



TOWN OF HERMON, MAINE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2025

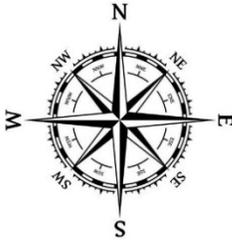
Town of Hermon, Maine

Annual financial report

For the fiscal year ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Hermon, 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, Maine ("the Town") as of and for the year ended June 30, 2025, 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, 2025, 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 February 20, 2026 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain

The Town of Hermon

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

February 20, 2026

BASIC FINANCIAL STATEMENTS



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, 2025.

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 \$29,654,548 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was \$5,637,044.
- The Town's total net position increased \$666,438. Expenditures exceeded revenues by \$836,205 in the governmental funds. \$741,680 of expenditures reduce the long-term liability for notes payable and \$1,877,155 of expenditures were capitalized in the governmental activities and will be depreciated over their useful life. These capitalized costs were offset by \$1,184,363 of depreciation expense.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$11,749,171, a decrease of \$836,205 in comparison with the prior year. Of this amount, \$3,357,411, or 28.6%, 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 \$4,598,724, or approximately 29.7% 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 \$29,354,548, at the close of the most recent fiscal year.

	Governmental activities		Business-type activities	
	2025	2024 restated	2025	2024
Assets				
Current and other assets	\$ 15,068,176	15,923,792	379,980	350,449
Capital assets	25,587,462	24,894,670	-	-
Total assets	40,655,638	40,818,462	379,980	350,449
Total deferred outflows of resources	1,307,635	1,220,551	-	-
Liabilities				
Long-term liabilities	9,083,531	9,887,133	-	-
Other liabilities	3,111,610	3,152,285	-	-
Total liabilities	12,195,141	13,039,418	-	-
Total deferred inflows of resources	793,564	661,934	-	-
Net position				
Net investment in capital assets	20,034,496	18,881,527	-	-
Restricted	3,683,008	4,145,121	-	-
Unrestricted	5,257,064	5,311,013	379,980	350,449
Total net position	\$ 28,974,568	28,337,661	379,980	350,449

Current and other assets decreased in governmental activities by \$856 thousand from the prior year. The Town's taxes and accounts receivable balances have decreased nearly \$750 thousand as they have collected much of those outstanding balances. The decrease in current and other assets coincides with the decrease in fund balance.

Long-term liabilities, which consist of notes payable, compensated absences and postemployment benefit obligations, decreased by \$804 thousand from the previous year. The Town paid off principal on notes of \$742 thousand during the year. The Town's net pension liability increased \$82 thousand and the other post-employment benefits (OPEB) liabilities decreased \$112 thousand.

By far, the largest portion of the Town's net position, \$20,034,496, 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, \$3,683,008, 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 \$5,257,064.

The Town's overall net position increased \$666,438 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

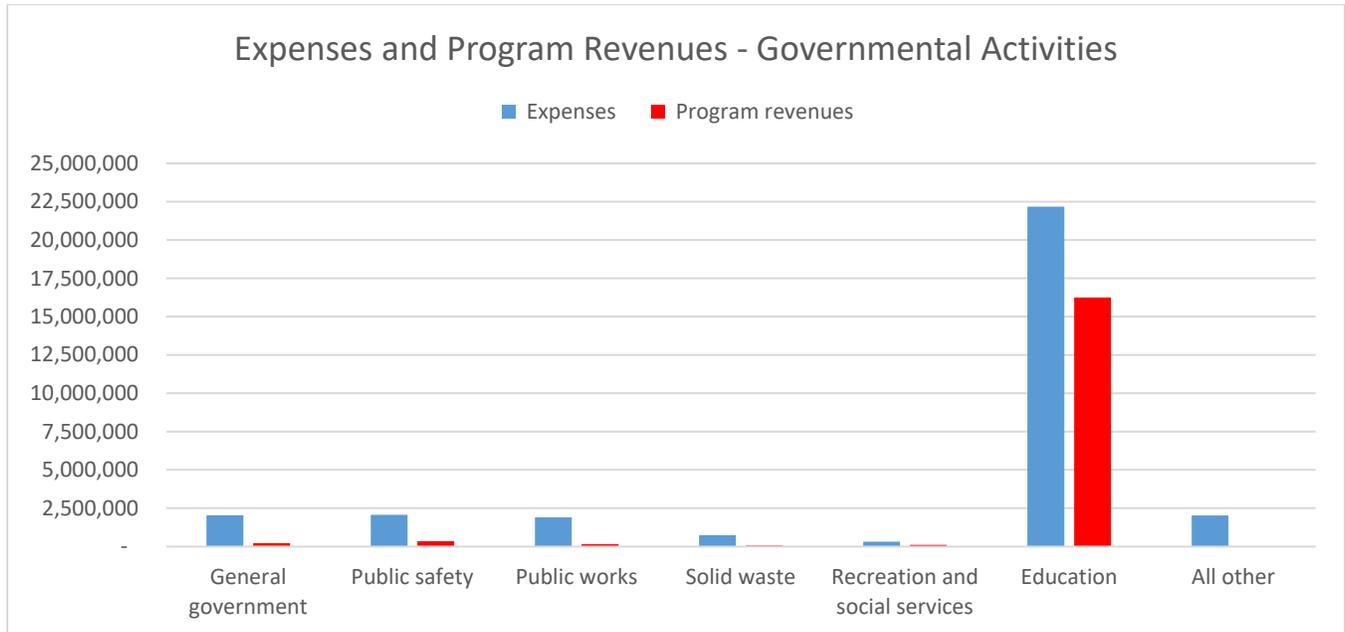
	Governmental activities		Business-type activities	
	2025	2024	2025	2024
Revenues				
Program revenues				
Charges for services	\$ 3,742,691	3,127,477	543,454	510,706
Operating grants and cont.	13,222,111	13,160,430	-	-
Capital grants and cont.	116,374	153,703	-	-
General revenues				
Property taxes	13,026,578	12,103,490	-	-
Unrestricted grants and cont.	1,475,993	1,442,836	-	-
Other	314,668	459,514	-	-
Total revenues	<u>31,898,415</u>	<u>30,447,450</u>	<u>543,454</u>	<u>510,706</u>
Expenses				
General government	2,038,550	1,897,200	-	-
Public safety	2,067,375	1,938,189	-	-
Public works	1,902,977	1,761,886	-	-
Solid waste	734,586	596,024	-	-
Recreation and social services	311,483	214,224	513,923	512,372
Education	22,748,270	21,697,375	-	-
County tax	1,156,813	1,079,962	-	-
Interest on debt	301,454	180,244	-	-
Total expenses	<u>31,261,508</u>	<u>29,365,104</u>	<u>513,923</u>	<u>512,372</u>
Increase (decrease) in net position	636,907	1,082,346	29,531	(1,666)
Net position - beginning, restated	<u>28,337,661</u>	<u>27,487,636</u>	<u>350,449</u>	<u>352,115</u>
Net position - ending	<u>\$ 28,974,568</u>	<u>28,569,982</u>	<u>379,980</u>	<u>350,449</u>

