



TOWN OF HERMON, MAINE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2024

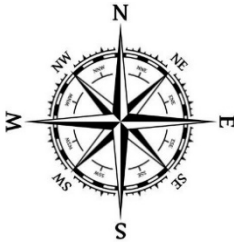
Town of Hermon, Maine

Annual financial report

For the fiscal year ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Hebron, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hermon ("the Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2024, and the respective changes in financial position and, where applicable, the cash flows thereof and the budgetary comparisons for the general fund and the school department for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted

in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain

provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Peter J Hall CPA LLC

PETER J HALL CPA LLC

South Portland, Maine

March 31, 2025

Town of Hermon, Maine

Management's Discussion and Analysis

As management of the Town of Hermon, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024.

Financial highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$28,920,431 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was \$5,893,783.
- The Town's total net position increased \$1,080,680. Expenditures exceeded revenues by \$2,900,728 in the governmental funds. \$1,016,516 of expenditures reduce the long-term liability for notes payable and \$4,290,909 of expenditures were capitalized in the governmental activities and will be depreciated over their useful life. These capitalized costs were offset by \$1,128,177 of depreciation expense.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$12,585,376, a decrease of \$2,900,728 in comparison with the prior year. Of this amount, \$3,530,319, or 28.1%, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$4,985,185, or approximately 30.2% of total general fund expenditures and transfers.

Overview of the financial statements

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are

reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works, solid waste, recreation and social services, and education. The business-type activities of the Town include recreation services.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the school department fund, and the reserves fund, which are considered to be major funds. Data from the other five governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The Town adopts an annual appropriated budget for its general fund and school department. A budgetary comparison statement has been provided for each fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 14-18 of this report.

Proprietary funds. The Town maintains one different types of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its recreation department.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the recreation department, which is considered to be a major fund of the Town.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

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

The Town maintains one type of fiduciary fund. The *private-purpose trust fund* is used to report resources held for scholarships awarded to students who attended Hermon Schools.

The fiduciary fund financial statements can be found on pages 22-23 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-47 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 48-51.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and pension (and other employee benefit) trust funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 52-63 of this report.

Government-wide overall financial analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,920,431, at the close of the most recent fiscal year.

	Governmental activities		Business-type activities	
	2024	2023	2024	2023
Assets				
Current and other assets	\$ 15,923,792	18,282,712	350,449	352,115
Capital assets	24,894,670	21,755,340	-	-
Total assets	40,818,462	40,038,052	350,449	352,115
Total deferred outflows of resources	1,220,551	1,285,302	-	-
Liabilities				
Long-term liabilities	9,654,812	10,362,680	-	-
Other liabilities	3,152,285	2,655,402	-	-
Total liabilities	12,807,097	13,018,082	-	-
Total deferred inflows of resources	661,934	817,636	-	-
Net position				
Net investment in capital assets	18,881,527	16,850,786	-	-
Restricted	4,145,121	4,651,239	-	-
Unrestricted	5,543,334	5,985,611	350,449	352,115
Total net position	\$ 28,569,982	27,487,636	350,449	352,115

Current and other assets decreased in governmental activities by \$2.3 million from the prior year. The Town's cash balances have decreased due to continued work on the Hermon Athletic Complex, which was funded with a \$3.9 million note. The Town expended over \$2.1 million during the fiscal year on this project.

Long-term liabilities, which consist of notes payable, compensated absences and postemployment benefit obligations, decreased by \$708 thousand from the previous year. The Town paid off principal on notes of \$1 million during the year. The Town's net pension liability increased \$259 thousand and the other post-employment benefits (OPEB) liabilities increased \$10 thousand.

By far, the largest portion of the Town's net position, \$18,881,527, reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$4,145,121, represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the Town's unrestricted net position was a balance of \$5,893,783.

The Town's overall net position increased \$1,080,680 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

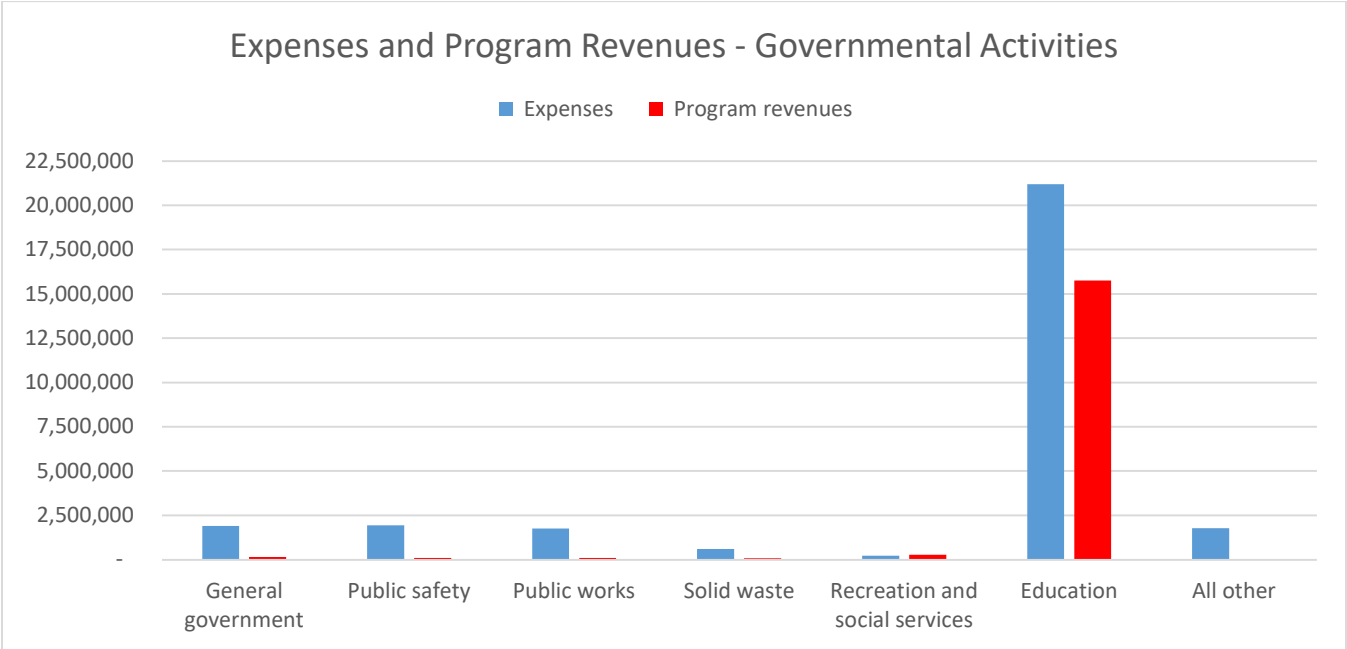
	Governmental activities		Business-type activities	
	2024	2023	2024	2023
Revenues				
Program revenues				
Charges for services	\$ 3,127,477	3,015,808	510,706	482,161
Operating grants and cont.	13,160,430	11,568,678	-	-
Capital grants and cont.	153,703	82,972	-	-
General revenues				
Property taxes	12,103,490	10,651,248	-	-
Unrestricted grants and cont.	1,442,836	1,364,356	-	-
Other	459,514	161,160	-	-
Total revenues	<u>30,447,450</u>	<u>26,844,222</u>	<u>510,706</u>	<u>482,161</u>
Expenses				
General government	1,897,200	1,747,882	-	-
Public safety	1,938,189	1,366,656	-	-
Public works	1,761,886	1,464,654	-	-
Solid waste	596,024	660,570	-	-
Recreation and social services	214,224	459,311	512,372	443,819
Education	21,187,375	19,594,547	-	-
County tax	1,079,962	963,715	-	-
Interest on debt	690,244	96,239	-	-
Total expenses	<u>29,365,104</u>	<u>26,353,574</u>	<u>512,372</u>	<u>443,819</u>
Increase (decrease) in net position	<u>1,082,346</u>	<u>490,648</u>	<u>(1,666)</u>	<u>38,342</u>
Net position - beginning	<u>27,487,636</u>	<u>26,996,988</u>	<u>352,115</u>	<u>313,773</u>
Net position - ending	<u>\$ 28,569,982</u>	<u>27,487,636</u>	<u>350,449</u>	<u>352,115</u>

Governmental activities. During the current fiscal year, net position for governmental activities increased \$1,082,346 from the prior fiscal year for an ending balance of \$28,569,982. Expenditures in the fund financial statements exceeded revenues by \$2.9 million during the year. The increase in the overall net position of governmental activities is primarily due to the reduction of \$1 million of principal on notes payable and \$4.3 million of capitalized costs offset by \$1.1 million in depreciation expense.

Revenues increased \$3.6million from the prior year. The property tax commitment was \$1.2 million higher in the 2024 fiscal year. The Town earned nearly \$140 thousand more in interest revenue and the school department received \$1.4 million more in state educational subsidy.

Expenses increased \$3 million over the prior year. This increase can be attributable to a \$1.6 million increase in educational expenditures in the school department fund. The school department saw increases in all cost centers, with the exception of debt service. A majority of these increases were due to increases in salaries and benefits for employees. Town expenses also increased, with the largest contributors being debt service and public safety. The loan payments for the new track at the Hermon Athletic Complex started during the fiscal year. The fire department negotiated a new contract, which saw an increase in full-time firefighters in the Town and a decrease in the usage of part-time individuals. This has caused salary and benefit expenditures to increase by around \$410 thousand.

As shown in the chart below, revenues generated by the Town’s programs are not sufficient to cover the costs. The Town relies on property taxes, state subsidies, and other general revenues to cover the costs associated with the various programs.



Business-type activities. For the Town’s business-type activities, the results for the current fiscal year were even in that overall net position changed slightly to an ending balance of \$350,449. The total decrease in net position for business-type activities was \$1,666 or 0.5% from the prior fiscal year. The growth is due to charges for recreational activities exceeding the cost to run those activities.

Financial analysis of governmental funds

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

Governmental Funds. The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town’s Council.

At June 30, 2024, the Town’s governmental funds reported combined fund balances of \$12,585,376, a decrease of \$2,900,728 in comparison with the prior year. Of this amount, \$3,530,319, or 28.1%, constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is (1) not in spendable form, \$46,318; (2) not spendable because it is legally required to be maintained intact, \$7,785; (3) restricted for particular purposes, \$4,123,049; (4) committed for particular purposes, \$4,177,905; or (5) assigned for particular purposes, \$700,000.

Analysis of Individual Funds

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance of the general fund was \$6,083,740, a decrease of \$2,345,776. That decrease is attributable to expenditures of \$2,125,105 related to the Hermon Athletic Complex project. The remaining unspent note proceeds of \$597,685 are classified as committed fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers. Unassigned fund balance of \$3,530,450 represents 21.4% of total general fund expenditures and transfers, while total fund balance represents 36.8% of that same amount. If you remove the activity of the Hermon Athletic Complex project, those percentages are 24.5% and 42.2%, respectively.

