



Town of Hermon
Public Safety Meeting Room
January 18, 2024
Town Council Meeting
7:00 PM
MINUTES

To watch Council Meetings go to hermonmaine.gov click Council click Town Council Meetings click Zoom
Please see the complete video at [Town Council Meetings | Hermon \(hermonmaine.gov\)](http://Town Council Meetings | Hermon (hermonmaine.gov))

*****ALL ITEMS ARE SUBJECT TO APPROPRIATE COUNCIL ACTION*****

I. CALL TO ORDER BY CHAIRPERSON:

II. PLEDGE OF ALLEGIANCE:

Councilor Thomas led those in attendance in the Pledge of Allegiance

III. ROLL CALL:

Members Present: Richard Cyr, Christopher Gray, Danielle Haggerty, Ronald Murphy, John Snyder III, Steve Thomas and Derek Wood

Members Absent: None

Others Present: Josh Berry Town Manager, Kristen Cushman Town Clerk, and 5 residents/guests

IV. PUBLIC ITEMS OR COMMENTS: (ITEMS NOT ALREADY ON THE AGENDA)

• **Greg Newell, Stage Rd:**

Tonight's subject is going to be a hard one, and I will be reading quickly.

It is about Ransomware attack against the School District and notice to parents. I have gotten a lot of questions from parents and they do not understand the full scope of the problem of this attack.

First the letter to parents was poorly written and did not explain things well. (see packet I provided for it)



There is a vulnerability in a piece of software called Apache ActiveMQ it is an opensource program. Which means it a free piece of software. Anyone can use it and a lot of companies do.

PowerSchool is a program that the school district uses and supposedly was the focus of the attack. (for time's sake, I will not go into what it does) It uses Apache ActiveMQ program. After reading many PowerSchool articles. And the document that Mr. Grant provided in his superintendent report. The School District's PowerSchool website had an internal port number assigned to it.

What does this mean, let me explain what is a Port, in this case it is virtual connection between programs. In layman terms: it is a door that goes from one room to another. There are internal ports/doors and external ports/doors and all have numbers assigned to them. The internal port/doors should never see the open internet, because they cannot hold up to the attacks that happen to it.

The school IT personnel used an internal port/door as an external one. Which PowerSchool has said WELL before the vulnerability came around to only use it as an internal port/door.

The school district IT personnel made attack on PowerSchool very easy to access and this allowed the hacker to access everything in PowerSchool and beyond.

Now if hacker gets to the internal network, this is still a vulnerability. But as long as the school's firewall, Antivirus programs and OS software is updated, it would be much harder, but can be done. Remember last week about what I said about firewall, Antivirus and OS of this school district?

V. REVIEW CONSENT CALENDAR: REGULAR BUSINESS, APPOINTMENTS, SIGNATURES, AND APPROVAL OF MINUTES:

MINUTES	-APPROVE	1/4/2024
SIGNATURES	-APPROVE	
RESOLVES	-SIGN	
WARRANTS	-SIGN	1/19/2024

Councilor Haggerty moved to approve the Consent Calendar as presented. Councilor Gray seconded the motion. Motion passes 7-0.

VI. NEWS, PRESENTATIONS AND RECOGNITIONS:

- **Thank you to Richard Cyr for his generous donation of \$1,500 towards general assistance fund – Josh Berry**



- **Comprehensive Plan public hearing postponement – Josh Berry**

To be scheduled later per Mr. Berry

- **Peter J Hall PAC, LLC – presenter Peter J. Hall**

Thanks for the opportunity to join you this evening. I will try to be brief but wanted to address several matters related to my continuation in my role as the Town’s auditor. I understand from having watched the relevant sections of your October 2023 meeting video recording that you have accepted my proposal to continue to perform audit services for the Town with the caveat that you reserve the right to terminate our agreement subsequent to the audit for FY 2023 at your discretion. Honestly, I’m totally fine with that for a couple of reasons, one of which is that I’m looking to slowly move out of the audit business myself in the coming years as I approach retirement.