Governmental activities. During the current fiscal year, net position for governmental activities increased \$969,907 from the prior fiscal year for an ending balance of \$28,974,568. Expenditures in the fund financial statements exceeded revenues by \$836 thousand during the year. The increase in the overall net position of governmental activities is primarily due to the reduction of \$742 thousand of principal on notes payable and \$1.9 million of capitalized costs offset by \$1.2 million in depreciation expense.

Revenues increased \$1.45 million from the prior year. The Town recognized nearly \$925 thousand more in property and excise tax related revenues. Tuition received at the School Department increased nearly \$600 thousand from the prior year.

Expenses increased \$1.9 million over the prior year. This increase can be attributable to a \$1 million increase in educational expenditures in the school department fund. The school department saw increases in regular instruction, special education, and student and staff support. A new collective bargaining agreement was negotiated with teachers that included wage and benefit increases. Expenses related to the Town are up \$850 thousand. Timing of payments on the track loan in the first two years caused less interest to be recognized in the first year and more recognized in the second year, which drove the increase in interest on debt. Salary and benefit increases, as well as increases in certain contracted services like tipping fees and trash pickup and unanticipated repairs and maintenance on an aging vehicle fleet were other causes for the increase of expenses.

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 positive in that overall net position increased slightly to an ending balance of \$379,980. The total increase in net position for business-type activities was \$29,531 or 8.4% from the prior fiscal year. The change 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, 2025, the Town’s governmental funds reported combined fund balances of \$11,749,171, a decrease of \$836,205 in comparison with the prior year. Of this amount, \$3,357,411, or 28.6%, 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, \$44,154; (2) not spendable because it is legally required to be maintained intact, \$7,785; (3) restricted for particular purposes, \$3,668,819; (4) committed for particular purposes, \$3,746,002; or (5) assigned for particular purposes, \$925,000.

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 \$5,677,207, a decrease of \$406,533. A portion of that decrease is attributable to expenditures of \$281,503 related to the Hermon Athletic Complex project. The remaining unspent note proceeds of \$316,182 are classified as committed fund balance. The Town budgeted for a decrease of \$969,286 (use of fund balance less overlay). Revenues exceeded budgeted figures by \$631,814 and expenditures came in under budget by \$116,505. 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 \$3,357,542 represents 21.7% of total general fund expenditures and transfers, while total fund balance represents 36.7% of that same amount. If you remove the activity of the Hermon Athletic Complex project, those percentages are 22.1% and 37.3%, respectively.

The school department, a major fund, had a decrease in fund balance of \$747,185 to end the year at \$1,597,163. Although the entirety of the fund balance is classified as restricted for education, this balance is considered unassigned for the school department and represents 7.7% of total school department expenditures. The school department budgeted for a decrease of \$1,399,848 (use of fund balance) for the year ended June 30, 2025. Revenues exceeded budgeted figures by \$454,655, with the largest positive variance being tuition. Expenditures came in under budget by \$258,008. Transfers in were \$60,000 less than budgeted due to not requesting any funds from reserves.

The reserves fund, a major fund, saw an increase in fund balance of \$34,062, ending the fiscal year with a balance of \$3,160,542. The Town raised \$440,000 for reserves and utilized another \$50,000 from the sale of vehicles for a total transfer to reserves of \$490,000. The Town utilized \$572,312 of the reserves for paving, ditching, culverts, guardrails, playground equipment, a portion of the down payment for an ambulance, medical supplies and equipment, and renovations 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 \$379,980. The total increase in net position was \$29,531. 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 public works revenue for the sale of vehicles by \$50,000 and the budgeted use of fund balance by \$597,685 for the following purposes: \$50,000 to be transferred to the public works capital reserve and the carryforward of unspent note proceeds of \$597,685 for the construction of the Hermon Athletic Complex, which will include a new track. The school department transferred \$34 thousand from regular instruction, \$34 thousand from other instruction, \$22 thousand from student and staff support, and \$110 thousand from facilities maintenance to special education (\$178 thousand) and system administration (\$22 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	\$	3,044,000	3,463,455	419,455
State revenue sharing		700,000	769,491	69,491
Interest		150,000	241,097	91,097
State agency client		115,000	27,735	(87,265)
Tuition and fees		2,981,101	3,425,628	444,527

The Town budgets conservatively for excise tax revenue. A significant amount of revenue is generated from the registration of vehicles from Ryder. State revenue sharing exceeded budgeted figures due to the State increasing amounts after the Town completed the budget process. Better interest rates led to interest revenue exceeding budgeted projections. The school budgeted for State agency client funds based on the amount of students they had that qualified during the 2023-2024 school year. Many of those students did not return for the 2024-2025 school year. A larger tuition rate than originally anticipated as well as an increase in students needing special education services caused tuition and fees to exceed budgeted projections.