The school department, a major fund, had a decrease in fund balance of \$826,640 to end the year at \$2,344,348. Although the entirety of the fund balance is classified as restricted for education, the school department considers \$1,399,848 assigned for use of fund balance for the 2024-2025 fiscal year budget. The remaining balance is considered unassigned and totals \$944,500, which represents 4.7% of total school department expenditures and transfers. The school department budgeted for a decrease of \$1,000,000 (use of fund balance) for the year ended June 30, 2024. Revenues exceeded budgeted figures by \$292,434, with the largest positive variance being State subsidy. Expenditures came in under budget by \$176,130. Transfers were \$295,204 less than budgeted due to not requesting any funds from reserves.

The reserves fund, a major fund, saw a decrease in fund balance of \$259,661, ending the fiscal year with a balance of \$3,126,480. The Town raised \$490,000 for reserves and utilized another \$100,000 of unassigned fund balance for a total transfer to reserves of \$590,000. The Town utilized \$657,116 of the reserves for the purchase of a new L9 pumper truck and 2023 Chevy Tahoe for the fire department. Funds were also used for upgrades to Pine tree Road, the purchase of an election trailer, and roof work at Town Hall.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

Unrestricted net position of the recreation department at the end of the year was \$350,449. The total decrease in net position was \$1,666. As noted earlier in the discussion of business-type activities, the increase for the recreation department results from charges for recreational activities exceeding the cost to run those activities.

General fund budgetary highlights

Original budget compared to final budget. During the year, the Town passed budget resolutions increasing the budgeted use of fund balance \$2,822,790 for the following purposes: \$100,000 to be transferred to the fire department capital reserve and the carryforward of unspent note proceeds of \$2.7 million for the construction of the Hermon Athletic Complex, which will include a new track. The school department transferred \$103 thousand from regular instruction, \$38 thousand from other instruction, \$90 thousand from student and staff support, and \$52 thousand from facilities maintenance to special education (\$109 thousand), system administration (\$95 thousand), and transportation (\$79 thousand) to cover budget overages.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Revenue source	Estimated revenues	Actual revenues	Difference
Excise taxes	\$ 2,876,000	3,158,175	282,175
Interest - general fund	130,000	265,372	135,372
Miscellaneous	250,000	194,142	(55,858)
State agency client	20,000	135,979	115,979
Interest - school department	20,000	93,312	73,312

The Town budgets conservatively for excise tax revenue. A significant amount of revenue is generated from the registration of vehicles from Ryder. Better interest rates led to interest revenue exceeding budgeted projections for both the Town and the school department. Miscellaneous revenue was under budget due to attempting to predict revenues for the new compensation fee utilization program. Expenditures for economic development were also under budget due to this program. The school department had more state agency client students than originally anticipated during the school year.

Expenditures	Estimated expenditures	Actual expenditures	Difference
Economic development projects	\$ 735,291	553,006	182,285
Public works - general	415,024	289,043	125,981
Public works - roads	1,107,685	1,220,127	(112,442)
Household waste	447,717	498,499	(50,782)
Sewer	63,710	103,006	(39,296)
New track	2,722,790	2,125,105	597,685

A delayed start to phase three Coldbrook Park expansion was the cause of economic development projects being underspent. Public works had savings due to the departure of three employees and mild winter, which saw the decreased use of sand and salt. Emergency repairs on Annis Road were the biggest driver of the road maintenance budget being over. Household waste was over budget due to residential growth triggering an increase in the roadside pickup contract and the single-sort program for recycling being reinstituted. Two new pump stations are being monitored and maintained caused the sewer budget to be over this fiscal year. Track construction continued with the \$597,685 being carried forward to the 2025 fiscal year when the project is expected to be completed.

The school department utilized transfers to cover any over expenditures in cost articles, which were mentioned in the first paragraph of this section. Special education was over budget due to students entering the district that required outside placement, which increased tuition costs. Increased legal fees and a separation agreement with the former superintendent were the causes of the over expending in system administration. An unbudgeted bus purchase caused transportation to be over budget. The bus was budgeted for purchase in fiscal 2025, but the bus was available sooner than expected.

Capital asset and debt administration

Capital assets. The Town's investment in capital assets as of June 30, 2024, amounts to \$24,894,670 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, equipment, vehicles, and roads. The total increase in capital assets for the current fiscal year was 14.4%.

		Capital assets, net	
		Governmental activities	
		2024	2023
Land	\$	128,572	128,572
Construction in progress		4,648,944	2,460,362
Buildings and improvements		15,562,219	15,802,301
Furniture and equipment		1,006,534	933,137
Vehicles		1,489,766	868,848
Infrastructure		2,058,635	1,562,120
	\$	<u>24,894,670</u>	<u>21,755,340</u>

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

- Construction of the Hermon Athletic Complex and track continued with costs totaling \$2,125,105 during the year. This project should be completed during the 2025 fiscal year.
- Projects at the school, which include replacement of a walk-in cooler and freezer, installation of under dispenser containment unit and DSL spill bucket, and a new cafeteria floor at the elementary school, were started during the year and had a total cost of \$85,479. These projects will be completed during the 2025 fiscal year.
- Improvements were made to Logistics Land and Pine Tree Road, totaling \$452,583.
- An L9 pumper truck was acquired for \$585,683.
- A 2023 Chevy Tahoe was purchased for the fire department for \$71,433.
- A 2025 Blue Bird 77-passenger bus and a 2023 Blue Bird 14-passenger bus were purchased for \$125,868 and \$82,881, respectively.
- Various building improvements were made to the schools during the year for a total cost of \$348,621. These improvements included fencing, CCTV systems at the elementary and middle schools, PFAS system at the high school, parking spaces at the elementary school athletic fields, and a new boiler at the high school.
- Various technological upgrades at the school cost \$87,771, which included three new servers and a firewall system.

Additional information on the Town's capital assets can be found in Note III.C of this report.

Long-term Debt. At the end of the current fiscal year, the Town had total notes outstanding of \$6,610,828.

		Outstanding debt	
		Governmental activities	
		2024	2023
Notes payable	\$	<u>6,610,828</u>	<u>7,627,344</u>

The Town's total debt decreased by \$1,016,516 (13.3%) during the current fiscal year. Principal payments included \$510,000 for the elementary school improvements note through the Maine Municipal Bond Bank, \$379,680 for the Hermon Athletic Complex note through First National Bank, and two bus notes totaling \$100,617 through Androscoggin Bank and Gorham Leasing.

Additional information on the Town's long-term debt can be found in Note III.D and III.E of this report.

Economic factors and next year's budgets and rates

The following economic factors currently affect the Town and were considered in developing the 2024-2025 fiscal year budget.

- Employee retainment and recruitment. The tight labor market has caused the Town to adjust pay scales to remain competitive.
- Inflation and energy costs. Fuel and electricity costs are at record highs and these costs are caused increases in nearly every department's budget.
- Fire department. Increased expenditures for new staffing levels and initial collective bargaining agreement finalized.
- Stable tax rates. Due to higher revenue projections for state revenue sharing, excise tax collections, and interest earned, along with increases in property values, the Town's mil rate decreased slightly from 11.75 to 10.90.

At the end of the current fiscal year, the fund balance in the general fund was \$6,083,740. The Town has appropriated \$700,000 of this amount for spending in the 2024-2025 fiscal year budget. The School Department had a total fund balance of \$2,344,348, of which \$1,399,848 has been appropriated for spending in the 2024-2025 fiscal year budget. These actions were taken as additional measures to lessen the burden to local taxpayers and to stay in compliance with the provisions of Title 20-A that refer to the amount of unallocated balances allowable at Schools.

Requests for information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 333 Billings Road, Hermon, Maine 04401.

BASIC FINANCIAL STATEMENTS



Town of Hermon, Maine

Statement of net position

June 30, 2024

	Governmental activities	Business-type activities	Total
Assets			
Cash and cash equivalents	\$ 14,565,882		14,565,882
Taxes receivable	556,782	-	556,782
Accounts receivable, net	68,545	-	68,545
Intergovernmental receivables	1,036,714	-	1,036,714
Internal balances	(350,449)	350,449	-
Inventory	46,318	-	46,318
Capital assets, not being depreciated	4,777,516	-	4,777,516
Capital assets, net of accumulated depreciation	20,117,154	-	20,117,154
Total assets	40,818,462	350,449	41,168,911
Deferred outflows of resources			
Pension related	878,654	-	878,654
OPEB related	341,897	-	341,897
Total deferred outflows of resources	1,220,551	-	1,220,551
Liabilities			
Accounts payable	578,526	-	578,526
Accrued wages and benefits	2,227,518	-	2,227,518
Accrued liabilities and unearned revenue	293,372	-	293,372
Accrued interest	52,869	-	52,869
Noncurrent liabilities:			
Due within one year	964,662	-	964,662
Due in more than one year	8,690,150	-	8,690,150
Total liabilities	12,807,097	-	12,807,097
Deferred inflows of resources			
Pension related	164,083	-	164,083
OPEB related	497,851	-	497,851
Total deferred inflows of resources	661,934	-	661,934
Net position			
Net investment in capital assets	18,881,527	-	18,881,527
Restricted	4,145,121	-	4,145,121
Unrestricted	5,543,334	350,449	5,893,783
Total net position	\$ 28,569,982	350,449	28,920,431

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

Town of Hermon, Maine

Statement of activities

For the year ended June 30, 2024

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,897,200	129,279	13,393	7,690	(1,746,838)		(1,746,838)
Public safety	1,938,189	366	49,500	43,120	(1,845,203)		(1,845,203)
Public works	1,761,886	16,359	77,464	9,432	(1,658,631)		(1,658,631)
Solid waste	596,024	28,840	-	44,035	(523,149)		(523,149)
Recreation and social services	214,224	-	264,973	9,335	60,084		60,084
Education	21,187,375	2,952,633	12,755,100	40,091	(5,439,551)		(5,439,551)
County tax	1,079,962	-	-	-	(1,079,962)		(1,079,962)
Interest on debt	690,244	-	-	-	(690,244)		(690,244)
Total governmental activities	29,365,104	3,127,477	13,160,430	153,703	(12,923,494)		(12,923,494)
Business-type activities:							
Recreation	512,372	510,706	-	-		(1,666)	(1,666)
Total business-type activities	512,372	510,706	-	-		(1,666)	(1,666)
Total primary government	\$ 29,877,476	3,638,183	13,160,430	153,703	(12,923,494)	(1,666)	(12,925,160)
General revenues:							
Property taxes					12,103,490	-	12,103,490
Grants and contributions not restricted to specific programs					1,442,836	-	1,442,836
Unrestricted investment earnings					265,372	-	265,372
Miscellaneous					194,142	-	194,142
Total general revenues					14,005,840	-	14,005,840
Change in net position					1,082,346	(1,666)	1,080,680
Net position - beginning					27,487,636	352,115	27,839,751
Net position - ending					\$ 28,569,982	350,449	28,920,431

