprised of the following:

	<u>Amount of Original issue</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
<u>General obligation bonds</u>				
1998 Sewer construction	\$ 1,798,000	4.13-4.83%	2019	899,000
2001 School construction	400,000	3.07-4.20%	2012	120,000
2001 School construction	1,000,000	0%	2011	80,760
2003 School construction	6,325,000	2.50-3.70%	2014	2,985,000
2005 School construction	3,879,000	3.88%-4.00%	2020	3,470,000
2007 School construction	953,604(a)	0%	2017	242,521
Total				<u>\$ 7,797,281</u>

(a) The original amount of the bond was for \$953,604, of which \$650,453 has been forgiven by the State.

The annual debt service requirements to amortize bonds and notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
2010	\$ 975,595	267,942	1,243,537
2011	970,595	237,575	1,208,170
2012	920,215	206,279	1,126,494
2013	880,215	174,758	1,054,973
2014	870,215	143,118	1,013,333
2015-2019	2,690,446	375,131	3,065,577
2020	490,000	9,800	499,800
Totals	<u>\$ 7,797,281</u>	<u>1,414,603</u>	<u>9,211,884</u>

At June 30, 2009, the Town had authorized but un-issued debt of \$900,000 for the reconstruction of a portion of Billings Road.

TOWN OF HERMON, MAINE
Notes to Financial Statements, Continued

CAPITAL LEASES

The Town has entered into lease agreements as lessee for the financing of school buses, a photocopier and a tractor. This obligation has been recorded in the entity-wide financial statements at the present value of future minimum lease payments. The following is a summary of equipment leased under capital lease agreements by the Town as of June 30, 2009:

School buses (2)	\$ 150,712
Photocopier	12,740
Tractor	25,021

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2009:

Fiscal year ending June 30,	
2010	\$ 60,311
2011	33,407
2012	8,359
2013	2,743
2014	2,743
Total minimum lease payments	107,563
Less amounts representing interest	6,483
Present value of future minimum	
Lease payments	\$ 101,080

STATUTORY DEBT LIMIT

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its state assessed valuation. At June 30, 2009, the Town's outstanding debt did not exceed these limits.

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town either carries commercial insurance, participates in public entity risk pools, or is effectively self-insured. Currently, the Town participates in several public entity and self insured risk pools sponsored by the Maine Municipal Association (MMA).

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2009.

TOWN OF HERMON, MAINE
Notes to Financial Statements, Continued

DESIGNATED FUND BALANCES

At June 30, 2009, portions of the General Fund fund balance were designated to future periods as follows:

Reappropriated to the 2010 budget – School	\$1,525,267
Reappropriated to the 2010 budget – Town	28,000
Tax stabilization	550,000
Total designated fund balance	\$2,103,267

EMPLOYEE RETIREMENT SYSTEMS

Maine Public Employees Retirement - Teachers Group

Description of Plan - All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The Teacher's Group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$950,980 (18.76%) for the fiscal year 2009. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statement 2). There is no contribution required by the School except for federally funded teachers, for which the School contributed 18.76% of their compensation. This cost is charged to the applicable grant.

DEFERRED COMPENSATION PLAN

The Town of Hermon offers all its employees not participating in Maine Public Employees Retirement System a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets are not included in the Town's financial statements.

GENERAL FUND

The General Fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The fund pays general operating expenditures, fixed charges, and capital improvement costs which are not paid through other funds.

TOWN OF HERMON, MAINE
Comparative Balance Sheets - General Fund
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 775,829	751,827
Investments	4,283,357	5,329,689
Receivables:		
Taxes receivable - current year	322,802	391,482
Taxes receivable - prior years	148,555	133,150
Tax liens - prior years	94,740	64,670
Tax acquired property	21,044	7,434
Accounts receivable	436,911	45,297
Interfund loans receivable	1,144,406	642,716
Total assets	\$ 7,227,644	7,366,265
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	126,720	66,171
Accrued payroll	656,478	600,449
Prepaid taxes	9,014	9,805
Interfund loans payable	735,658	484,855
Deferred tax revenue	449,801	449,802
Other liabilities	77,471	238,035
Total liabilities	2,055,142	1,849,117
Fund balance:		
Reserved for:		
Encumbrances	-	287,989
Unreserved:		
Designated	2,103,267	1,989,298
Undesignated	3,069,235	3,239,862
Total fund balance	5,172,502	5,517,149
Total liabilities and fund balance	\$ 7,227,644	7,366,266