Expenditures		Estimated expenditures	Actual expenditures	Difference
Economic development projects	\$	468,000	512,550	(44,550)
Public works - general		247,162	309,079	(61,917)
Public works - roads		1,276,685	1,394,309	(117,624)
Public works - equipment		39,946	85,376	(45,430)
New track		597,685	281,503	316,182
Facilities maintenance		2,343,439	2,197,205	146,234

In the prior year the start to phase three Coldbrook Park expansion was delayed pushing those costs into the current fiscal year causing economic development projects to come in over budget. Salaries, benefits, and contracted services, including mowing and tree removal, all exceeded budget in public works general. Unexpected road maintenance and commercial district paving helped drive public works road past budgeted amounts. Emergency repairs needed on vehicles and fuel purchases caused public works equipment to exceed the budget. Track construction continued with the \$316,182 being carried forward to the 2026 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. Savings in facilities maintenance resulted from wages and benefits coming in under budget due to staff doing transportation runs due to lack of bus drivers. There were also multiple budgeted projects that were not started or completed during the year.

Capital asset and debt administration

Capital assets. The Town’s investment in capital assets as of June 30, 2025, amounts to \$25,587,462 (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 2.8%.

	Capital assets, net	
	Governmental activities	
	2025	2024
Land	\$ 128,572	128,572
Construction in progress	5,321,332	4,648,944
Buildings and improvements	15,062,796	15,562,219
Furniture and equipment	1,246,065	1,006,534
Vehicles	1,387,747	1,489,766
Infrastructure	2,440,950	2,058,635
	<u>\$ 25,587,462</u>	<u>24,894,670</u>

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

- Work continued on the Hermon Athletic Complex and track with costs totaling \$281,503 during the year. This project should be completed during the 2026 fiscal year.
- Projects at the school department, 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 finished during the year and had total costs of \$211,436.
- The Town paid a \$343,694 deposit for a 2024 Ford F-550 ambulance.
- Paving work was done on Dave’s Way, Fuller Road, and Clark Road at a total cost of \$380,173.
- Coldbrook Park expansion III began with the Town incurring costs of \$70,668 during the year.
- A snow groomer was purchased for \$62,625 and is being leased to the Penobscot Snowmobile Club for an annual payment of \$3,691 for the next ten years. A USDA grant was used to purchase the equipment.
- Pump station generator project was completed at a cost of \$158,800.
- The school department purchased a 2025 Blue Bird bus for \$154,600.

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 \$5,869,148.

	Outstanding debt	
	Governmental activities	
	2025	2024
Notes payable	\$ 5,869,148	6,610,828

The Town’s total debt decreased by \$741,680 (11%) during the current fiscal year. Principal payments included \$510,000 for the elementary school improvements note through the Maine Municipal Bond Bank and \$216,651 for the Hermon Athletic Complex note through First National Bank.

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 budget

The following economic factors currently affect the Town and were considered in developing the 2025-2026 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 increased staffing levels and outfitting of the new ambulance.
- County tax: The Town's county tax increased from \$1,156,813 to \$1,314,258, a 13.6% rise, due to higher county expenditures and adjusted apportionment.
- Tax rate stability: While the Town experienced growth in several key revenue areas, including state revenue sharing, excise tax collections, interest income, and property valuations, the municipal mil rate rose modestly from 10.90 to 11.85.

At the end of the current fiscal year, the fund balance in the general fund was \$5,677,207. The Town has appropriated \$925,000 of this amount for spending in the 2025-2026 fiscal year budget. The School Department had a total fund balance of \$1,597,163. The School Department did not appropriate any fund balance for spending in the 2025-2026 fiscal year due to the fund balance getting below the 9% limit referred to in 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.

Town of Hermon, Maine

Statement of net position

June 30, 2025

	Governmental activities	Business-type activities	Total
Assets			
Cash and cash equivalents	\$ 14,489,360		14,489,360
Taxes receivable	419,681	-	419,681
Accounts receivable, net	162,859	-	162,859
Intergovernmental receivables	332,102	-	332,102
Internal balances	(379,980)	379,980	-
Inventory	44,154	-	44,154
Capital assets, not being depreciated	5,449,904	-	5,449,904
Capital assets, net of accumulated depreciation	20,137,558	-	20,137,558
Total assets	<u>40,655,638</u>	<u>379,980</u>	<u>41,035,618</u>
Deferred outflows of resources			
Pension related	1,040,842	-	1,040,842
OPEB related	266,793	-	266,793
Total deferred outflows of resources	<u>1,307,635</u>	<u>-</u>	<u>1,307,635</u>
Liabilities			
Accounts payable	519,465	-	519,465
Accrued wages and benefits	2,498,215	-	2,498,215
Accrued liabilities and unearned revenue	45,325	-	45,325
Accrued interest	48,605	-	48,605
Noncurrent liabilities:			
Due within one year	981,335	-	981,335
Due in more than one year	8,102,196	-	8,102,196
Total liabilities	<u>12,195,141</u>	<u>-</u>	<u>12,195,141</u>
Deferred inflows of resources			
Pension related	228,002	-	228,002
OPEB related	565,562	-	565,562
Total deferred inflows of resources	<u>793,564</u>	<u>-</u>	<u>793,564</u>
Net position			
Net investment in capital assets	20,034,496	-	20,034,496
Restricted	3,683,008	-	3,683,008
Unrestricted	5,257,064	379,980	5,637,044
Total net position	<u>\$ 28,974,568</u>	<u>379,980</u>	<u>29,354,548</u>