However, there were three matters discussed during your October meeting which I feel I need to address with you and about which we need to clear the air before I can continue to serve in my role and commence work on the FY 2023 audit.

First, there was real reservation expressed about my being selected to continue as your auditor given my status as a sole practitioner. I absolutely would concur with your concerns. As I’ve communicated to management, there are a number of complexities and challenges which the Town currently faces which a larger firm with deeper resources would, I’m sure, be better suited to address. I say this not as an admission of any particular lack of skill or ability on my part personally, but simply as a reflection of the obvious limitations that my small firm faces in terms of availability of time and attention. While I am confident that I am capable of performing your audit for FY 2023, I certainly recognize and appreciate your desire to ultimately be served by a firm with greater human and other resources at its disposal, and I am more than happy to have our relationship curtailed after completion of the FY 2023 audit, should you so desire.

Secondly, there was concern expressed during your October meeting that as of that date, I had yet to pursue a recall and reissuance of my firm’s financial and compliance audit reports relating to your FY 2022 financial statements, in the context of the Information Request process currently underway by USAC. **I need to stress though this was and still is precisely because as of yet, I am not aware of information which would require such recall and reissuance.**

Since first learning of the details and scope of this matter in August, I have (as I said I would) undertaken to first get a fuller understanding of the nature of this Information Request process and the amounts if any that might ultimately be payable by the School



Department back to USAC. Over the ensuing several months, I've had a series of verbal and written communications with the Superintendent. I've reviewed the two formal responses which the School Department has submitted to USAC regarding their requests as well as the two Information Requests themselves. I've also spoken jointly with the Superintendent and the attorney representing the School in this matter.

This is what I know as of this evening regarding this USAC matter. There have been two Special Compliance Information Requests issued to the School by USAC surrounding e-Rate reimbursements received by the School Department over a twenty-year span, the first of these issued in late March, 2023, with a follow-up request issued in July, 2023. In those, USAC requested extensive information and documentation relating to such reimbursements. It is my understanding that the School Department has provided all such requested information and documentation to the extent it is able to do so in response to both such requests. But as I understand it, that is all that is known at this time regarding USAC. It is as of yet not at all clear whether and to what extent USAC will actually claim that any such reimbursements were improper and seek the return of such monies. The ultimate outcome of this matter is simply not known or even knowable, nor even estimable. Nor is the timeline of such resolution known or knowable or even estimable. Could it wind up that USAC eventually takes the position that the School owes back some amount of the e-Rate funding received over the last twenty years? Yes. But the opposite could also turn out to be the case. No one knows at this moment, and since September, this ball has been squarely in USAC's court.

I have on a recurring basis over the last several months given consideration to my knowledge of where this all stands weighed against the auditing and accounting requirements governing the possible financial statement treatment of this matter. And to date, it is my very strongly held opinion that this matter still does not satisfy the conditions for recognition as a liability within the 2022 financial statements. Moreover, I would remind everyone that the 2022 financial statements already include several loss contingency footnotes which serve to notify the reader of the financial statements that there could be unrecorded contingent liabilities in existence but that have not been recorded, but such liabilities if any are not believed by management to be material to the financial statements as a whole. It is my understanding that these disclosures are consistent with what is known at this time (and certainly with what was known back in April), and thus meet the requirements for disclosure under generally accepted accounting principles.

Now, I will also tell you in full candor that had I been aware of the details and scope of this matter at the time that my firm's audit report was issued back in early April, I do believe I would have said "time out" and done what I could to gain a better understanding of this issue as it existed at that time . Of course any such understanding



would have been even more limited at that time than it is currently, so I am certain that I still would have concluded that there was no contingent liability to be recorded within the financial statements themselves, and I believe that I would have similarly concluded that the already-existing generic loss contingency disclosures satisfied the relevant requirements. However, I also believe I would have discussed with School and Town officials as to the advisability of their voluntarily providing an additional disclosure around this USAC matter to alert the reader of the financial statements to this development, again stressing that its outcome was in no way knowable or even predictable. My reasoning here, I'm sure, would have been that while this additional disclosure was not absolutely necessary, it could be preferable in the interest of full transparency.