TOWN OF HERMON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2009
(with comparative totals for June 30, 2008)

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 4,616,184	4,626,528	10,344	4,548,549
Excise taxes	2,155,750	2,016,327	(139,423)	2,180,978
Interest on taxes	28,000	19,463	(8,537)	34,041
Total taxes	6,799,934	6,662,318	(137,616)	6,763,568
Intergovernmental:				
State education subsidy	4,628,922	4,545,714	(83,208)	4,286,077
State reimbursement - debt service	743,835	743,835	-	778,110
State agency client	-	2,756	2,756	13,316
Homestead reimbursement	119,000	109,756	(9,244)	108,152
BETE reimbursement	53,504	53,504	-	-
Medicaid reimbursements	-	120,908	120,908	73,122
State Revenue Sharing	408,000	366,288	(41,712)	442,552
General assistance	10,000	9,665	(335)	9,112
Snowmobile reimbursement	3,000	3,145	145	3,005
Total intergovernmental	5,966,261	5,955,571	(10,690)	5,713,446
Licenses and permits:				
Vehicle registration fees	25,000	26,893	1,893	25,784
Animal control fees	1,000	2,284	1,284	2,445
Planning/zoning fees	5,000	1,300	(3,700)	1,555
Plumbing fees	16,000	4,514	(11,486)	5,303
Building permits	13,000	7,122	(5,878)	8,553
Total licenses and permits	60,000	42,113	(17,887)	43,640

TOWN OF HERMON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, Continued

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
Revenues, continued:				
Charges for services:				
School tuition and fees	\$ 1,900,000	1,981,644	81,644	2,118,140
Solid waste disposal fees	221,829	217,080	(4,749)	212,990
Police department revenue	-	465	465	3,889
Fire department revenue	2,500	498	(2,002)	810
Public works revenues	-	471	471	-
Wireless fees	26,700	7,752	(18,948)	7,138
Cable franchise	23,000	19,242	(3,758)	-
Cemetery maintenance	3,000	2,045	(955)	2,250
Sewer fees	2,000	-	(2,000)	1,040
Total charges for services	2,179,029	2,229,197	50,168	2,346,257
Interest earned	100,000	39,484	(60,516)	146,660
Total interest earned	100,000	39,484	(60,516)	146,660
Other revenues:				
School Department	397,900	459,870	61,970	498,364
Sale of property	-	-	-	4,924
Miscellaneous	5,000	58,962	53,962	78,411
Total other revenues	402,900	518,832	115,932	581,699
Total revenues	15,508,124	15,447,515	(60,609)	15,595,270

TOWN OF HERMON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, Continued

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 249,069	235,518	13,551	216,649
Town manager	79,535	77,133	2,402	70,204
Town clerk	48,429	48,754	(325)	43,506
Finance	46,418	40,894	5,524	40,144
Assessor	54,273	52,709	1,564	48,034
Code enforcement	46,561	47,559	(998)	42,621
Clerks	99,230	102,586	(3,356)	75,822
Municipal building	25,485	23,080	2,405	19,174
Town Office	10,500	8,924	1,576	10,481
Town council	9,697	11,097	(1,400)	12,820
Town boards	10,320	3,671	6,649	4,236
Other expenses	17,100	7,746	9,354	17,819
Total general government	696,617	659,671	36,946	601,510
Public safety:				
Police department	276,705	272,799	3,906	244,785
Fire department	288,037	282,997	5,040	237,339
Health officer	175	188	(13)	175
Utilities	46,970	46,204	766	46,619
Total public safety	611,887	602,188	9,699	528,918
Public works:				
General	147,756	122,153	25,603	116,372
Roads	877,606	841,537	36,069	592,738
Equipment	16,907	36,199	(19,292)	30,578
Salt shed	27,500	32,458	(4,958)	859
Cemetery	22,953	22,034	919	25,076
Total public works	1,092,722	1,054,381	38,341	765,623