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, 2025

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	\$ 2,038,550	138,950	75,323	10,456	(1,813,821)		(1,813,821)
Public safety	2,067,375	18,458	315,940	6,648	(1,726,329)		(1,726,329)
Public works	1,902,977	8,911	78,456	4,597	(1,811,013)		(1,811,013)
Solid waste	734,586	25,346	-	42,993	(666,247)		(666,247)
Recreation and social services	311,483	-	91,357	12,709	(207,417)		(207,417)
Education	22,748,270	3,551,026	12,661,035	38,971	(6,497,238)		(6,497,238)
County tax	1,156,813	-	-	-	(1,156,813)		(1,156,813)
Interest on debt	301,454	-	-	-	(301,454)		(301,454)
Total governmental activities	31,261,508	3,742,691	13,222,111	116,374	(14,180,332)		(14,180,332)
Business-type activities:							
Recreation	513,923	543,454	-	-		29,531	29,531
Total business-type activities	513,923	543,454	-	-		29,531	29,531
Total primary government	\$ 31,775,431	4,286,145	13,222,111	116,374	(14,180,332)	29,531	(14,150,801)
General revenues:							
Property taxes					13,026,578	-	13,026,578
Grants and contributions not restricted to specific programs					1,475,993	-	1,475,993
Unrestricted investment earnings					241,097	-	241,097
Miscellaneous					73,571	-	73,571
Total general revenues					14,817,239	-	14,817,239
Change in net position					636,907	29,531	666,438
Net position - beginning, restated					28,337,661	350,449	28,688,110
Net position - ending					\$ 28,974,568	379,980	29,354,548

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

Town of Hermon, Maine

Balance sheet
Governmental funds
June 30, 2025

	General	School department	Reserves	Total nonmajor funds	Total governmental funds
Assets					
Cash and cash equivalents	\$ 7,501,411	3,468,802	3,156,792	362,355	14,489,360
Taxes receivable	419,681	-	-	-	419,681
Accounts receivable, net	93,920	68,939	-	-	162,859
Intergovernmental receivables	129,916	23,914	-	178,272	332,102
Due from other funds	-	937,563	3,750	988,665	1,929,978
Inventory	37,750	-	-	6,404	44,154
Total assets	\$ 8,182,678	4,499,218	3,160,542	1,535,696	17,378,134
Liabilities					
Accounts payable	299,848	126,183	-	93,434	519,465
Accrued wages and benefits	88,387	2,409,828	-	-	2,498,215
Accrued liabilities	29,699	-	-	-	29,699
Unearned revenue	15,626	-	-	-	15,626
Due to other funds	1,815,911	366,044	-	128,003	2,309,958
Total liabilities	2,249,471	2,902,055	-	221,437	5,372,963
Deferred inflows of resources					
Unavailable revenue - property taxes	256,000	-	-	-	256,000
Total deferred inflows of resources	256,000	-	-	-	256,000
Fund balances					
Nonspendable	37,750	-	-	14,189	51,939
Restricted	1,040,733	1,597,163	-	1,030,923	3,668,819
Committed	316,182	-	3,160,542	269,278	3,746,002
Assigned	925,000	-	-	-	925,000
Unassigned	3,357,542	-	-	(131)	3,357,411
Total fund balances	5,677,207	1,597,163	3,160,542	1,314,259	11,749,171
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,182,678	4,499,218	3,160,542	1,535,696	

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.	25,587,462
Other long-term assets are not available to pay for current expenditures and are deferred in the funds.	
Unavailable revenue - property taxes	256,000
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Notes payable	(5,869,148)
Accrued interest on long-term debt	(48,605)
Compensated absences	(482,008)
Net pension liability with related deferred inflows and outflows	(289,086)
Net OPEB liability with related deferred inflows and outflows	(37,720)
Total OPEB liability with related deferred inflows and outflows	(1,891,498)
Net position of governmental funds	28,974,568

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, 2025

	General	School department	Reserves	Total nonmajor funds	Total governmental funds
Revenues					
Property taxes	\$ 13,009,578	-	-	-	13,009,578
Intergovernmental	1,557,501	10,341,656	-	2,170,184	14,069,341
Licenses and permits	98,786	-	-	-	98,786
Charges for services	152,424	3,468,080	-	83,401	3,703,905
Student activity fees and fundraisers	-	-	-	315,856	315,856
Interest	241,097	84,064	112,624	8,271	446,056
Miscellaneous	13,571	126,591	3,750	93,981	237,893
Total revenues	15,072,957	14,020,391	116,374	2,671,693	31,881,415
Expenditures					
Current:					
General government	2,346,356	-	48,783	14,428	2,409,567
Public safety	1,877,840	-	86,555	274,254	2,238,649
Public works	1,810,305	-	311,074	-	2,121,379
Solid waste	682,541	-	52,045	-	734,586
Recreation and social services	179,494	-	73,855	72,377	325,726
Education	-	20,201,833	-	2,216,160	22,417,993
County tax	1,156,813	-	-	-	1,156,813
Debt service	459,796	571,608	-	-	1,031,404
Capital outlay	281,503	-	-	-	281,503
Total expenditures	8,794,648	20,773,441	572,312	2,577,219	32,717,620
Excess (deficiency) of revenues over (under) expenditures	6,278,309	(6,753,050)	(455,938)	94,474	(836,205)
Other financing sources (uses)					
Transfers in	3,277	6,005,865	2,080,067	192,254	8,281,463
Transfers out	(6,688,119)	-	(1,590,067)	(3,277)	(8,281,463)
Total other financing sources (uses)	(6,684,842)	6,005,865	490,000	188,977	-
Net change in fund balances	(406,533)	(747,185)	34,062	283,451	(836,205)
Fund balances - beginning	6,083,740	2,344,348	3,126,480	1,030,808	12,585,376
Fund balances - ending	\$ 5,677,207	1,597,163	3,160,542	1,314,259	11,749,171

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, 2025

Net change in fund balances - total governmental funds	\$	(836,205)
<p>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.</p>		
Capital outlays		1,877,155
Depreciation expense		(1,184,363)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Earned but unavailable taxes		17,000
<p>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.</p>		
Principal paid on notes		741,680
<p>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.</p>		
Accrued interest on long-term debt		4,264
Compensated absences		31,618
Changes in pension liabilities and related deferred outflows and inflows of resources		16,104
Changes in OPEB liabilities and related deferred outflows and inflows of resources		(30,346)
		<hr/>
Change in net position of governmental activities	\$	<u>636,907</u>