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

Town of Hermon, Maine

Balance sheet

Governmental funds

June 30, 2024

	General	School department	Reserves	Total nonmajor funds	Total governmental funds
Assets					
Cash and cash equivalents	\$ 8,051,446	3,099,598	3,108,745	306,093	14,565,882
Taxes receivable	556,782	-	-	-	556,782
Accounts receivable, net	57,146	11,375	-	24	68,545
Intergovernmental receivables	7,457	556,622	-	472,635	1,036,714
Due from other funds	131	1,476,392	17,735	911,823	2,406,081
Inventory	32,031	-	-	14,287	46,318
Total assets	\$ 8,704,993	5,143,987	3,126,480	1,704,862	18,680,322
Liabilities					
Accounts payable	262,431	296,924	-	19,171	578,526
Accrued wages and benefits	77,484	2,150,034	-	-	2,227,518
Accrued liabilities	43,882	-	-	-	43,882
Unearned revenue	11,570	-	-	237,920	249,490
Due to other funds	1,986,886	352,681	-	416,963	2,756,530
Total liabilities	2,382,253	2,799,639	-	674,054	5,855,946
Deferred inflows of resources					
Unavailable revenue - property taxes	239,000	-	-	-	239,000
Total deferred inflows of resources	239,000	-	-	-	239,000
Fund balances					
Nonspendable	32,031	-	-	22,072	54,103
Restricted	1,066,524	2,344,348	-	712,177	4,123,049
Committed	754,735	-	3,126,480	296,690	4,177,905
Assigned	700,000	-	-	-	700,000
Unassigned	3,530,450	-	-	(131)	3,530,319
Total fund balances	6,083,740	2,344,348	3,126,480	1,030,808	12,585,376
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,704,993	5,143,987	3,126,480	1,704,862	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	24,894,670
Other long-term assets are not available to pay for current expenditures and are deferred in the funds.	
Unavailable revenue - property taxes	239,000
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Notes payable	(6,610,828)
Accrued interest on long-term debt	(52,869)
Compensated absences	(281,305)
Net pension liability with related deferred inflows and outflows	(305,190)
Net OPEB liability with related deferred inflows and outflows	(42,656)
Total OPEB liability with related deferred inflows and outflows	(1,856,216)
Net position of governmental funds	28,569,982

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

Town of Hermon, Maine

Statement of revenues, expenditures, and changes in fund balances

Governmental funds

For the year ended June 30, 2024

	General	School department	Reserves	Total nonmajor funds	Total governmental funds
Revenues					
Property taxes	\$ 12,034,490	-	-	-	12,034,490
Intergovernmental	1,525,478	10,161,933	-	2,116,763	13,804,174
Licenses and permits	112,086	-	-	-	112,086
Charges for services	56,558	2,874,589	6,200	78,044	3,015,391
Student activity fees and fundraisers	-	-	-	323,415	323,415
Interest	265,372	93,312	139,703	1,700	500,087
Miscellaneous	194,142	117,777	14,000	262,888	588,807
Total revenues	14,188,126	13,247,611	159,903	2,782,810	30,378,450
Expenditures					
Current:					
General government	2,206,559	-	60,771	9,876	2,277,206
Public safety	1,692,144	-	681,947	49,500	2,423,591
Public works	1,597,198	-	213,741	-	1,810,939
Solid waste	622,825	-	-	-	622,825
Recreation and social services	151,037	-	53,105	576	204,718
Education	-	19,449,483	-	2,243,822	21,693,305
County tax	1,079,962	-	-	-	1,079,962
Debt service	459,796	581,731	-	-	1,041,527
Capital outlay	2,125,105	-	-	-	2,125,105
Total expenditures	9,934,626	20,031,214	1,009,564	2,303,774	33,279,178
Excess (deficiency) of revenues over (under) expenditures	4,253,500	(6,783,603)	(849,661)	479,036	(2,900,728)
Other financing sources (uses)					
Transfers in	-	6,006,963	606,000	53,411	6,666,374
Transfers out	(6,599,276)	(50,000)	(16,000)	(1,098)	(6,666,374)
Total other financing sources (uses)	(6,599,276)	5,956,963	590,000	52,313	-
Net change in fund balances	(2,345,776)	(826,640)	(259,661)	531,349	(2,900,728)
Fund balances - beginning	8,429,516	3,170,988	3,386,141	499,459	15,486,104
Fund balances - ending	\$ 6,083,740	2,344,348	3,126,480	1,030,808	12,585,376

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

Town of Hermon, Maine

Reconciliation of the statement of revenues, expenditures, and changes in fund balances - governmental funds to the government-wide statement of activities For the year ended June 30, 2024

Net change in fund balances - total governmental funds	\$	(2,900,728)
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Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of these assets is allocated over their useful lives and reported as depreciation expense.

Capital outlays	4,290,909
Depreciation expense	(1,128,177)
Book value of disposed capital assets	(23,402)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Earned but unavailable taxes	69,000
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal paid on notes	1,016,516
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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.

Accrued interest on long-term debt	(24,075)
Compensated absences	(40,107)
Changes in pension liabilities and related deferred outflows and inflows of resources	(135,145)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(42,445)

Change in net position of governmental activities	\$	<u><u>1,082,346</u></u>
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The notes to financial statements are an integral part of this statement.

Town of Hermon, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Property taxes	\$ 11,840,165	11,840,165	12,034,490	194,325
Intergovernmental	1,428,343	1,428,343	1,525,478	97,135
Licenses and permits	64,100	64,100	112,086	47,986
Charges for services	30,450	30,450	56,558	26,108
Interest	130,000	130,000	265,372	135,372
Miscellaneous	250,000	250,000	194,142	(55,858)
Total revenues	13,743,058	13,743,058	14,188,126	445,068
Expenditures				
Current:				
General government	1,421,450	1,421,450	1,432,908	(11,458)
Economic development	881,015	881,015	678,330	202,685
Public safety	1,675,446	1,675,446	1,692,144	(16,698)
Public works	1,630,115	1,630,115	1,597,198	32,917
Solid waste	530,317	530,317	622,825	(92,508)
Recreation and social services	153,743	2,876,533	2,273,318	603,215
Education (transfer out)	6,005,865	6,005,865	6,009,276	(3,411)
County tax	1,079,962	1,079,962	1,079,962	-
Tax increment financing	124,038	124,038	95,321	28,717
General assistance	7,500	7,500	2,824	4,676
Debt service	460,710	460,710	459,796	914
Capital outlay (transfer out)	490,000	590,000	590,000	-
Total expenditures	14,460,161	17,282,951	16,533,902	749,049
Excess (deficiency) of revenues over (under) expenditures	(717,103)	(3,539,893)	(2,345,776)	1,194,117
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Note proceeds	-	-	-	-
Use of fund balance	953,072	3,775,862	-	(3,775,862)
Total other financing sources (uses)	953,072	3,775,862	-	(3,775,862)
Net change in fund balance	235,969	235,969	(2,345,776)	(2,581,745)
Fund balance - beginning			8,429,516	
Fund balance - end			\$ 6,083,740	

Town of Hermon, Maine

School department

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Local assessments (transfer in)	\$ 6,005,865	6,005,865	6,005,865	-
Intergovernmental	8,679,032	8,679,032	8,955,788	276,756
Charges for services	2,945,000	2,945,000	2,874,589	(70,411)
Interest	20,000	20,000	93,312	73,312
Miscellaneous	105,000	105,000	117,777	12,777
Total revenues	17,754,897	17,754,897	18,047,331	292,434
Expenditures				
Current:				
Regular instruction	7,953,430	7,850,403	7,787,432	62,971
Special education	2,859,228	2,968,386	2,968,386	-
Other instruction	794,745	756,839	703,280	53,559
Student and staff support	1,816,741	1,727,064	1,692,043	35,021
System administration	618,750	713,327	713,327	-
School administration	1,034,140	1,034,140	1,030,799	3,341
Transportation	880,012	959,370	959,370	-
Facilities maintenance	2,462,422	2,409,939	2,388,701	21,238
Debt service	581,731	581,731	581,731	-
Total expenditures	19,001,199	19,001,199	18,825,069	176,130
Excess (deficiency) of revenues over (under) expenditures	(1,246,302)	(1,246,302)	(777,738)	468,564
Other financing sources (uses)				
Transfers in	296,302	296,302	1,098	(295,204)
Transfers out	(50,000)	(50,000)	(50,000)	-
Use of fund balance	1,000,000	1,000,000	-	(1,000,000)
Total other financing sources (uses)	1,246,302	1,246,302	(48,902)	(1,295,204)
Net change in fund balance - GAAP basis			(826,640)	
Fund balance - beginning			3,170,988	
Fund balance - end			\$ 2,344,348	

Town of Hermon, Maine

Statement of net position

Proprietary funds

June 30, 2024

		<u>Recreation department</u>
Assets		
Current assets:		
Due from other funds	\$	<u>350,449</u>
Total assets		<u>350,449</u>
Liabilities		
Current liabilities:		
Due to other funds		<u>-</u>
Total liabilities		<u>-</u>
Net position		
Unrestricted		350,449
Total net position	\$	<u><u>350,449</u></u>

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

Town of Hermon, Maine

Statement of revenues, expenditures, and changes in net position

Proprietary funds

For the year ended June 30, 2024

		<u>Recreation department</u>
Operating revenues		
Charges for services	\$	510,706
Total operating revenues		<u>510,706</u>
Operating expenses		
Personnel services		43,617
Recreation programs		<u>468,755</u>
Total operating expenses		<u>512,372</u>
Change in net position		(1,666)
Net position - beginning		<u>352,115</u>
Net position - ending	\$	<u><u>350,449</u></u>

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

Town of Hermon, Maine

Statement of cash flows

Proprietary funds

For the year ended June 30, 2024

	Recreation department
Cash flows from operating activities	
Receipts from customers	\$ 510,706
Payments to suppliers	(468,755)
Payments to employees for salaries and benefits	(43,617)
Net cash provided by (used for) operating activities	<u>(1,666)</u>
Cash flows from noncapital financing activities	
(Increase) decrease in due from other funds	<u>1,666</u>
Net cash provided by (used for) noncapital financing activities	<u>1,666</u>
Net increase (decrease) in cash and cash equivalents	<u>-</u>
Cash and cash equivalents - beginning	<u>-</u>
Cash and cash equivalents - ending	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	<u>(1,666)</u>
Net cash provided by (used for) operating activities	<u>(1,666)</u>

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

Town of Hermon, Maine

Statement of fiduciary net position

Fiduciary funds

June 30, 2024

		Private-purpose trust funds
Assets		
Cash and cash equivalents	\$	31,052
Investments		-
Due from other funds		-
Total assets		<u>31,052</u>
Liabilities		
Accounts payable		-
Due to other funds		-
Total liabilities		<u>-</u>
Net position		
Restricted		<u>31,052</u>
Total net position	\$	<u><u>31,052</u></u>

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

Town of Hermon, Maine

Statement of changes in fiduciary net position

Fiduciary funds

For the year ended June 30, 2024

	Private-purpose trust funds
Additions	
Contributions	\$ -
Investment earnings:	
Interest earned	78
Total additions	<u>78</u>
Deductions	
Scholarships	700
Other	500
Total deductions	<u>1,200</u>
Net increase (decrease) in fiduciary net position	(1,122)
Net position - beginning	<u>32,174</u>
Net position - ending	\$ <u><u>31,052</u></u>

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

Town of Hermon, Maine

Notes to the financial statements

June 30, 2024

I. Summary of significant accounting policies

The financial statements of the Town of Hermon, Maine (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

The Town is a municipal corporation governed by an elected seven-member Governing Council (Town Council). The School Department is governed by an elected seven-member School Committee. The accompanying financial statements present information for the primary government. The Town is not financially accountable for any other organizations and therefore does not report any component units.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the Town's enterprise funds. 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.