TOWN OF HERMON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, Continued

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
Expenditures, continued				
Current, continued:				
Solid waste:				
Landfill	\$ 28,959	21,239	7,720	27,352
House waste	409,025	401,220	7,805	396,834
Sewer	55,920	52,471	3,449	41,049
Total solid waste	493,904	474,930	18,974	465,235
Recreation and social services:				
Recreation	105,555	107,075	(1,520)	102,559
Social services	66,925	68,669	(1,744)	33,385
Library	8,500	4,389	4,111	8,455
Jackson Beach	2,570	2,328	242	1,412
Total recreation and social services	183,550	182,461	1,089	145,811
Unclassified:				
Economic development	79,614	78,301	1,313	77,278
County tax	423,834	423,835	(1)	376,863
General assistance	20,000	19,330	670	17,935
TIF	148,200	51,328	96,872	30,948
Wireless	187,000	150,000	37,000	241,753
Overlay/abatements	26,449	40,083	(13,634)	33,435
Total unclassified	885,097	762,877	122,220	778,212

TOWN OF HERMON, MAINE
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2009			2008 Actual
	Budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Education:				
Regular instruction	\$ 4,730,746	4,486,009	244,737	4,953,094
Special education instruction	1,423,701	1,157,003	266,698	1,130,286
Career and technical education	86,938	438	86,500	-
Other instruction	569,117	563,636	5,481	512,338
Student and staff support	1,323,454	1,141,935	181,519	675,525
System administration	613,721	559,917	53,804	280,510
School administration	314,055	277,108	36,947	528,382
Transportation	473,023	352,978	120,045	426,580
Facilities maintenance	1,464,399	1,311,342	153,057	1,327,402
Debt service	1,145,864	1,145,864	-	1,177,073
Other expenditures	-	-	-	2,652
Total education	12,145,018	10,996,230	1,148,788	11,013,842
Special projects:				
High School pavement and repairs	-	-	-	47,131
Tennis court repairs	-	-	-	147,811
Outdoor lighting	-	-	-	3,881
Security systems at schools	-	-	-	82,473
Athletic field repairs	-	-	-	20,000
High School locks on lockers	-	-	-	5,846
Rec fields at High School	7,000	7,000	-	-
Phone upgrade TO & PS	14,000	26,309	(12,309)	-
Security systems upgrade	13,000	-	13,000	-
Total special projects	34,000	33,309	691	307,142
Debt service:				
Principal	89,900	89,900	-	89,900
Interest	42,778	42,778	-	46,578
Total debt service	132,678	132,678	-	136,478
Total expenditures	16,275,473	14,898,725	1,376,748	14,742,771
Excess (deficiency) of revenues over (under) expenditures	(767,349)	548,790	1,316,139	852,499

TOWN OF HERMON, MAINE
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
Other financing sources (uses):				
Transfers out:				
Transfer to capital project funds (school)	\$ -	-	-	(67,939)
Transfer to capital project funds (Town)	(457,900)	(528,210)	(70,310)	(460,739)
Transfer to special revenue funds	(28,940)	(30,019)	(1,079)	(26,500)
Transfers in:				
Transfer from special revenue funds	-	422	422	-
Utilization of prior year surplus - School	1,645,889	-	(1,645,889)	-
Utilization of prior year surplus - Town	151,000	-	(151,000)	-
Tax rate stabilization	(550,000)	-	550,000	-
Supplemental appropriations	7,300	-	(7,300)	-
Total other financing sources (uses)	767,349	(557,807)	(1,325,156)	(555,178)
Net change in fund balances, budgetary basis	-	(9,017)	(9,017)	297,321
Fund balance, beginning of year (budgetary basis)		5,791,768		5,494,447
Fund balance, end of year (budgetary basis)		5,782,751		5,791,768
Reconciliation to GAAP:				
Add back encumbrances		-		287,989
Less accrued summer salaries		(610,249)		(562,608)
Fund balance, end of year (GAAP basis)		5,172,502		5,517,149

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF HERMON, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2009