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, 2025

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Property taxes	\$ 12,635,689	12,635,689	13,009,578	373,889
Intergovernmental	1,477,604	1,477,604	1,557,501	79,897
Licenses and permits	70,100	70,100	98,786	28,686
Charges for services	32,750	82,750	152,424	69,674
Interest	150,000	150,000	241,097	91,097
Miscellaneous	25,000	25,000	13,571	(11,429)
Total revenues	<u>14,391,143</u>	<u>14,441,143</u>	<u>15,072,957</u>	<u>631,814</u>
Expenditures				
Current:				
General government	1,524,974	1,524,974	1,500,624	24,350
Economic development	618,925	618,925	642,138	(23,213)
Public safety	1,933,196	1,933,196	1,877,840	55,356
Public works	1,583,213	1,583,213	1,810,305	(227,092)
Solid waste	665,555	665,555	682,541	(16,986)
Recreation and social services	170,814	768,499	460,212	308,287
Education (transfer out)	6,005,865	6,005,865	6,009,276	(3,411)
County tax	1,156,813	1,156,813	1,156,813	-
Tax increment financing	197,679	197,679	203,594	(5,915)
General assistance	5,000	5,000	785	4,215
Debt service	460,710	460,710	459,796	914
Capital outlay (transfer out)	440,000	490,000	490,000	-
Total expenditures	<u>14,762,744</u>	<u>15,410,429</u>	<u>15,293,924</u>	<u>116,505</u>
Excess (deficiency) of revenues over (under) expenditures	(371,601)	(969,286)	(220,967)	748,319
Other financing sources (uses)				
Transfers in	-	-	3,277	3,277
Transfers out	-	-	(188,843)	(188,843)
Use of fund balance	700,000	1,297,685	-	(1,297,685)
Total other financing sources (uses)	<u>700,000</u>	<u>1,297,685</u>	<u>(185,566)</u>	<u>(1,483,251)</u>
Net change in fund balance	328,399	328,399	(406,533)	(734,932)
Fund balance - beginning			<u>6,083,740</u>	
Fund balance - end		\$	<u><u>5,677,207</u></u>	

Town of Hermon, Maine

School department

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2025

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Local assessments (transfer in)	\$ 6,005,865	6,005,865	6,005,865	-
Intergovernmental	9,035,949	9,035,949	9,038,470	2,521
Charges for services	3,019,601	3,019,601	3,468,080	448,479
Interest	80,000	80,000	84,064	4,064
Miscellaneous	127,000	127,000	126,591	(409)
Total revenues	<u>18,268,415</u>	<u>18,268,415</u>	<u>18,723,070</u>	<u>454,655</u>
Expenditures				
Current:				
Regular instruction	8,317,122	8,282,782	8,270,157	12,625
Special education	3,051,681	3,229,816	3,229,816	-
Other instruction	735,459	701,859	672,008	29,851
Student and staff support	1,919,767	1,897,553	1,897,553	-
System administration	643,806	665,686	665,686	-
School administration	1,089,282	1,089,282	1,039,192	50,090
Transportation	946,238	946,238	927,030	19,208
Facilities maintenance	2,453,300	2,343,439	2,197,205	146,234
Debt service	571,608	571,608	571,608	-
Total expenditures	<u>19,728,263</u>	<u>19,728,263</u>	<u>19,470,255</u>	<u>258,008</u>
Excess (deficiency) of revenues over (under) expenditures	(1,459,848)	(1,459,848)	(747,185)	712,663
Other financing sources (uses)				
Transfers in	60,000	60,000	-	(60,000)
Use of fund balance	1,399,848	1,399,848	-	(1,399,848)
Total other financing sources (uses)	<u>1,459,848</u>	<u>1,459,848</u>	<u>-</u>	<u>(1,459,848)</u>
Net change in fund balance - GAAP basis	-	-	(747,185)	
Fund balance - beginning			<u>2,344,348</u>	
Fund balance - end		\$	<u><u>1,597,163</u></u>	

Town of Hermon, Maine

Statement of net position Proprietary funds June 30, 2025

	<u>Recreation department</u>
Assets	
Current assets:	
Due from other funds	\$ <u>379,980</u>
Total assets	<u>379,980</u>
Liabilities	
Current liabilities:	
Due to other funds	<u>-</u>
Total liabilities	<u>-</u>
Net position	
Unrestricted	<u>379,980</u>
Total net position	\$ <u><u>379,980</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, 2025

	<u>Recreation department</u>
Operating revenues	
Charges for services	\$ 543,454
Total operating revenues	<u>543,454</u>
Operating expenses	
Personnel services	53,896
Recreation programs	<u>460,027</u>
Total operating expenses	<u>513,923</u>
Change in net position	29,531
Net position - beginning	<u>350,449</u>
Net position - ending	<u>\$ 379,980</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, 2025

	Recreation department
Cash flows from operating activities	
Receipts from customers	\$ 543,454
Payments to suppliers	(460,027)
Payments to employees for salaries and benefits	(53,896)
Net cash provided by (used for) operating activities	<u>29,531</u>
Cash flows from noncapital financing activities	
(Increase) decrease in due from other funds	(29,531)
Net cash provided by (used for) noncapital financing activities	<u>(29,531)</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>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	29,531
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
(Increase) decrease in accounts receivable	-
Net cash provided by (used for) operating activities	<u>29,531</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, 2025

	Private-purpose trust funds
Assets	
Cash and cash equivalents	\$ 29,832
Accounts receivable	81,633
Total assets	<u>111,465</u>
Liabilities	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
Net position	
Restricted	111,465
Total net position	<u>\$ 111,465</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, 2025

	Private-purpose trust funds
Additions	
Contributions	\$ 81,633
Interest earned	80
Total additions	<u>81,713</u>
Deductions	
Scholarships	1,200
Other	100
Total deductions	<u>1,300</u>
Net increase (decrease) in fiduciary net position	80,413
Net position - beginning	<u>31,052</u>
Net position - ending	<u>\$ 111,465</u>

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

Town of Hermon, Maine

Notes to the financial statements

June 30, 2025

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, 2025.

Economic development	\$23,213	Public works	227,092
Solid waste	16,986	Tax increment financing	5,915

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 September 30, 2024, on the assessed value listed as of the previous April 1. Taxes are due in one installment on April 1, 2025. 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 \$328,399 for the year ended June 30, 2025.