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 general fund and the enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 accounted for in another fund.

The *school department fund* is the School Department's primary operating fund. It accounts for all financial resources of the school department, except those accounted for in another fund.

The *reserves fund* accounts for twenty-five active reserves committed for specific purposes.

The Town reports the following major enterprise funds:

The *recreation department* accounts for the operation of the Town's recreation department.

Additionally, the Town reports the following fund type:

The *private-purpose trust fund* accounts for scholarships and other programs that benefit students.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as

current financial resources or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, charges for service, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

F. Budgetary information

Budgetary basis of accounting

An annual budget of the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The capital project funds are appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one year.

The general fund budget is legally adopted at an annual town meeting through the passage of a series of articles. By State law, the portion appropriated for educational purposes must be validated through a referendum vote. The budget is prepared on a basis consistent with accounting principles generally

accepted in the United States of America except for teachers' salaries, which are budgeted on a cash basis, and Maine Public Employees Retirement System on-behalf payments as described in the stewardship, compliance and accountability footnote. The level of control (level at which expenditures may not exceed budget) is the article level. Generally, all unexpended budgetary accounts lapse to fund balance at the close of the fiscal year.

Excess of expenditures over appropriations

The following appropriations were overspent as of June 30, 2024.

General government	\$11,458	Public safety	10,358
Solid waste	92,508		

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Cash and cash equivalents

The Town’s cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of salt, sand, food, and food supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service

potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings and improvements	5-50
Equipment, furniture, and vehicles	7-25
Infrastructure	25-50

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualify for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the Town reports deferred amounts related to pension and OPEB.

Net position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Although not a formal policy, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed fund balance represents amounts that can be used only for the specific purposes determined by the adoption of a financial resolve committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Town Council adopts another financial resolve to remove or revise the limitation.

Assigned fund balance represents amounts that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Council may assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Although not a formal policy, the Town considers restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

H. Revenues and expenditures/expenses

Program revenues

Amounts reported as *program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property taxes were committed on October 13, 2023, on the assessed value listed as of the previous April 1. Taxes are due in one installment on April 1, 2024. Taxes unpaid by the due date are assessed interest. Tax liens are placed on real property of delinquent tax accounts within twelve months following the date taxes are committed for collection. Maine law permits the Town to levy taxes up to 105% of its net property tax requirement (budgeted expenditures less budgeted non-property tax revenues) for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$235,969 for the year ended June 30, 2024.

Compensated absences

The Town's policy permits employees to accumulate earned but unused vacation and sick leave, which are eligible for payment upon separation from government service. Sick leave is valued based on the vesting method that calculates the amount of sick leave that is expected to become eligible for payout at termination. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Proprietary funds operating and non-operating revenues and expenses

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 proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds 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.

II. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

Note I.F. Excess of expenditures over appropriations describes any budgetary violations that occurred for the year ended June 30, 2024.

B. Deficit fund balances

At June 30, 2024, the following funds had deficit balances:

Veteran memorial bricks	\$131
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This deficit will be eliminated as resources are obtained (e.g., from revenues and transfers).

III. Detailed notes on activities and funds

A. Cash and investments

It is the policy of the Town to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Town and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield. The Town is not invested in any obligations typically known as derivatives.

B. Cash deposits with financial institutions

Custodial credit risk - deposits. In the case of deposits, this is the risk that, in the event of a bank’s 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, 2024, the Town’s bank balance was \$14,916,387, all of which was covered by F.D.I.C. or collateralized with securities held by the pledging or financial institution’s trust department.

C. Capital assets

Capital assets activity for the year ended June 30, 2024, was as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year
Governmental activities				
Capital assets, not being depreciated				
Land	\$128,572	-	-	128,572
Construction in progress	2,460,362	2,188,582	-	4,648,944
Total capital assets, not being depreciated	2,588,934	2,188,582	-	4,777,516
Capital assets, being depreciated				
Buildings and improvements	27,759,465	392,121	-	28,151,586
Furniture and equipment	2,752,654	287,016	109,407	2,930,263
Vehicles	2,719,579	865,865	-	3,585,444
Infrastructure	1,702,340	557,325	-	2,259,665
Total capital assets, being depreciated	34,934,038	2,102,327	109,407	36,926,958
Less accumulated depreciation for				
Buildings and improvements	11,957,164	632,203	-	12,589,367
Furniture and equipment	1,819,517	190,217	86,005	1,923,729
Vehicles	1,850,731	244,947	-	2,095,678
Infrastructure	140,220	60,810	-	201,030
Total accumulated depreciation	15,767,632	1,128,177	86,005	16,809,804
Total capital assets, being depreciated, net	19,166,406	974,150	23,402	20,117,154
Total governmental activities capital assets	\$21,755,340	3,162,732	23,402	24,894,670

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

General government	\$38,147
Public safety	154,731
Public works	108,681
Recreation and social services	16,696
Education	809,922
Total depreciation expense	\$1,128,177

D. Changes in long-term liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2024, are as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year	Amount due within one year
Governmental activities					
Notes payable	\$7,627,344	-	1,016,516	6,610,828	817,594
Compensated absences	241,198	40,107	-	281,305	147,068
Net pension liability	760,273	259,488	-	1,019,761	-
Net OPEB liability	39,451	-	1,321	38,130	-
Total OPEB liability	1,694,414	12,932	2,558	1,704,788	-
Total governmental activities	\$10,362,680	312,527	1,020,395	9,654,812	964,662

E. Notes payable

The Town issues notes payable to provide funds for the acquisition and construction of major capital facilities and equipment. Notes payable at June 30, 2024, are as follows:

	Original borrowing	Interest rates	Final maturity	Outstand- ing at year end
Governmental activities				
Elementary school	\$5,100,000	1.72%-2.39%	2030	3,060,000
Copiers	79,720	3.00%	2026	30,508
Hermon athletic complex	3,900,000	4.85%	2034	3,520,320
Total governmental activities				\$6,610,828

The debt service requirements for the Town's notes are as follows:

Year ending June 30	Principal	Interest	Total
2025	\$817,594	223,754	1,041,348
2026	832,406	204,560	1,036,966
2027	831,993	178,399	1,010,392
2028	847,799	151,551	999,350
2029	864,381	123,469	987,850
2030-2034	2,416,655	254,511	2,671,166
Totals	\$6,610,828	1,136,244	7,747,072

F. Pension plans

Plan description

The Town participates in the Participating Local District (PLD) Consolidated and the State Employee and Teacher (SET) Plans, which are cost-sharing, multiple-employer defined benefit pension plans administered by the Maine Public Employees Retirement System (MPERS), which is a component unit of the State of Maine. MPERS assets are held in trust for the plan beneficiaries. MPERS is established and administered under the laws of the State of Maine.

Benefits provided

Benefit terms are established in Maine statute; in the case of the PLD plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. MPERS retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for SET members; separate legislation enacted the same reduced requirement for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for SET members is age 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits which are established by statute for SET members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the MPERS Board of Trustees and is currently 3.88%.

Contributions

Retirement benefits are funded by contributions from employees and employers and by earnings from investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Employee and employer contribution rates are each a percentage of applicable employee compensation. Employee contribution rates are defined by law, or by the MPERS Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

PLD plan - Employees were required to contribute 6.15% and 6.9% of their annual pay for the age 65 AN Plan and the age 60 AN Plan, respectively. The Town's contractually required rate for the

year ended June 30, 2024, was 8.9% of annual pay. The Town made contributions to the pension plan of \$205,700 for the year ended June 30, 2024.

SET plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2024, was 18.98% of annual payroll of which 4.47% of payroll was required from the Town and 14.51% was required from the State. The Town made contributions to the pension plan of \$396,323 for the year ended June 30, 2024.

Proportionate share of the net pension (asset) liability

PLD plan - At June 30, 2024, the Town reported a liability of \$562,692 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the pension liability was based on the Town's contributions recognized by the plan during the measurement period, adjusted for contributions for employer-specific and employer-paid employee contributions. The Town's proportionate share was 0.1763% at the end of the measurement period and 0.1512% for the beginning of the period, which represents an increase of 0.0251%.

SET plan - At June 30, 2024, the Town reported a liability of \$457,069 for its proportionate share of the net pension liability. The State's proportionate share of the net pension liability associated with the Town was \$8,319,071, for a total of \$8,776,140. The pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the pension liability was based on unfunded actuarial liability contributions to the plan. The Town's proportionate share was 0.0301% at the end of the measurement period and 0.0241% for the beginning of the period, which represents an increase of 0.006%.