A word about the compliance audit. You'll recall that my firm's Federal compliance audit did not disclose any instances of noncompliance required to be reported. This was and still is entirely correct, for a variety of reasons. First, we still don't know, if, in fact there even ever were any improper reimbursements received through the e-Rate program. Secondly, even if there were, the compliance audit report is specifically limited to noncompliances relating to Federal expenditures incurred during the year ending June 30, 2022. USAC is raising questions around twenty years' worth of reimbursements, not just those from 2022, so the only impact any such potentially improper reimbursements would have had on the 2022 compliance audit would have been if any such improper reimbursements occurred in 2022. Again, that is not yet determinable, and certainly wasn't determinable back in April. More importantly, e-Rate actually comprises two different funding streams. The one in question has historically, and at least through 2022, specifically not been subject to inclusion in the scope of a Federal Single Audit. Rather, oversight and compliance matters for that funding are administered through USAC. So even if noncompliance had existed within the \$44,000 of e-Rate money expended in FY 2022, that fact would still not have been includable within my firm's compliance audit report. And finally, even if the \$44K of e-Rate money had come from the type of e-Rate that is includable within the scope of a Single Audit, because of the relatively small amount of e-Rate money expended in that year, that program would never have been picked to be audited as a major program anyway (unless we were specifically requested to do so, which we were not.) So for all these reasons, I absolutely stand by my firm's compliance report as issued. And accordingly, I still maintain that no recall or reissuance of the 2022 audit reports is, as of yet, called for or required.

Nevertheless, if the Town of its own volition wishes to issue new financial statements for 2022 and include a loss contingency footnote specific to this matter, on top of the generic disclosures already in place, that is absolutely allowable. These of course are your financial statements, not mine, and as the financial statement issuer you have a lot of discretion as to what matters you wish to communicate to the reader, and my role is



simply to gain assurance that nothing that is said in this fashion is factually incorrect or misleading. If you feel that for whatever reason, this is a matter you wish to have disclosed within the footnotes to your 2022 financial statements, please do let me know and I can work with you to facilitate. My only point on this is that I don't feel this is required at this time.

The final matter I need to address and which we need to resolve this evening in order for me to continue to serve as your auditor is a comment made by Councilor Thomas during the October meeting in the context of his very clear misgivings around how I was hired to perform the FY 2022 audit to begin with. I am more than happy to discuss now or at any time with anyone my understanding of how and why I was hired. But I have been troubled by Councilor Thomas' comment during that portion of the discussion back in October in which he stated that he felt that I "was picked for a reason". However, this "reason" was not then explained or discussed further. I have to say that when I heard that comment, it struck me as something which a member of the audience or someone watching from home or anywhere could very easily have interpreted as somehow insinuating any of a number of conceivably negative implications bearing on my competence or my character, especially since no further elaboration of this comment was forthcoming.

I will absolutely confess that back in October, my nose was understandably out of joint after hearing this. That was months ago and I want to assure you all that I am not speaking with you tonight because my feelings are hurt or because I'm looking for some sort of apology. I certainly do not want to be a source of any controversy for you or the Town as a whole. But I do believe that collectively we need to get to the bottom of this concern expressed by Councilor Thomas, simply because for me to continue to serve as your auditor I am bound by professional standards to be able to, with a straight face, demonstrate and document that I am capable of maintaining professional objectivity and independence with respect to the Town and it's governance, both in fact and in appearance. And since this comment was made by a Councilor in public and over the internet, I simply cannot continue in my role without us all clearing the air around whatever concerns were being referenced in that comment.

To that end, I'm happy to answer any questions any of you may have around any of these matters, and in particular around any concerns you have regarding the process by which I was retained for the 2022 audit. Thank you.

Discussion after by Council and Mr. Peter Hall please see video.