Compensated absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The Town’s policy permits employees to accumulate earned but unused vacation and sick leave, which are eligible for payment upon separation from service. A portion of 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 sick leave accrual also contains an estimate of the amount of sick time that is “more likely than not” to be used as time off (\$243,049). The liability for such leave is reported as incurred in the government-wide 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, 2025.

B. Deficit fund balances

At June 30, 2025, 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, 2025, the Town's bank balance was \$14,652,465, of which \$1,201,211 of that was exposed to custodial credit risk because it was uninsured and uncollateralized. The remaining balance 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, 2025, 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	4,648,944	1,263,997	591,609	5,321,332
Total capital assets, not being depreciated	4,777,516	1,263,997	591,609	5,449,904
Capital assets, being depreciated				
Buildings and improvements	28,151,586	143,026	-	28,294,612
Furniture and equipment	2,930,263	445,943	-	3,376,206
Vehicles	3,585,444	154,600	357,302	3,382,742
Infrastructure	2,259,665	461,198	-	2,720,863
Total capital assets, being depreciated	36,926,958	1,204,767	357,302	37,774,423
Less accumulated depreciation for				
Buildings and improvements	12,589,367	642,449	-	13,231,816
Furniture and equipment	1,923,729	206,412	-	2,130,141
Vehicles	2,095,678	256,619	357,302	1,994,995
Infrastructure	201,030	78,883	-	279,913
Total accumulated depreciation	16,809,804	1,184,363	357,302	17,636,865
Total capital assets, being depreciated, net	20,117,154	20,404	-	20,137,558
Total governmental activities capital assets	\$24,894,670	1,284,401	591,609	25,587,462

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

General government	\$38,007
Public safety	153,517
Public works	137,774
Recreation and social services	21,071
Education	833,994
Total depreciation expense	\$1,184,363

D. Changes in long-term liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2025, are as follows:

	Restated balance beginning of year	Additions	Deletions	Balance end of year	Amount due within one year
Governmental activities					
Notes payable	\$6,610,828	-	741,680	5,869,148	828,679
Compensated absences	513,626	-	31,618*	482,008	152,656
Net pension liability	1,019,761	252,104	169,939	1,101,926	-
Net OPEB liability	38,130	-	6,724	31,406	-
Total OPEB liability	1,704,788	8,002	113,747	1,599,043	-
Total governmental activities	\$9,887,133	260,106	1,063,708	9,083,531	981,335

* Net change in compensated absences

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, 2025, 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	2,550,000
Copiers	79,720	3.00%	2026	15,479
Hermon athletic complex	3,900,000	4.85%	2034	3,303,669
Total governmental activities				\$5,869,148

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

Year ending June 30	Principal	Interest	Total
2026	\$828,679	208,287	1,036,966
2027	828,084	182,308	1,010,392
2028	843,698	155,652	999,350
2029	860,078	127,772	987,850
2030	877,263	98,627	975,890
2031-2035	1,631,346	180,780	1,812,126
Totals	\$5,869,148	953,426	6,822,574

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 6.05% and 6.8% 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, 2025, was 8.8% of annual pay. The Town made contributions to the pension plan of \$218,808 for the year ended June 30, 2025.

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, 2025, 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 \$428,771 for the year ended June 30, 2025.

Proportionate share of the net pension (asset) liability

PLD plan - At June 30, 2025, the Town reported a liability of \$814,796 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2024, 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 0.2036% at the end of the measurement period and 0.1763% for the beginning of the period, which represents an increase of 0.0272%.

SET plan - At June 30, 2025, the Town reported a liability of \$287,130 for its proportionate share of the net pension liability. The State's proportionate share of the net pension liability associated with the Town was \$8,382,409, for a total of \$8,669,539. The pension liability was measured as of June 30, 2024, 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 0.0209% at the end of the measurement period and 0.0301% for the beginning of the period, which represents a decrease of 0.0092%.

Actuarial assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2024	June 30, 2024
Measurement date	June 30, 2024	June 30, 2024
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, 2024 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, 2024, are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	5.6%
U.S. government	2.2%
Private equity	7.2%
Real assets:	
Real estate	5.8%
Infrastructure	5.3%
Natural resources	5.1%
Traditional credit	2.7%
Alternative credit	6.4%
Diversifiers	4.8%

Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2024 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	\$2,035,882	814,796	(191,239)
SET plan – proportionate share net pension (asset) liability	602,476	287,130	24,657

Pension expense and deferred items summary

For the year ended June 30, 2025, the Town recognized pension expense of \$293,219 and \$376,155 for its proportionate share of the pension expense for the PLD and SET plans, respectively. Additionally, the Town recognized revenue of \$1,264,942 for support provided by the State for the SET plan. At June 30, 2025, 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	\$241,828	-
Differences between expected and actual investment earnings	-	84,718
Changes of assumptions	-	-
Changes in proportion	79,962	-
Contributions paid subsequent to the measurement date	218,808	-
<u>Totals PLD plan</u>	<u>540,598</u>	<u>84,718</u>
SET plan		
Differences between expected and actual experience	29,042	-
Differences between expected and actual investment earnings	-	21,868
Changes of assumptions	-	-
Changes in proportion	42,431	121,416
Contributions paid subsequent to the measurement date	428,771	-
<u>Totals SET plan</u>	<u>500,244</u>	<u>143,284</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$1,040,842</u>	<u>228,002</u>

Deferred outflows of resources reported \$647,579 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending	<u>PLD plan</u>	<u>SET plan</u>
<u>June 30</u>		
2026	\$38,682	(54,197)
2027	226,098	20,949
2028	(11,292)	(34,352)
2029	(16,416)	(4,210)

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.maineopers.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, 2025. 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 \$38,244 for the year ended June 30, 2025. 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, 2025, the Town reported a liability of \$31,406 for its proportionate share of the net OPEB liability. The OPEB liability was measured as of June 30, 2024, 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 0.2839% at the end of the measurement period and 0.2795% for the beginning of the period, which represents an increase of 0.0044%.