	Special Revenue Funds	Capital Projects Fund	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 21,980	-	30,539	52,519
Investments	1,114,007	896,379	103,113	2,113,499
Accounts receivable	119,651	-	-	119,651
Inventory	3,306	-	-	3,306
Interfund loans receivable	72,927	-	192	73,119
Total assets	\$ 1,331,871	896,379	133,844	2,362,094
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	38,135	-	-	38,135
Interfund loans payable	158,204	138,713	63,638	360,555
Total liabilities	196,339	138,713	63,638	398,690
Fund balances:				
Reserved for nonexpendable principal	-	-	7,932	7,932
Reserved for inventory	3,306	-	-	3,306
Unreserved, undesignated	1,132,226	757,666	62,274	1,952,166
Total fund balances	1,135,532	757,666	70,206	1,963,404
Total liabilities and fund balances	\$ 1,331,871	896,379	133,844	2,362,094

TOWN OF HERMON, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2009

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 657,029	-	-	657,029
Other	292,973	-	52,124	345,097
Investment income	36,240	23,395	3,992	63,627
Total revenues	986,242	23,395	56,116	1,065,753
Expenditures:				
Current:				
Grants and other special uses	979,505	-	-	979,505
Other	33,978	-	68,439	102,417
Capital outlay	318,745	100,847	34,339	453,931
Total expenditures	1,332,228	100,847	102,778	1,535,853
Excess (deficiency) of revenues over (under) expenditures	(345,986)	(77,452)	(46,662)	(470,100)
Other financing sources (uses):				
Transfer from other funds	234,670	176,400	-	411,070
Transfer to other funds	(422)	(60,000)	-	(60,422)
Total other financing sources	234,248	116,400	-	350,648
Net change in fund balances	(111,738)	38,948	(46,662)	(119,452)
Fund balances, beginning of year	1,247,270	718,718	116,868	2,082,856
Fund balances, end of year	\$ 1,135,532	757,666	70,206	1,963,404

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for resources obtained and expended for specified purposes that are restricted by law or administrative action.

TOWN OF HERMON, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet

June 30, 2009

(with comparative totals for June 30, 2008)

	Adult Education	Title IID	Title IIA	Title IV DF S	Title V	Title 1A	Reading First	ARRA Stimulus	Local Entitlement
ASSETS									
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	16,378	-	71,705	-
Inventory	-	-	-	-	-	-	-	-	-
Interfund loans receivable	6,087	359	1,000	-	-	-	9,249	-	25,970
Total assets	\$ 6,087	359	1,000	-	-	16,378	9,249	71,705	25,970
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	-	-	-	-	-	-	-	-	-
Interfund loans payable	-	-	-	-	-	16,378	-	71,705	-
Total liabilities	-	-	-	-	-	16,378	-	71,705	-
Fund balances (deficits):									
Reserved for inventory	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	6,087	359	1,000	-	-	-	9,249	-	25,970
Total fund balances (deficits)	6,087	359	1,000	-	-	-	9,249	-	25,970
Total liabilities and fund balances	\$ 6,087	359	1,000	-	-	16,378	9,249	71,705	25,970

TOWN OF HERMON, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet

June 30, 2009

(with comparative totals for June 30, 2008)

	Maine Forest Service	Fire Dept Grant	Trail Grant	Maine Development Foundation	MIMA Safety Enhancement Grant 2008	MIMA Safety Enhancement Grant 2009	MMA Repeater Grant	PSIC Grant	Homeland Security Grant	FEMA Radio Grant	Arts & Humanities	Comp. Grant
ASSETS												
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	2,950	21,500	2,266	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans receivable	-	-	1,033	-	-	-	-	-	-	-	1,759	7,550
Total assets	\$ -	-	1,033	-	-	-	-	2,950	21,500	2,266	1,759	7,550
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	-	-	-	-	-	-	-	-	21,500	-	-	-
Interfund loans payable	-	-	-	-	-	-	-	2,950	-	2,266	-	-
Total liabilities	-	-	-	-	-	-	-	2,950	21,500	2,266	-	-
Fund balances (deficits):												
Reserved for inventory	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	-	-	1,033	-	-	-	-	-	-	-	1,759	7,550
Total fund balances (deficits)	-	-	1,033	-	-	-	-	-	-	-	1,759	7,550
Total liabilities and fund balances	\$ -	-	1,033	-	-	-	-	2,950	21,500	2,266	1,759	7,550