VII. PUBLIC HEARINGS:



VIII. COMMITTEE REPORTS:

IX. SCHEDULED AGENDA ITEMS:

A. OLD BUSINESS:

B. NEW BUSINESS:

FR23-24-10 Consider accepting sponsoring funds from Danforth family for the High School Athletic Complex

Councilor Thomas moved to approve FR23-24-10. Councilor Wood seconded the motion. The motion was accepted. Motion passes 7-0.

FR23-24-11 Consider accepting sponsoring funds from Pottle family for the High School Athletic Complex

Councilor Wood moved to approve FR23-24-11. Councilor Snyder seconded the motion. The motion was accepted. Motion passes 7-0.

FR23-24-12 Consider accepting funds from Fitch Company for holiday meals.

Councilor Snyder moved to approve FR23-24-12. Councilor Wood seconded the motion. The motion was accepted. Motion passes 7-0.

FR23-24-13 Consider accepting funds from Robert Wendling for the General Assistance fuel fund.

Councilor Wood moved to approve FR23-24-13. Councilor Snyder seconded the motion. The motion was accepted. Motion passes 7-0.

FR23-24-14 Consider accepting funds from Richard Cyr for the General Assistance Fund

Councilor Snyder moved to approve FR23-24-14. Councilor Wood seconded the motion. The motion was accepted. Richard Cyr abstained. Motion passes 6-0.



C. WORKSHOPS:

- Charter ad hoc committee discussion
Put together a committee to clear up inconsistencies and other areas in the charter. To bring back next meeting for the council to vote on.
- CIP discussion
Josh Berry led the discussion on consolidating the reserve accounts down to 6 accounts from approximately 20 reserves.
Josh is hopeful to have the school CIP in a few weeks and reach out to the Mr. Grant to have the finance committee consolidate their reserve accounts. This would be an item voted on at Annual Town Meeting in June 2024.

D. OTHER ITEMS: (FROM TABLE PACKAGE)

X. APPOINTMENTS:

XI. MANAGER STATUS REPORT:

- Council will have a joint meeting with the Planning Board on February 20, 2024 at 6:30pm
- Thank you for the continued help during the last three wind and rainstorms to Gardner Construction, Gary Pomeroy Logging and Cousins Tree Service. They are always ready and step up to help.
- Thank you to Brooke Deschaine for painting the front doors to the office
- Town office will be shingled in February 2024
- My condolences to Councilor Cyr for the passing of his wife

XII. FINAL PUBLIC ITEMS OR COMMENT: (ITEMS NOT ALREADY ON THE AGENDA)

- Greg Newell, Stage Rd: School house has lost some shingles from the recent storms. Also checking on meeting with School Board regarding budget workshop/lawsuits.

XIII. COUNCIL ITEMS:

- Each councilor expressed their deepest condolences to Mr. Cyr for the loss of his wife on Tuesday.
- Danielle Haggerty: Thank you to the community for their generous donations to the town.
- Ronald Murphy: Thank you to the Danforth and Pottle families for donations.



XIV. EXECUTIVE SESSION:

XV. ADJOURNMENT:

Councilor Thomas moved to adjourn the meeting at 8:55 PM. Councilor Cyr seconded. With no objection the meeting was adjourned at 8:55 PM.

Respectfully Submitted,

Kristen Cushman
Town Clerk

Please see the complete video at [Town Council Meetings | Hermon \(hermonmaine.gov\)](https://www.hermonmaine.gov)

Explanatory note #1: All items in the CONSENT CALENDAR are considered routine and are proposed for adoption by the Town Council with one motion without DISCUSSION or deliberation. If DISCUSSION on any item is desired, any member of the Council or public may request the removal of an item for it to be placed in the regular agenda prior to the motion to approve the Consent Agenda.

Explanatory Note #2: In the interest of effect decision-making: At 10:00 p.m., the Chairman shall poll the Council and Town Manager to identify remaining items which shall be carried forward to the next Regular Meeting.

Explanatory Note #3: A Councilor who feels the need for the Council excusing his/her absence will make the request to the Town Manager or the Town Clerk prior to the meeting.