Actuarial assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2023	June 30, 2023
Measurement date	June 30, 2023	June 30, 2023
Actuarial cost method	Entry age normal	Entry age normal
Assumptions		
Investment rate of return	6.50%	6.50%
Inflation rate	2.75%	2.75%
Annual salary increases	2.75%-11.48%	2.80%-13.03%
Cost of living adjustments	1.91%	2.20%

Mortality rates for PLD members are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model. Mortality rates for teachers are based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used for the year ended June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
U.S. government	2.6%
Private equity	7.6%
Real assets:	
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.2%
Alternative credit	7.4%
Diversifiers	5.0%

Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2023 for each plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate sensitivity analysis

The following presents the Town’s proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
PLD plan - proportionate share net pension (asset) liability	\$1,541,818	562,692	(245,007)
SET plan – proportionate share net pension (asset) liability	898,704	457,069	89,431

Pension expense and deferred items summary

For the year ended June 30, 2024, the Town recognized pension expense of \$288,414 and \$516,797 for its proportionate share of the pension expense for the PLD and SET plans, respectively. Additionally, the Town recognized revenue of \$1,168,188 for support provided by the State for the SET plan. At June 30, 2024, the Town reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
PLD plan		
Differences between expected and actual experience	\$104,464	-
Differences between expected and actual investment earnings	-	95,486
Changes of assumptions	-	-
Changes in proportion	71,073	-
Contributions paid subsequent to the measurement date	205,700	-
<u>Totals PLD plan</u>	<u>381,237</u>	<u>95,486</u>
SET plan		
Differences between expected and actual experience	37,448	-
Differences between expected and actual investment earnings	-	42,403
Changes of assumptions	-	-
Changes in proportion	63,646	26,194
Contributions paid subsequent to the measurement date	396,323	-
<u>Totals SET plan</u>	<u>497,417</u>	<u>68,597</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$878,654</u>	<u>164,083</u>

Deferred outflows of resources reported \$602,023 related to pensions resulting from the Town's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending		
<u>June 30</u>	<u>PLD plan</u>	<u>SET plan</u>
2025	\$41,191	(12,153)
2026	(62,426)	(30,063)
2027	96,849	72,567
2028	4,437	2,146

Pension plan fiduciary net position

The MPERS fiduciary net position has been determined using the same basis used to determine the net pension liability, deferred outflows and inflows of resources related to pension, and pension expense. For this purpose, revenues are recognized when earned and expenses are recognized when incurred.

Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at www.mainebers.org.

G. Other postemployment benefit (OPEB) obligations – life insurance

Plan description

The Town participates in the Participating Local District (PLD) Consolidated and the State Employee and Teacher (SET) Group Life Insurance Plans, which are cost-sharing, multiple-employer defined benefit OPEB plans administered by the Maine Public Employees Retirement System (MPERS), which is a component unit of the State of Maine. MPERS assets are held in trust for the plan beneficiaries. MPERS is established and administered under the laws of the State of Maine.

Benefits provided

The group life insurance plans provide basic group life insurance benefits, during retirement, to retirees who participated in the plans prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits).

The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic group life insurance is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions and funding policy

Premium rates are those determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period.

The Town made contributions to the PLD plan of \$0 for the year ended June 30, 2024. Employees are not required to contribute to the PLD plan. The State of Maine made contributions to the SET plan on-behalf of the Town of \$37,957 for the year ended June 30, 2024. The Town and employees are not required to contribute to the SET plan.

Proportionate share of the net OPEB liability

PLD plan - At June 30, 2024, the Town reported a liability of \$38,130 for its proportionate share of the net OPEB liability. The OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town's proportion of the OPEB liability was based on the Town's contributions recognized by the plan during the

measurement period. The Town’s proportionate share was 0.2795% at the end of the measurement period and 0.2724% for the beginning of the period, which represents an increase of 0.0071%.

SET plan - At June 30, 2024, the Town reported no liability for its proportionate share of the net OPEB liability. The State’s proportionate share of the net OPEB liability associated with the Town was \$276,770, for a total of \$276,770. The OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the OPEB liability was 0% at the end of the measurement period.

Actuarial assumptions

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2023	June 30, 2023
Measurement date	June 30, 2023	June 30, 2023
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	Fair value	Fair value
Assumptions		
Investment rate of return	6.50%	6.50%
Inflation rate	2.75%	2.75%
Annual salary increases	2.75%-11.48%	2.80%-13.03%

Mortality rates for PLD members are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model. Mortality rates for teachers are based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used for the year ended June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

Long-term expected rate of return

Assets of the plans are pooled for investment purposes and are allocated to each plan based on each plan’s fiduciary net position. The long-term expected rate of return on the Plans’ investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.2%
U.S. government securities	2.3%

Discount rate

The discount rate used to measure the collective total OPEB liability was 6.5% for 2023 for the plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount rate sensitivity analysis

The following presents the Town's proportionate share of the net OPEB liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
PLD plan - proportionate share net OPEB liability	\$52,886	38,130	26,269

OPEB expense and deferred items summary

For the year ended June 30, 2024, the Town recognized OPEB expense of \$3,648 and \$35,810 for its proportionate share of the OPEB expense for the PLD and SET plans, respectively. Additionally, the Town recognized revenue of \$37,957 for support provided by the State for the SET plan. At June 30, 2024, the Town reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
PLD plan		
Differences between expected and actual experience	\$677	298
Differences between expected and actual investment earnings	1,228	-
Changes of assumptions	1,863	8,426
Changes in proportion	2,528	2,098
Contributions paid subsequent to the measurement date	-	-
<u>Total deferred outflows and inflows of resources</u>	<u>\$6,297</u>	<u>10,822</u>

Deferred outflows of resources reported \$0 related to OPEB resulting from the Town's contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in

the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending

June 30

2025	\$(2,785)
2026	(3,684)
2027	2,075
2028	(392)
2029	261

OPEB plan fiduciary net position

The MPERS fiduciary net position has been determined using the same basis used to determine the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at www.maineopers.org.

H. Other postemployment benefit (OPEB) obligations – health insurance

Plan description

The Town offers two post-retirement benefit plans providing health insurance to retiring employees. For municipal employees, the Town sponsors a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements. For School Department employees, the State sponsors a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for MMEHT or MEABT.

Plan membership

At January 1, 2024 (MMEHT) and June 30, 2022 (MEABT), membership consisted of:

	<u>MMEHT</u>	<u>MEABT</u>
Inactive members currently receiving benefits	-	59
Inactive members entitled to but not yet receiving benefits	-	-
<u>Active members</u>	<u>15</u>	<u>151</u>
<u>Total</u>	<u>15</u>	<u>210</u>

Benefits provided

MMEHT – Healthcare and life insurance benefits are provided for retirees and their dependents. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for postretirement benefits. The retiree pays 100% of the premium equivalent rate for coverage elected. The non-Medicare retirees are offered the same plans that are available to the active employees. Medicare retirees are assumed to be enrolled in Medicare Parts A and B, which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage. Medical benefits are provided for the life of the retiree and surviving spouses. The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for \$2,000 life insurance benefit as well.

MEABT - Healthcare insurance benefits are provided for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 60% (effective November 1, 2023) and 55% (effective July 1, 2021) of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 40% (effective November 1, 2023) and 45% (effective July 1, 2021) of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree (and/or spouse).

Net OPEB liability

At June 30, 2024, the Town reported a total OPEB liability of \$54,841 for MMEHT and \$1,649,947 for MEABT. The MMEHT OPEB liability was measured as of January 1, 2024, and was determined by an actuarial valuation as of that date. The MEABT OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial assumptions

The total OPEB liability in the January 1, 2024 (MMEHT) and the June 30, 2022 (MEABT) actuarial valuations were determined using the following actuarial assumptions:

	<u>MMEHT</u>	<u>MEABT</u>
Actuarial valuation date	January 1, 2024	June 30, 2022
Measurement date	January 1, 2024	June 30, 2023
Actuarial cost method	Entry age normal	Entry age normal
Assumptions		
Inflation rate	2.38%	2.70%
Annual salary increases	2.75%	2.80%-13.03%
Healthcare cost trend rates - non-Medicare	7.72% in 2024	7.96% in 2023
decreasing to	3.81% in 2044	4.00% in 2043
Healthcare cost trend rates - Medicare	10.77% in 2024	0.00% in 2023
increasing/decreasing to	3.81% in 2044	4.29% in 2043

For MMEHT, rates of mortality are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table. For MEABT, rates of mortality are based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table.

Actuarial assumptions used for the January 1, 2024, MMEHT valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2022 and based on the experience study covering the period from July 30, 2016 through June 30, 2020. Actuarial assumptions used for the June 30, 2022, MEABT valuation are the teacher assumptions that were used by the Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation at June 30, 2021 and are based on the experience study covering the period from July 1, 2015 through June 30, 2020.

Discount rate

Using the Bond Buyer 20-Bond GO Index, the discount rate used to measure the total OPEB liabilities were 3.26% for MMEHT and 3.65% for MEABT. These rates are assumed to be an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in total OPEB liability

	<u>MMEHT</u>	<u>MEABT</u>	<u>Total</u>
Balances beginning of year	\$57,399	1,637,015	1,694,414
Changes for the period			
Service cost	6,900	43,320	50,220
Interest	2,386	58,416	60,802
Changes of benefits	-	-	-
Differences between expected and actual experience	(26,025)	-	(26,025)
Changes of assumptions	14,528	(27,938)	(13,410)
Benefit payments	(347)	(60,866)	(61,213)
Net changes	(2,558)	12,932	10,374
Balances end of year	\$54,841	1,649,947	1,704,788

Discount rate and healthcare rate sensitivity analysis

The following is a sensitive analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability calculated using the discount rate of 3.26% for MMEHT and 3.65% for MEABT as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
MMEHT - total OPEB liability	\$67,307	54,841	45,041
MEABT – total OPEB liability	1,932,037	1,649,947	1,425,343

The table below presents the total OPEB liability of the Town calculated using the healthcare rates disclosed above as well as what the total OPEB liability would be if it were calculated using a healthcare rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
MMEHT - total OPEB liability	\$42,882	54,841	71,203
MEABT – total OPEB liability	1,391,454	1,649,947	1,985,530

OPEB expense and deferred items summary

For the year ended June 30, 2024, the Town recognized OPEB expense of \$6,545 for MMEHT and \$92,183 for MEABT. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
MMEHT		
Differences between expected and actual experience	\$258	35,605
Changes of assumptions	23,801	13,601
Contributions paid subsequent to the measurement date	37	-
<u>Totals MMEHT</u>	<u>24,096</u>	<u>49,206</u>
MEABT		
Differences between expected and actual experience	59,578	351,800
Changes of assumptions	195,756	86,023
Contributions paid subsequent to the measurement date	56,171	-
<u>Totals MEABT</u>	<u>311,505</u>	<u>437,823</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$335,601</u>	<u>487,029</u>

Deferred outflows of resources reported \$56,208 related to OPEB resulting from the Town's contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending</u>	<u>MMEHT</u>	<u>MEABT</u>
<u>June 30</u>		
2025	\$(2,741)	3,712
2026	(2,737)	(13,365)
2027	(3,195)	(13,365)
2028	(2,617)	(13,364)
2029	(2,612)	(70,229)
Thereafter	(11,245)	(75,878)

I. Fund balance

Components of fund balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund				
Inventory and prepaids	\$32,031	-	-	-
Tax increment financing districts	-	1,066,524	-	-
Hermon athletic complex	-	-	597,685	-
Compensation fee utilization	-	-	157,050	-
Budget appropriation	-	-	-	700,000
School department - education	-	2,344,348	-	-
Reserves	-	-	3,126,480	-
Special revenue funds				
General government	6,785	17,064	14,807	-
Public safety	-	28,472	-	-
Public works	-	14,648	-	-
Recreation and social services	1,000	262,656	17,393	-
Education and other related activities	14,287	389,337	264,490	-
Total	\$54,103	4,123,049	4,177,905	700,000

As of June 30, 2024, the school department fund balance totaled \$2,344,348 and is reported as restricted for education in the financial statements. Of this total, \$1,399,848 is assigned for use of surplus for the 2024-2025 fiscal year budget, and the remaining \$944,500 is considered unassigned. Additionally, the school department's school lunch fund balance has grown notably over the last two years, cumulating in a fund balance of \$395,419 as of June 30, 2024. This growth has resulted from greatly expanded meal reimbursement rates instituted by the Maine Department of Education in recent years in response to and following the COVID-19 pandemic. The school department is working on plans to spend this fund balance down to more modest levels in keeping with guidance provided by Maine Department of Education.