TOWN OF HERMON, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet

June 30, 2009

(with comparative totals for June 30, 2008)

	Police Equipment	Municipal Unemployment	Legal Liability	Fire Equipment	School Repair	School Unemployment	Public Land Acquisition	Planning and Maintenance
ASSETS								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-
Investments	36,458	20,902	66,980	16,294	550,638	36,670	58,733	136,095
Accounts receivable	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Interfund loans receivable	-	-	-	-	-	-	18,000	-
Total assets	\$ 36,458	20,902	66,980	16,294	550,638	36,670	76,733	136,095
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	-	-	-	-	-	-	-
Interfund loans payable	-	14,869	9,506	-	-	-	-	25,200
Total liabilities	-	14,869	9,506	-	-	-	-	25,200
Fund balances (deficits):								
Reserved for inventory	-	-	-	-	-	-	-	-
Unreserved, undesignated	36,458	6,033	57,474	16,294	550,638	36,670	76,733	110,895
Total fund balances (deficits)	36,458	6,033	57,474	16,294	550,638	36,670	76,733	110,895
Total liabilities and fund balances	\$ 36,458	20,902	66,980	16,294	550,638	36,670	76,733	136,095

TOWN OF HERMON, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2009
(with comparative totals for June 30, 2008)

		Fire Station					School		Totals	
		Economic Development	Repair and Maintenance	Technology Reserve	Photocopy Reserve	Credit Reserve	Lunch Fund	2009		2008
ASSETS										
Cash and cash equivalents	\$	-	-	-	-	-	21,980	21,980		23,309
Investments		103,263	2,123	15,365	1,858	68,628	-	1,114,007		1,211,781
Accounts receivable		-	-	-	-	-	4,852	119,651		46,517
Inventory		-	-	-	-	-	3,306	3,306		5,727
Interfund loans receivable		1,920	-	-	-	-	-	72,927		17,722
Total assets										
	\$	105,183	2,123	15,365	1,858	68,628	30,138	1,331,871		1,305,056
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable		-	-	-	-	-	16,635	38,135		-
Interfund loans payable		-	-	-	1,711	-	13,619	158,204		57,786
Total liabilities										
		-	-	-	1,711	-	30,254	196,339		57,786
Fund balances (deficits):										
Reserved for inventory		-	-	-	-	-	3,306	3,306		5,727
Unreserved, undesignated		105,183	2,123	15,365	147	68,628	(3,422)	1,132,226		1,241,543
Total fund balances (deficits)										
		105,183	2,123	15,365	147	68,628	(116)	1,135,532		1,247,270
Total liabilities and fund balances										
	\$	105,183	2,123	15,365	1,858	68,628	30,138	1,331,871		1,305,056

TOWN OF HERMON, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2009
(with comparative totals for June 30, 2008)

	Adult Education	Title IID	Title IIA	Title IV DF S	Title V	Title 1A	Reading First	ARRA Stimulus	Local Entitlement
Revenues:									
Intergovernmental	\$ 2,237	781	44,739	3,685	781	119,068	100,089	71,705	185,923
Other	4,155	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-
Total revenues	6,392	781	44,739	3,685	781	119,068	100,089	71,705	185,923
Expenditures:									
Current:									
Grants and other special uses	15,321	1,229	43,739	3,685	2,416	119,068	90,840	71,705	159,953
Other	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	15,321	1,229	43,739	3,685	2,416	119,068	90,840	71,705	159,953
Excess (deficiency) of revenues over (under) expenditures	(8,929)	(448)	1,000	-	(1,635)	-	9,249	-	25,970
Other financing sources (uses):									
Transfer from other funds	6,500	-	-	-	-	-	-	-	-
Transfer to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	6,500	-	-	-	-	-	-	-	-
Net change in fund balances	(2,429)	(448)	1,000	-	(1,635)	-	9,249	-	25,970
Fund balances (deficits), beginning of year	8,516	807	-	-	1,635	-	-	-	-
Fund balances (deficits), end of year	\$ 6,087	359	1,000	-	-	-	9,249	-	25,970