SET plan - At June 30, 2025, 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 \$187,969, for a total of \$187,969. The OPEB liability was measured as of June 30, 2024, 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, 2024, actuarial valuation was determined using the following actuarial assumptions:

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2024	June 30, 2024
Measurement date	June 30, 2024	June 30, 2024
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, 2024 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, 2024 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	5.6%
Traditional credit	2.7%
U.S. government securities	2.2%

Discount rate

The discount rate used to measure the collective total OPEB liability was 6.5% for 2024 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	\$46,500	31,406	19,267

OPEB expense and deferred items summary

For the year ended June 30, 2025, the Town recognized OPEB expense (credit) of \$(683) and \$22,095 for its proportionate share of the OPEB expense for the PLD and SET plans, respectively. Additionally, the Town recognized revenue of \$38,244 for support provided by the State for the SET plan. At June 30, 2025, 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	\$344	1,894
Differences between expected and actual investment earnings	-	2,412
Changes of assumptions	1,335	4,280
Changes in proportion	2,166	1,573
Contributions paid subsequent to the measurement date	-	-
<u>Total deferred outflows and inflows of resources</u>	<u>\$3,845</u>	<u>10,159</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, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending	
<u>June 30</u>	
2026	\$(4,839)
2027	1,017
2028	(1,490)
2029	(833)
2030	(169)

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, 2024 (MEABT), membership consisted of:

	<u>MMEHT</u>	<u>MEABT</u>
Inactive members currently receiving benefits	-	58
Inactive members entitled to but not yet receiving benefits	-	-
<u>Active members</u>	<u>15</u>	<u>154</u>
<u>Total</u>	<u>15</u>	<u>212</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 \$3,000 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 a \$3,000 life insurance benefit.

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) 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 later) 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, 2025, the Town reported a total OPEB liability of \$62,843 for MMEHT and \$1,536,200 for MEABT. The MMEHT OPEB liability was measured as of January 1, 2024, and was determined by an actuarial valuation as of January 1, 2025. The MEABT OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

Actuarial assumptions

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

	<u>MMEHT</u>	<u>MEABT</u>
Actuarial valuation date	January 1, 2024	June 30, 2024
Measurement date	January 1, 2025	June 30, 2024
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	10.14% in 2024	9.00% in 2025
decreasing to	3.81% in 2044	4.50% in 2045
Healthcare cost trend rates - Medicare	7.66% in 2024	6.00% in 2025
decreasing to	3.81% in 2044	4.50% in 2045

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, 2021 and based on the experience study covering the period from July 30, 2016 through June 30, 2020. Actuarial assumptions used for the June 30, 2024, 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 4.08% for MMEHT and 3.93% 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	\$54,841	1,649,947	1,704,788
Changes for the period			
Service cost	9,779	43,273	53,052
Interest	2,106	60,787	62,893
Changes of benefits	-	-	-
Differences between expected and actual experience	-	(38,077)	(38,077)
Changes of assumptions	(3,846)	(123,559)	(127,405)
Benefit payments	(37)	(56,171)	(56,208)
<u>Net changes</u>	<u>8,002</u>	<u>(113,747)</u>	<u>(105,745)</u>
<u>Balances end of year</u>	<u>\$62,843</u>	<u>1,536,200</u>	<u>1,599,043</u>

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 4.08% for MMEHT and 3.93% 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	\$76,563	62,843	52,032
MEABT – total OPEB liability	1,820,832	1,536,200	1,311,932

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	\$49,319	62,843	81,319
MEABT – total OPEB liability	1,289,155	1,536,200	1,860,884

OPEB expense and deferred items summary

For the year ended June 30, 2025, the Town recognized OPEB expense of \$8,794 for MMEHT and \$89,812 for MEABT. At June 30, 2025, 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	\$130	31,361
Changes of assumptions	20,261	14,932
Contributions paid subsequent to the measurement date	177	-
<u>Totals MMEHT</u>	<u>20,568</u>	<u>46,293</u>
MEABT		
Differences between expected and actual experience	44,683	327,012
Changes of assumptions	134,550	182,098
Contributions paid subsequent to the measurement date	63,147	-
<u>Totals MEABT</u>	<u>242,380</u>	<u>509,110</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$262,948</u>	<u>555,403</u>

Deferred outflows of resources reported \$63,324 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, 2026. 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>		
2026	(\$3,087)	(31,325)
2027	(3,545)	(31,325)
2028	(2,967)	(31,324)
2029	(2,962)	(88,189)
2030	(3,789)	(90,344)
Thereafter	(9,552)	(57,370)

I. Fund balance

Components of fund balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund				
Inventory and prepaids	\$37,750	-	-	-
Tax increment financing districts	-	1,040,733	-	-
Hermon athletic complex	-	-	316,182	-
Budget appropriation	-	-	-	925,000
School department - education	-	1,597,163	-	-
Reserves	-	-	3,160,542	-
Special revenue funds				
General government	6,785	17,393	16,798	-
Compensation fee utilization program	-	215,625	-	-
Public safety	-	99,951	455	-
Public works	-	14,648	-	-
Recreation and social services	1,000	276,677	18,023	-
Education and other related activities	6,404	406,629	234,002	-
Total	\$51,939	3,668,819	3,746,002	925,000

As of June 30, 2025, the school department fund balance totaled \$1,597,163 and is reported as restricted for education in the financial statements. Of this total, \$0 is assigned for use of surplus for the 2025-2026 fiscal year budget, and the remaining \$1,597,163 is considered unassigned. Additionally, the school department's school lunch fund balance has grown notably over the last three years, resulting in a fund balance of \$404,631 as of June 30, 2025. 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 per 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, 2025, is as follows:

<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
School department	General fund	\$809,560
Reserves	General fund	3,750
School department	Nonmajor funds	128,003
Nonmajor funds	General fund	622,621
Nonmajor funds	School department	366,044
Recreation department	General fund	379,980
Total		\$2,309,958

K. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2025, is as follows:

	Transfers in				Total
	General fund	School department	Reserves	Nonmajor funds	
<u>Transfers out</u>					
General fund	\$ -	6,005,865	490,000	192,254	6,688,119
Reserves	-	-	1,590,067	-	1,590,067
Nonmajor funds	3,277	-	-	-	3,277
<u>Total</u>	<u>\$3,277</u>	<u>6,005,865</u>	<u>2,080,067</u>	<u>192,254</u>	<u>8,281,463</u>

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).