J. Interfund balances

The outstanding balances between funds result from receipts and disbursements being made through consolidated cash accounts held by the general fund and school department. The composition of interfund balances as of June 30, 2024, is as follows:

<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
General fund	Nonmajor funds	\$131
Reserves	General fund	17,735
School department	General fund	1,059,560
School department	Nonmajor funds	416,832
Nonmajor funds	General fund	559,142
Nonmajor funds	School department	352,681
Recreation department	General fund	350,449
Total		\$2,756,530

K. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2024, is as follows:

	Transfers in				<u>Total</u>
	<u>General fund</u>	<u>School department</u>	<u>Reserves</u>	<u>Nonmajor funds</u>	
<u>Transfers out</u>					
General fund	\$ -	6,005,865	590,000	3,411	6,599,276
School department	-	-	-	50,000	50,000
Reserves	-	-	16,000	-	16,000
Nonmajor funds	-	1,098	-	-	1,098
<u>Total</u>	<u>\$ -</u>	<u>6,006,963</u>	<u>606,000</u>	<u>53,411</u>	<u>6,666,374</u>

During the year, transfers are used to move revenues from the fund with collection authorization, the general fund, to the school department (\$6,005,865), adult education (\$3,411), and capital reserves (\$490,000). The school department budgeted to move amounts to the school lunch fund (\$50,000).

Further, during the year ended June 30, 2024, the Town made the following one-time transfers:

Transfer of \$100,000 from the general fund to the fire department reserve.

Transfer of \$1,098 to close the ticket to ride grant fund into the school department fund.

L. Risk management

The Town is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town carries commercial insurance and participates in public entity risk pools sponsored by the Maine Municipal Association and the Maine School Management Association. Based on the coverages provided, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2024.

M. Contingencies

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the Town's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, will be immaterial.

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the Town believes the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

In March, 2023 the Town of Hermon's School Department was notified that the Universal Service Administrative Company ("USAC") was undertaking a compliance review of certain funding provide to the School Department over the years 2002-2006 and 2008-2022 by the Federal Communications Commission's Universal Service Fund Schools and Libraries Program ("E-Rate"). Funding provided by the FCC to local schools through E-Rate is used to assist in lowering the schools' net costs of telecommunications services. USAC is an independent, not-for-profit corporation which administers the Universal Service Fund and its programs, including E-Rate, on behalf of the FCC.

The objective of this review is to confirm that such funding was obtained and utilized in accordance with FCC rules governing the Universal Service Fund. The total of E-Rate funding over which USAC is performing this review aggregates to \$791,956 and spans a period of over twenty years. Beginning in March, 2023 the School Department has received two Special Compliance Information Requests from USAC, to each of which the School Department has responded in a timely and comprehensive fashion, with the last such communication having taken place in September, 2023. The ultimate results of this compliance review are not known or knowable at this time. The School Department believes that it has diligently endeavored to comply with the FCC's E-Rate regulations in every year in which it has participated in that program, and does not currently believe that it faces any material monetary loss which might arise as a consequence of this review.

N. Tax abatements

The Town has entered into property tax abatement agreements (credit enhancement agreements) with individual organizations under Municipal Tax Increment Financing Districts approved by the State of Maine Department of Economic and Community Development. For the year ended June 30, 2024, the Town abated property taxes totaling \$93,859 through these credit enhancement agreements, including the following, each of which exceeded 10 percent of the total amount remitted:

\$23,808 (25.4%) was disbursed to Hermon Holdings, LLC based on the credit enhancement agreement (CEA) in which Hermon Holdings agreed to design, construct, and equip a new 24,000 square foot store facility and a 2,400 square foot credit union facility in the district, as well as a water quality improvement project. The original CEA became effective July 30, 2009, for a period of ten years, however, an amendment to the CEA extended the term to 17 years ending in fiscal year 2025.

\$16,426 (17.5%) was disbursed to Brushfire, LLC based on the CEA in which Brushfire LLC agreed to construct and equip a 39,375 square foot manufacturing facility. The CEA became effective July 1, 2015, for a period of 15 years ending in fiscal year 2030.

Town of Hermon, Maine

Required supplementary information

Schedule of Town's proportionate share of the net pension liability

Maine Public Employees Retirement System

Last ten fiscal years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan										
Town's proportion of the net pension liability	0.1763%	0.1512%	0.1242%	0.1178%	0.1221%	0.1199%	0.1033%	0.0778%	0.0659%	0.0665%
Town's proportionate share of the net pension liability \$	562,692	401,964	(39,911)	468,186	373,347	328,183	422,772	413,471	210,201	102,291
Town's covered payroll	1,895,537	1,485,273	1,126,120	1,030,755	1,006,975	950,975	814,224	651,095	659,232	354,270
Town's proportionate share of the net pension liability as a percentage of its covered payroll	29.69%	27.06%	-3.54%	45.42%	37.08%	34.51%	51.92%	63.50%	31.89%	28.87%
Plan fiduciary net position as a percentage of the total pension liability	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%
SET plan										
Town's proportion of the net pension liability	0.0301%	0.0241%	0.0265%	0.0121%	0.0139%	0.0172%	0.0150%	0.0153%	0.0157%	0.0178%
Town's proportionate share of the net pension liability \$	457,069	358,309	224,499	197,127	203,478	231,834	218,142	270,016	212,198	192,299
State's proportionate share of the net pension liability associated with the Town	8,319,071	7,830,536	4,606,322	8,651,743	7,509,991	6,685,074	7,294,373	8,709,868	6,641,782	5,330,683
Total \$	8,776,140	8,188,845	4,830,821	8,848,870	7,713,469	6,916,908	7,512,515	8,979,884	6,853,980	5,522,982
Town's covered payroll \$	8,602,231	7,840,885	7,354,405	6,813,692	6,528,232	6,297,314	3,248,889	5,967,610	5,804,673	5,728,803
Town's proportionate share of the net pension liability as a percentage of its covered payroll	5.31%	4.57%	3.05%	2.89%	3.12%	3.68%	6.71%	4.52%	3.66%	3.36%
Plan fiduciary net position as a percentage of the total pension liability	86.03%	85.79%	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

Schedule of Town's pension contributions

Maine Public Employees Retirement System

Last ten fiscal years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PLD plan										
Contractually determined contribution \$	205,700	161,124	118,821	85,585	76,276	73,509	66,360	52,924	36,460	27,029
Contributions in relation to the contractually required contribution	(205,700)	(161,124)	(118,821)	(85,585)	(76,276)	(73,509)	(66,360)	(52,924)	(36,460)	(27,029)
Contribution deficiency (excess) \$	-	-	-	-	-	-	-	-	-	-
Town's covered payroll	2,311,243	1,895,537	1,485,273	1,126,120	1,030,755	1,006,975	950,975	814,224	651,095	659,232
Contributions as a percentage of covered payroll	8.90%	8.50%	8.00%	7.60%	7.40%	7.30%	6.98%	6.50%	5.60%	4.10%
SET plan										
Contractually determined contribution \$	396,323	330,247	300,968	305,943	283,449	259,180	250,003	209,963	200,512	153,824
Contributions in relation to the contractually required contribution	(396,323)	(330,247)	(300,968)	(305,943)	(283,449)	(259,180)	(250,003)	(209,963)	(200,512)	(153,824)
Contribution deficiency (excess) \$	-	-	-	-	-	-	-	-	-	-
Town's covered payroll \$	8,866,454	8,602,231	7,840,885	7,354,405	6,813,692	6,528,232	6,297,314	3,248,889	5,967,610	5,804,673
Contributions as a percentage of covered payroll	4.47%	3.84%	3.84%	4.16%	4.16%	3.97%	3.97%	6.46%	3.36%	2.65%

Town of Hermon, Maine

Required supplementary information

Schedule of Town's proportionate share of the net OPEB liability

Maine Public Employees Retirement System

Last ten fiscal years (only seven years available)

	2024	2023	2022	2021	2020	2019	2018
PLD plan							
Town's proportion of the net OPEB liability	0.2795%	0.2724%	0.2671%	0.2855%	0.2771%	0.2688%	0.2400%
Town's proportionate share of the net OPEB liability	\$ 38,130	39,451	27,574	37,665	59,284	54,300	40,126
Town's covered-employee payroll	1,895,537	1,485,273	1,126,120	1,030,755	1,006,975	950,975	814,224
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	2.01%	2.66%	2.45%	3.65%	5.89%	5.71%	4.93%
Plan fiduciary net position as a percentage of the total OPEB liability	59.71%	55.88%	67.26%	55.39%	43.18%	43.92%	47.42%
SET plan							
Town's proportion of the net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Town's proportionate share of the net OPEB liability	\$ -	-	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the Town	276,770	299,403	146,929	294,059	270,886	259,460	261,241
Total	\$ 276,770	299,403	146,929	294,059	270,886	259,460	261,241
Town's covered-employee payroll	\$ 8,602,231	7,840,885	7,354,405	6,813,692	6,528,232	6,297,314	3,248,889
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	56.97%	52.39%	62.90%	49.51%	49.22%	48.04%	47.29%

Schedule of Town's OPEB contributions

Maine Public Employees Retirement System

Last ten fiscal years (only seven years available)

	2024	2023	2022	2021	2020	2019	2018
PLD plan							
Contractually determined contribution	\$ -	-	-	-	-	-	-
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Town's covered-employee payroll	2,311,243	1,895,537	1,485,273	1,126,120	1,030,755	1,006,975	950,975
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SET plan							
Contractually determined contribution	\$ -	-	-	-	-	-	-
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Town's covered-employee payroll	\$ -	7,840,885	7,354,405	6,813,692	6,528,232	6,297,314	
Contributions as a percentage of covered-employee payroll		0.00%	0.00%	0.00%	0.00%	0.00%	