TOWN OF HERMON, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2009
(with comparative totals for June 30, 2008)

	Maine Forest Service	Fire Dept Grant	Trail Grant	Maine Development Foundation	MMA Safety Enhancement Grant 2008	MMA Safety Enhancement Grant 2009	MMA Repeater Grant	PSIC Grant	Homeland Security Grant	FEMA Radio Grant	Arts & Humanities	Comp. Grant
Revenues:												
Intergovernmental	\$ 1,104	-	-	-	-	-	-	2,950	21,500	2,266	-	-
Other	-	904	-	-	-	1,559	1,197	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	1,104	904	-	-	-	1,559	1,197	2,950	21,500	2,266	-	-
Expenditures:												
Current:												
Grants and other special uses	-	1,356	-	-	-	2,292	1,893	2,950	21,500	2,266	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	1,356	-	-	-	2,292	1,893	2,950	21,500	2,266	-	-
Excess (deficiency) of revenues over (under) expenditures	1,104	(452)	-	-	-	(733)	(696)	-	-	-	-	-
Other financing sources (uses):												
Transfer from other funds	1,486	452	-	-	152	733	696	-	-	-	-	-
Transfer to other funds	-	-	-	(422)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,486	452	-	(422)	152	733	696	-	-	-	-	-
Net change in fund balances	2,590	-	-	(422)	152	-	-	-	-	-	-	-
Fund balances (deficits), end of year	(2,590)	-	1,033	422	(152)	-	-	-	-	-	1,759	7,550
Fund balances (deficits), end of year	\$ -	-	1,033	-	-	-	-	-	-	-	1,759	7,550

TOWN OF HERMON, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2009
(with comparative totals for June 30, 2008)

	Police Equipment	Municipal Unemployment	Legal Liability	Fire Equipment	School Repair	School Unemployment	Public Land Acquisition	Planning and Maintenance
Revenues:								
Intergovernmental	\$ -	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Investment income	548	546	1,937	8,470	15,917	1,060	1,351	3,645
Total revenues	548	546	1,937	8,470	15,917	1,060	1,351	3,645
Expenditures:								
Current:								
Grants and other special uses	-	-	-	-	-	-	-	-
Other	-	14,271	9,507	-	-	-	-	10,200
Capital outlay	-	-	-	318,745	-	-	-	-
Total expenditures	-	14,271	9,507	318,745	-	-	-	10,200
Excess (deficiency) of revenues over (under) expenditures	548	(13,725)	(7,570)	(310,275)	15,917	1,060	1,351	(6,555)
Other financing sources (uses):								
Transfer from other funds	17,500	2,000	-	42,000	-	-	30,000	10,000
Transfer to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses)	17,500	2,000	-	42,000	-	-	30,000	10,000
Net change in fund balances	18,048	(11,725)	(7,570)	(268,275)	15,917	1,060	31,351	3,445
Fund balances (deficits), end of year	18,410	17,758	65,044	284,569	534,721	35,610	45,382	107,450
Fund balances (deficits), end of year	\$ 36,458	6,033	57,474	16,294	550,638	36,670	76,733	110,895

TOWN OF HERMON, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2009
(with comparative totals for June 30, 2008)