Town of Hermon, Maine

Required supplementary information

Schedule of changes in the Town's total OPEB liability and related ratios

Last ten fiscal years (only seven and six years available)

	2024	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability - MMEHT plan</u>							
Service cost	\$ 6,900	8,041	8,929	7,777	5,711	6,368	4,639
Interest	2,386	1,313	1,600	1,655	1,795	1,444	1,156
Changes of benefits	-	-	-	-	(964)	-	-
Differences between expected and actual experience	(26,025)	(7,570)	(12,817)	-	(5,955)	-	1,154
Changes of assumptions	14,528	-	(8,301)	4,723	14,210	(5,202)	2,936
Benefit payments	(347)	(180)	(274)	(263)	(175)	(168)	(247)
Net change in total OPEB liability - MMEHT plan	(2,558)	1,604	(10,863)	13,892	14,622	2,442	9,638
Total OPEB liability - beginning	57,399	55,795	66,658	52,766	38,144	35,702	26,064
Total OPEB liability - ending	\$ 54,841	57,399	55,795	66,658	52,766	38,144	35,702
Covered-employee payroll	\$ 989,590	649,888	649,888	695,399	695,399	644,363	644,363
Total OPEB liability as a percentage of covered-employee payroll	5.54%	8.83%	8.59%	9.59%	7.59%	5.92%	5.54%
<u>Total OPEB liability - MEABT plan</u>							
Service cost	\$ 43,320	52,477	58,344	19,615	16,269	17,636	
Interest	58,416	46,797	46,373	63,823	65,997	63,309	
Changes of benefits	-	-	-	(241,296)	-	-	
Differences between expected and actual experience	-	(469,068)	-	119,158	-	-	
Changes of assumptions	(27,938)	(82,103)	17,259	335,779	102,467	(79,586)	
Benefit payments	(60,866)	(50,020)	(45,843)	(75,686)	(64,188)	(61,969)	
Net change in total OPEB liability - MEABT plan	12,932	(501,917)	76,133	221,393	120,545	(60,610)	
Total OPEB liability - beginning	1,637,015	2,138,932	2,062,799	1,841,406	1,720,861	1,781,471	
Total OPEB liability - ending	\$ 1,649,947	1,637,015	2,138,932	2,062,799	1,841,406	1,720,861	
Covered-employee payroll	\$ 6,368,330	6,213,005	6,846,868	6,679,872	6,662,190	6,483,883	
Total OPEB liability as a percentage of covered-employee payroll	25.91%	26.35%	31.24%	30.88%	27.64%	26.54%	

Town of Hermon, Maine

Notes to required supplementary information

Pension plans

Changes of benefit terms - None

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Discount rate - PLD	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.25%	7.25%
Discount rate - SET	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases - PLD	2.75-11.48%	2.75-11.48%	2.75-11.48%	2.75% + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases - SET	2.80-13.03%	2.80-13.03%	2.80-13.03%	2.75% + merit	2.75-14.50%	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases - PLD	1.91%	1.91%	1.91%	1.91%	2.20%	2.20%	2.20%	2.55%	3.12%	3.12%
Cost of living increases - SET	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates - **2015:** RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. **2016:** RP2014 Total Data Set Healthy Annuitant Mortality Table. **2021:** 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table (PLD) and 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table (SET).

Other postemployment benefit (OPEB) obligations - life insurance

Changes of benefit terms - None

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	2023	2022	2021	2020	2019	2018	2017
Discount rate - PLD	6.50%	6.50%	6.50%	6.75%	4.98%	5.13%	5.41%
Discount rate - SET	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%

Other postemployment benefit (OPEB) obligations - health insurance

Changes of benefit terms - In 2020, MEABT implemented the Medicare Advantage plan.

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	2023	2022	2021	2020	2019	2018	2017	2016
Discount rate - MMEHT	3.26%	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%	3.78%
Discount rate - MEABT	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%	n/a

Valuation method - In 2018, MMEHT changed from the projected unit credit funding method to the entry age normal funding method.

Town of Hermon, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024				
	Original budget	Final budget	Actual	Variance positive (negative)	2023 actual
Revenues					
Property taxes					
Real estate and personal property	\$ 8,923,165	8,923,165	8,848,103	(75,062)	7,722,907
Excise taxes	2,876,000	2,876,000	3,158,175	282,175	2,909,859
Payments in lieu of taxes	11,000	11,000	11,000	-	11,000
Interest on taxes	30,000	30,000	17,212	(12,788)	26,482
Total property taxes	11,840,165	11,840,165	12,034,490	194,325	10,670,248
Intergovernmental					
State revenue sharing	600,000	600,000	680,444	80,444	643,730
Homestead exemption	350,819	350,819	350,819	-	358,841
Business equipment tax reimbursement	407,024	407,024	407,324	300	361,785
Veterans exemption	-	-	4,249	4,249	-
Snowmobile reimbursement	3,000	3,000	3,058	58	3,436
General assistance	2,500	2,500	2,120	(380)	3,884
Urban rural initiative payment	65,000	65,000	77,464	12,464	67,172
Total intergovernmental	1,428,343	1,428,343	1,525,478	97,135	1,438,848
Licenses and permits					
Town clerk agent fees	37,600	37,600	48,677	11,077	46,534
Dog fees	1,500	1,500	2,454	954	1,430
Building permits	12,000	12,000	32,233	20,233	14,788
Plumbing fees	10,000	10,000	19,514	9,514	14,515
Planning and zoning fees	3,000	3,000	9,208	6,208	15,144
Total licenses and permits	64,100	64,100	112,086	47,986	92,411
Charges for services					
Hermon connection	500	500	1,900	1,400	1,425
Cemetery maintenance	1,450	1,450	9,400	7,950	5,175
Cable franchise	16,000	16,000	15,293	(707)	16,339
Sewer assessments	500	500	5,089	4,589	4,796
Public safety	1,000	1,000	366	(634)	103
Public works	-	-	759	759	1,974
Solid waste and recycling	11,000	11,000	23,751	12,751	19,580
Recreation and social services	-	-	-	-	2
Total charges for services	30,450	30,450	56,558	26,108	49,394
Interest	130,000	130,000	265,372	135,372	126,204
Miscellaneous	250,000	250,000	194,142	(55,858)	34,956
Total revenues	13,743,058	13,743,058	14,188,126	445,068	12,412,061

Town of Hermon, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024			Variance positive (negative)	2023 actual
	Original budget	Final budget	Actual		
Expenditures					
Current:					
General government					
Administration	500,723	500,723	521,139	(20,416)	402,732
Town manager	158,640	158,640	149,717	8,923	192,952
Town clerk	99,565	99,565	98,779	786	82,552
Finance	173,958	173,958	181,389	(7,431)	192,592
Assessor	138,971	138,971	146,627	(7,656)	105,592
Code enforcement	99,314	99,314	100,287	(973)	85,372
Assistant clerks	161,235	161,235	156,550	4,685	157,542
Municipal building	33,288	33,288	29,365	3,923	32,575
Town office	13,500	13,500	11,397	2,103	9,783
Town council	13,696	13,696	13,672	24	14,505
Town boards	10,560	10,560	7,865	2,695	8,469
Other	18,000	18,000	16,121	1,879	17,960
Total general government	1,421,450	1,421,450	1,432,908	(11,458)	1,302,626
Economic development					
Economic development	145,724	145,724	125,324	20,400	117,268
Technology	735,291	735,291	553,006	182,285	134,075
Total economic development	881,015	881,015	678,330	202,685	251,343
Public safety					
Police	546,549	546,549	548,349	(1,800)	525,064
Fire	963,904	963,904	955,814	8,090	528,961
Utilities	164,993	164,993	187,981	(22,988)	156,843
Total public safety	1,675,446	1,675,446	1,692,144	(16,698)	1,210,868
Public works					
General	415,024	415,024	289,043	125,981	371,353
Roads	1,107,685	1,107,685	1,220,127	(112,442)	1,045,412
Buildings	5,960	5,960	18,292	(12,332)	12,071
Equipment	86,996	86,996	53,981	33,015	97,345
Salt and sand shed	10,125	10,125	4,536	5,589	19,526
Cemetery	4,325	4,325	11,219	(6,894)	11,188
Total public works	1,630,115	1,630,115	1,597,198	32,917	1,556,895
Solid waste					
Landfill	18,890	18,890	21,320	(2,430)	23,777
Household waste	447,717	447,717	498,499	(50,782)	448,626
Sewer	63,710	63,710	103,006	(39,296)	50,747
Total solid waste	530,317	530,317	622,825	(92,508)	523,150

Town of Hermon, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024				
	Original budget	Final budget	Actual	Variance positive (negative)	2023 actual
Expenditures					
Current:					
Recreation and social services					
Recreation	67,364	67,364	63,972	3,392	109,610
Social services	85,100	85,100	81,910	3,190	313,504
Jackson Beach	1,279	1,279	2,331	(1,052)	726
New track	-	2,722,790	2,125,105	597,685	1,177,210
Total recreation and social services	153,743	2,876,533	2,273,318	603,215	1,601,050
Education (transfer out)	6,005,865	6,005,865	6,009,276	(3,411)	5,764,265
County tax	1,079,962	1,079,962	1,079,962	-	963,715
Tax increment financing	124,038	124,038	95,321	28,717	86,108
General assistance	7,500	7,500	2,824	4,676	5,549
Debt service	460,710	460,710	459,796	914	-
Capital outlay (transfer out)	490,000	590,000	590,000	-	365,000
Total expenditures	14,460,161	17,282,951	16,533,902	749,049	13,630,569
Excess (deficiency) of revenues over (under) expenditures	(717,103)	(3,539,893)	(2,345,776)	1,194,117	(1,218,508)
Other financing sources (uses)					
Notes issued	-	-	-	-	3,900,000
Use of TIF fund balance	253,072	253,072	-	(253,072)	-
Use of fund balance	700,000	3,522,790	-	(3,522,790)	-
Total other financing sources (uses)	953,072	3,775,862	-	(3,775,862)	3,900,000
Net change in fund balance	235,969	235,969	(2,345,776)	(2,581,745)	2,681,492
Fund balance - beginning			8,429,516		5,748,024
Fund balance - end			\$ 6,083,740		8,429,516