	Economic Development	Fire Station		Technology Reserve	Photocopy Reserve	Credit Reserve	School		Totals
		Repair and Maintenance	Lunch Fund				Fund		
Revenues:									
Intergovernmental	\$ -	-	-	-	-	-	100,201	657,029	547,418
Other	-	-	-	-	-	-	285,158	292,973	306,212
Investment income	1,884	62	301	54	465	-	-	36,240	48,733
Total revenues	1,884	62	301	54	465	-	385,359	986,242	902,363
Expenditures:									
Current:									
Grants and other special uses	-	-	-	-	-	-	439,292	979,505	891,196
Other	-	-	-	-	-	-	-	33,978	15,750
Capital outlay	-	-	-	-	-	-	-	318,745	60,086
Total expenditures	-	-	-	-	-	-	439,292	1,332,228	967,032
Excess (deficiency) of revenues over (under) expenditures	1,884	62	301	54	465	-	(53,933)	(345,986)	(64,669)
Other financing sources (uses):									
Transfer from other funds	40,000	-	5,000	-	58,151	-	20,000	234,670	242,639
Transfer to other funds	-	-	-	-	-	-	-	(422)	-
Total other financing sources (uses)	40,000	-	5,000	-	58,151	-	20,000	234,248	242,639
Net change in fund balances	41,884	62	5,301	54	58,616	-	(33,933)	(111,738)	177,970
Fund balances (deficits), beginning of year	63,299	2,061	10,064	93	10,012	-	33,817	1,247,270	1,069,300
Fund balances (deficits), end of year	\$ 105,183	2,123	15,365	147	68,628	(116)	1,135,532	1,247,270	1,247,270

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

Capital project funds are established to account for resources obtained and expended for the acquisition of major capital facilities other than those employed in the delivery of services accounted for in enterprise funds.

TOWN OF HERMON, MAINE
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2009

(with comparative totals for June 30, 2008)

	Public Works Facilities	Recreation Facilities	Municipal Building	Sewer Maintenance	Totals	
					2009	2008
ASSETS						
Investments	\$ 25,590	320,722	46,266	503,801	896,379	789,247
Total assets	\$ 25,590	320,722	46,266	503,801	896,379	789,247
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund loans payable	4,770	78,599	30,897	24,447	138,713	70,529
Total liabilities	4,770	78,599	30,897	24,447	138,713	70,529
Fund balances:						
Unreserved:						
Undesignated	20,820	242,123	15,369	479,354	757,666	718,718
Total fund balances	20,820	242,123	15,369	479,354	757,666	718,718
Total liabilities and fund balances	\$ 25,590	320,722	46,266	503,801	896,379	789,247

TOWN OF HERMON, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
For the year ended June 30, 2009
(with comparative totals for June 30, 2008)

	Public Works Facilities	Recreation Facilities	Municipal Building	Sewer Maintenance	Totals	
					2009	2008
Revenues:						
Investment income	\$ 1,801	8,115	980	12,499	23,395	30,226
Total revenues	1,801	8,115	980	12,499	23,395	30,226
Expenditures:						
Capital outlay	4,770	12,570	63,560	19,947	100,847	87,667
Total expenditures	4,770	12,570	63,560	19,947	100,847	87,667
Other financing sources (uses):						
Transfer from other funds	20,000	40,000	45,000	71,400	176,400	142,600
Transfer to other funds	(60,000)	-	-	-	(60,000)	-
Total other financing sources (uses)	(40,000)	40,000	45,000	71,400	116,400	142,600
Net change in fund balances	(42,969)	35,545	(17,580)	63,952	38,948	85,159
Fund balances, beginning of year	63,789	206,578	32,949	415,402	718,718	633,559
Fund balances, end of year	\$ 20,820	242,123	15,369	479,354	757,666	718,718

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

TOWN OF HERMION, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2009

(with comparative totals for June 30, 2008)

	Cemetery Reserve	Boston								Totals		
		Veterans	Veterans Park	Pike	Nowell	Post Cane	Medical Reimb.	Athletic Complex	Junior Account	2009	2008	
ASSETS												
Cash and cash equivalents	\$ -	59	16,291	6,936	1,071	998	2,344	2,311	529	30,539	18,236	
Investments	103,113	-	-	-	-	-	-	-	-	103,113	100,133	
Interfund loans receivable	-	-	-	192	-	-	-	-	-	192	270	
Total assets	\$ 103,113	59	16,291	7,128	1,071	998	2,344	2,311	529	133,844	118,639	
LIABILITIES AND FUND BALANCES												
Liabilities:												
Interfund loans payable	61,667	192	-	-	-	8	1,771	-	-	63,638	1,771	
Total liabilities	61,667	192	-	-	-	8	1,771	-	-	63,638	1,771	
Fund balances:												
Reserved for nonexpendable principal	-	-	-	6,932	1,000	-	-	-	-	7,932	7,932	
Unreserved:												
Undesignated	41,446	(133)	16,291	196	71	990	573	2,311	529	62,274	108,936	
Total fund balances (deficits)	41,446	(133)	16,291	7,128	1,071	990	573	2,311	529	70,206	116,868	
Total liabilities and fund balances	\$ 103,113	59	16,291	7,128	1,071	998	2,344	2,311	529	133,844	118,639	

TOWN OF HERMON, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2009
(with comparative totals for June 30, 2008)

	Boston										Totals	
	Cemetery Reserve	Veterans Memorial	Veterans Park	Pike	Nowell	Post Cane	Medical Reimb.	Athletic Complex	Junior Account		2009	2008
Revenues:												
Investment income	3,783	1	10	183	7	7	-	1	-		3,992	4,654
Other	-	-	24,410	-	-	-	5,574	22,140	-		52,124	25,825
Total revenues	3,783	1	24,420	183	7	7	5,574	22,141	-		56,116	30,479
Expenditures:												
Current:												
Other	62,740	192	-	-	-	8	5,499	-	-		68,439	4,345
Capital outlay	-	-	8,129	-	-	-	-	26,210	-		34,339	22,436
Total expenditures	62,740	192	8,129	-	-	8	5,499	26,210	-		102,778	26,781
Net change in fund balances	(58,957)	(191)	16,291	183	7	(1)	75	(4,069)	-		(46,662)	3,698
Fund balances, beginning of year	100,403	58	-	6,945	1,064	991	498	6,380	529		116,868	113,170
Fund balances (deficits), end of year	\$ 41,446	(133)	16,291	7,128	1,071	990	573	2,311	529		70,206	116,868

SCHEDULE

TOWN OF HERMON, MAINE
School Department - General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budgetary Basis
For the year ended June 30, 2009
(with comparative actual amount for the year ended June 30, 2008)

	2009		Variance positive (negative)	2008 Actual
	Budget	Actual		
Revenues:				
State education subsidy	\$ 4,628,922	4,545,714	(83,208)	4,286,077
State reimbursement - debt service	743,835	743,835	-	778,110
State agency client	-	2,756	2,756	13,316
Tuition and fees	1,900,000	1,981,644	81,644	2,118,140
Medicaid reimbursements	-	120,908	120,908	73,122
Other revenues	397,900	459,870	61,970	498,364
Total revenues	7,670,657	7,854,727	184,070	7,767,129
Expenditures:				
Regular instruction	4,730,746	4,486,009	244,737	4,953,094
Special education instruction	1,423,701	1,157,003	266,698	1,130,286
Career and technical education	86,938	438	86,500	-
Other instruction	569,117	563,636	5,481	512,338
Student and staff support	1,323,454	1,141,935	181,519	675,525
System administration	613,721	559,917	53,804	280,510
School administration	314,055	277,108	36,947	528,382
Transportation	473,023	352,978	120,045	426,580
Facilities maintenance	1,464,399	1,311,342	153,057	1,327,402
Debt service	1,145,864	1,145,864	-	1,177,073
Other expenditures	-	-	-	2,652
Total expenditures	12,145,018	10,996,230	1,148,788	11,013,842
Other financing sources (uses):				
Town appropriation	3,398,472	3,398,472	-	3,348,177
Transfer to capital project funds	-	-	-	(67,939)
Transfer to school lunch program	(20,000)	(20,000)	-	(20,000)
Tax rate stabilization	(550,000)	-	550,000	-
Utilization of prior year surplus	1,645,889	-	(1,645,889)	-
Total other financing sources (uses)	4,474,361	3,378,472	(1,095,889)	3,260,238
Net change in fund balance	-	236,969	236,969	13,525
Fund balance, beginning of year (budgetary basis)		1,838,298		1,824,773
Fund balance, end of year (budgetary basis)		2,075,267		1,838,298
Reconciliation to GAAP:				
Add back encumbrances		-		287,989
Less accrued summer salaries		(610,249)		(562,608)
Fund balance, end of year (GAAP basis)	\$	1,465,018		1,563,679