Town of Hermon, Maine

School department

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024				
	Original budget	Final budget	Actual	Variance positive (negative)	2023 actual
Revenues					
Local assessments					
Local allocation	\$ 4,157,837	4,157,837	4,157,837	-	4,005,465
Non-state funded debt service	581,732	581,732	581,732	-	591,523
Additional local appropriation	1,266,296	1,266,296	1,266,296	-	1,163,866
Total local assessments	6,005,865	6,005,865	6,005,865	-	5,760,854
Intergovernmental					
State subsidy	8,632,449	8,632,449	8,819,809	187,360	7,419,262
State agency client	20,000	20,000	135,979	115,979	38,687
Erate	26,583	26,583	-	(26,583)	27,580
Total intergovernmental	8,679,032	8,679,032	8,955,788	276,756	7,485,529
Charges for services					
Tuition and fees	2,920,000	2,920,000	2,833,103	(86,897)	2,753,690
Building use and transportation	-	-	11,646	11,646	3,543
Event admission	25,000	25,000	29,840	4,840	31,291
Total charges for services	2,945,000	2,945,000	2,874,589	(70,411)	2,788,524
Interest	20,000	20,000	93,312	73,312	46,326
Miscellaneous					
JROTC revenue	85,000	85,000	91,300	6,300	85,688
Other	20,000	20,000	26,477	6,477	19,905
Total miscellaneous	105,000	105,000	117,777	12,777	105,593
Total revenues	17,754,897	17,754,897	18,047,331	292,434	16,186,826

Town of Hermon, Maine

School department

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024				
	Original budget	Final budget	Actual	Variance positive (negative)	2023 actual
Expenditures					
Current:					
Regular instruction	7,953,430	7,850,403	7,787,432	62,971	6,995,466
Special education	2,859,228	2,968,386	2,968,386	-	2,377,321
Other instruction	794,745	756,839	703,280	53,559	596,445
Student and staff support	1,816,741	1,727,064	1,692,043	35,021	1,622,501
System administration	618,750	713,327	713,327	-	547,697
School administration	1,034,140	1,034,140	1,030,799	3,341	931,991
Transportation	880,012	959,370	959,370	-	722,929
Facilities maintenance	2,462,422	2,409,939	2,388,701	21,238	2,300,042
Debt service	581,731	581,731	581,731	-	591,523
Total expenditures	19,001,199	19,001,199	18,825,069	176,130	16,685,915
Excess (deficiency) of revenues over (under) expenditures	(1,246,302)	(1,246,302)	(777,738)	468,564	(499,089)
Other financing sources (uses)					
Transfers in	296,302	296,302	1,098	(295,204)	311,160
Transfers out	(50,000)	(50,000)	(50,000)	-	(50,000)
Use of fund balance	1,000,000	1,000,000	-	(1,000,000)	-
Total other financing sources (uses)	1,246,302	1,246,302	(48,902)	(1,295,204)	261,160
Net change in fund balance - budgetary basis	-	-	(826,640)	(826,640)	(237,929)
Reconciliation to GAAP					
Change in accrued teacher summer salaries and benefits			-		(162,813)
Net change in fund balance - GAAP basis			(826,640)		(400,742)
Fund balance - beginning			3,170,988		3,571,730
Fund balance - end		\$	2,344,348		3,170,988

Town of Hermon, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Reserve funds

For the year ended June 30, 2024

Reserve	#	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Municipal unemployment	2	\$ 42,006	1,076	-	(16,000)	27,082
Legal liability reserve	3	2,299	757	-	16,000	19,056
Cemetery	4	47,053	8,349	12,828	5,000	47,574
Fire equipment	5	644,254	26,669	668,371	175,000	177,552
Highway capital	6	-	-	158,251	225,000	66,749
School repair reserve	7	470,011	19,362	-	-	489,373
Public works facility	8	175,945	7,283	42,662	50,000	190,566
Recreation facilities	9	160,713	6,653	53,105	10,000	124,261
School unemployment reserve	10	42,906	1,776	-	-	44,682
Municipal building	11	25,163	1,042	29,800	50,000	46,405
Sewer maintenance	12	485,464	20,096	-	20,000	525,560
Public land acquisition	13	11,271	467	-	-	11,738
Planning and ordinance	14	35,554	1,471	16,000	-	21,025
Public safety building	17	58,147	2,407	13,576	10,000	56,978
Town office equipment reserve	19	45,398	1,879	14,971	40,000	72,306
School fuel reserve	27	226,354	9,370	-	-	235,724
Jackson Beach reserve	28	59,775	2,474	-	-	62,249
Transfer station reserve	29	2,215	92	-	-	2,307
Elementary school reserve	30	9,596	397	-	-	9,993
Rural fire protection	31	15,058	14,044	-	-	29,102
Veteran Memorial Park	32	4,871	208	-	5,000	10,079
School bus purchase reserve	33	89,191	3,692	-	-	92,883
Sick leave reserve	34	24,109	998	-	-	25,107
Solid waste reserve	35	576,084	23,847	-	-	599,931
Food service reserve	36	30,624	1,268	-	-	31,892
Enrollment stabilization reserve	37	102,080	4,226	-	-	106,306
		\$ 3,386,141	159,903	1,009,564	590,000	3,126,480

Town of Hermon, Maine

Combining balance sheet

Special revenue funds

June 30, 2024

	Town grants and other funds	Town trusts	School grants and other funds	School lunch	Student activity funds	Total special revenue funds
Assets						
Cash and cash equivalents	\$ -	41,603	-	-	264,490	306,093
Accounts receivable, net	-	-	-	24	-	24
Intergovernmental receivables	-	-	435,605	37,030	-	472,635
Due from other funds	558,813	329	-	352,681	-	911,823
Inventory	-	-	-	14,287	-	14,287
Total assets	\$ 558,813	41,932	435,605	404,022	264,490	1,704,862
Liabilities						
Accounts payable	-	-	10,568	8,603	-	19,171
Unearned revenue	237,920	-	-	-	-	237,920
Due to other funds	131	-	416,832	-	-	416,963
Total liabilities	238,051	-	427,400	8,603	-	674,054
Fund balances						
Nonspendable	-	7,785	-	14,287	-	22,072
Restricted	320,893	1,947	8,205	381,132	-	712,177
Committed	-	32,200	-	-	264,490	296,690
Unassigned	(131)	-	-	-	-	(131)
Total fund balances	320,762	41,932	8,205	395,419	264,490	1,030,808
Total liabilities and fund balances	\$ 558,813	41,932	435,605	404,022	264,490	1,704,862

Town of Hermon, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Special revenue funds

For the year ended June 30, 2024

	Town grants and other funds	Town trusts	School grants and other funds	School lunch	Student activity funds	Total special revenue funds
Revenues						
Intergovernmental	\$ 58,600	-	1,281,706	776,457	-	2,116,763
Charges for services	-	-	-	78,044	-	78,044
Student activity fees and fundraisers	-	-	-	-	323,415	323,415
Interest	-	1,700	-	-	-	1,700
Miscellaneous	250,000	12,388	500	-	-	262,888
Total revenues	308,600	14,088	1,282,206	854,501	323,415	2,782,810
Expenditures						
Current:						
General government	-	9,876	-	-	-	9,876
Public safety	49,500	-	-	-	-	49,500
Recreation and social services	576	-	-	-	-	576
Education	-	-	1,196,143	715,292	332,387	2,243,822
Total expenditures	50,076	9,876	1,196,143	715,292	332,387	2,303,774
Excess (deficiency) of revenues over (under) expenditures	258,524	4,212	86,063	139,209	(8,972)	479,036
Other financing sources (uses)						
Transfers in	-	-	3,411	50,000	-	53,411
Transfers out	-	-	(1,098)	-	-	(1,098)
Total other financing sources (uses)	-	-	2,313	50,000	-	52,313
Net change in fund balances	258,524	4,212	88,376	189,209	(8,972)	531,349
Fund balances - beginning	62,238	37,720	(80,171)	206,210	273,462	499,459
Fund balances - ending	\$ 320,762	41,932	8,205	395,419	264,490	1,030,808

Town of Hermon, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Town grants and other funds

For the year ended June 30, 2024

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Library grant	\$ 3,277	-	-	-	3,277
Comp grant	7,550	-	-	-	7,550
Bangor wellness grant	2,043	-	-	-	2,043
Maine forest service grant	4,863	-	-	-	4,863
Fire department gear grant	179	-	-	-	179
Keep ME healthy	4,288	-	-	-	4,288
MDOT Hammond	14,648	-	-	-	14,648
Covid-19	23,430	49,500	49,500	-	23,430
Snowmobile grant	-	9,100	-	-	9,100
American rescue plan - COVID-19	-	-	-	-	-
Track donations	-	250,000	-	-	250,000
Childcare	1,515	-	-	-	1,515
Veteran Memorial bricks	445	-	576	-	(131)
	-	-	-	-	-
	\$ 62,238	308,600	50,076	-	320,762

Town of Hermon, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Town trust funds

For the year ended June 30, 2024

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Wilfred Pike Trust	\$ 8,117	336	-	-	8,453
Wilma Nowell Trust	1,228	51	-	-	1,279
Boston Post Cane	772	33	-	-	805
Medical reimbursements	11,626	13,057	9,876	-	14,807
Athletic complex	10,578	402	-	-	10,980
Historical society	5,399	209	-	-	5,608
\$	<u>37,720</u>	<u>14,088</u>	<u>9,876</u>	<u>-</u>	<u>41,932</u>

Town of Hermon, Maine

Combining statement of revenues, expenditures, and changes in fund balances

School grants and other funds

For the year ended June 30, 2024

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Adult education	\$ -	-	3,411	3,411	-
Miscellaneous one-time grants	8,558	500	853	-	8,205
Ticket to ride	1,098	-	-	(1,098)	-
Preventing student homelessness	-	135	135	-	-
MLTI laptop grant	-	53,244	53,244	-	-
Title IA - disadvantaged	(29,182)	268,114	238,932	-	-
PFAS grant	(8,571)	76,420	67,849	-	-
PFAS 2 grant	-	3,215	3,215	-	-
Local entitlement	(16,245)	323,032	306,787	-	-
Preschool	-	7,698	7,698	-	-
ESSER 2	(11,254)	70,967	59,713	-	-
ESSER 3	(24,575)	395,926	371,351	-	-
Literacy grant	-	2,741	2,741	-	-
Rural low income	-	47,251	47,251	-	-
Title IIA - supportive effective instruction	-	32,963	32,963	-	-
\$	(80,171)	1,282,206	1,196,143	2,313	8,205

Town of Hermon, Maine

Combining statement of revenues, expenditures, and changes in fund balances

Student activity funds

For the year ended June 30, 2024

	Beginning fund balance	Revenues	Expenditures	Ending fund balance
Hermon High School	\$ 238,779	299,536	307,557	230,758
Hermon Middle School	11,652	11,185	11,203	11,634
Hermon Elementary School	23,031	12,694	13,627	22,098
	<u>\$ 273,462</u>	<u>323,415</u>	<u>332,387</u>	<u>264,490</u>