Further, during the year ended June 30, 2025, the Town made the following one-time transfers:

Transfers within the reserve fund totaled \$1,590,067 to consolidate certain reserve accounts.

Transfer of \$3,277 to close the library grant fund into the general fund.

Transfer of \$188,843 from the general fund to various town grants and other funds for amounts that were recorded in the general fund in prior years and were moved to special revenue funds.

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, 2025.

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, in the opinion of the Town’s legal counsel, 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 was 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. Since 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, 2025, the Town abated property taxes totaling \$203,594 through these credit enhancement agreements, including the following, each of which exceeded 10 percent of the total amount remitted:

\$30,715 (15.1%) 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.

\$38,167 (18.7%) 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.

\$67,021 (32.9%) was disbursed to Eurovia Atlantic Coast LLC based on the CEA in which Eurovia Atlantic Coast LLC agreed to construct an accessory asphalt storage facility. The CEA became effective August 17, 2021, for a period of 9 years ending in fiscal year 2032. Eurovia Atlantic Coast LLC received CEA payments for three fiscal years in the current year: \$22,040 for fiscal year 2023; \$23,312 for fiscal year 2024; and \$21,669 for fiscal year 2025.

O. Change in accounting principle and restatements of beginning balances

In fiscal year 2025, the Town adopted Governmental Accounting Standards Board Statement No. 101 *Compensated Absences*, under which the Town is required to record a liability for sick time that is “more likely than not” to be used for time off. The following accounts were restated as of July 1, 2024:

	Original <u>amount</u>	<u>Adjustments</u>	Restated <u>amount</u>
Accrued compensated absences - governmental	\$281,305	232,321	513,626
Net position, beginning - governmental	28,569,982	(232,321)	28,337,661

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PLD plan										
Town's proportion of the net pension liability	0.2036%	0.1763%	0.1512%	0.1242%	0.1178%	0.1221%	0.1199%	0.1033%	0.0778%	0.0659%
Town's proportionate share of the net pension liability \$	814,796	562,692	401,964	(39,911)	468,186	373,347	328,183	422,772	413,471	210,201
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
Town's proportionate share of the net pension liability as a percentage of its covered payroll	35.25%	29.69%	27.06%	-3.54%	45.42%	37.08%	34.51%	51.92%	63.50%	31.89%
Plan fiduciary net position as a percentage of the total pension liability	91.06%	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%
SET plan										
Town's proportion of the net pension liability	0.0209%	0.0301%	0.0241%	0.0265%	0.0121%	0.0139%	0.0172%	0.0150%	0.0153%	0.0157%
Town's proportionate share of the net pension liability \$	287,130	457,069	358,309	224,499	197,127	203,478	231,834	218,142	270,016	212,198
State's proportionate share of the net pension liability associated with the Town	8,382,409	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
Total	\$ 8,669,539	\$ 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
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
Town's proportionate share of the net pension liability as a percentage of its covered payroll	3.24%	5.31%	4.57%	3.05%	2.89%	3.12%	3.68%	6.71%	4.52%	3.66%
Plan fiduciary net position as a percentage of the total pension liability	87.59%	86.03%	85.79%	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%

Schedule of Town's pension contributions

Maine Public Employees Retirement System

Last ten fiscal years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PLD plan										
Contractually determined contribution	\$ 218,808	\$ 205,700	\$ 161,124	\$ 118,821	\$ 85,585	\$ 76,276	\$ 73,509	\$ 66,360	\$ 52,924	\$ 36,460
Contributions in relation to the contractually required contribution	(218,808)	(205,700)	(161,124)	(118,821)	(85,585)	(76,276)	(73,509)	(66,360)	(52,924)	(36,460)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	2,486,451	2,311,243	1,895,537	1,485,273	1,126,120	1,030,755	1,006,975	950,975	814,224	651,095
Contributions as a percentage of covered payroll	8.80%	8.90%	8.50%	8.00%	7.60%	7.40%	7.30%	6.98%	6.50%	5.60%
SET plan										
Contractually determined contribution	\$ 428,771	\$ 396,323	\$ 330,247	\$ 300,968	\$ 305,943	\$ 283,449	\$ 259,180	\$ 250,003	\$ 209,963	\$ 200,512
Contributions in relation to the contractually required contribution	(428,771)	(396,323)	(330,247)	(300,968)	(305,943)	(283,449)	(259,180)	(250,003)	(209,963)	(200,512)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 9,592,144	\$ 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
Contributions as a percentage of covered payroll	4.47%	4.47%	3.84%	3.84%	4.16%	4.16%	3.97%	3.97%	6.46%	3.36%

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 eight years available)

	2025	2024	2023	2022	2021	2020	2019	2018
PLD plan								
Town's proportion of the net OPEB liability	0.2839%	0.2795%	0.2724%	0.2671%	0.2855%	0.2771%	0.2688%	0.2400%
Town's proportionate share of the net OPEB liability	\$ 31,406	38,130	39,451	27,574	37,665	59,284	54,300	40,126
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	814,224
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	1.36%	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	64.98%	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%	0.0000%
Town's proportionate share of the net OPEB liability	\$ -	-	-	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the Town	187,969	276,770	299,403	146,929	294,059	270,886	259,460	261,241
Total	\$ 187,969	276,770	299,403	146,929	294,059	270,886	259,460	261,241
Town's covered-employee 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
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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	66.13%	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 eight years available)

	2025	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	2,486,451	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%	0.00%
SET plan								
Contractually determined contribution	\$ -	-	-	-	-	-	-	-
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
Town's covered-employee payroll	\$ 9,592,144	8,866,454	8,602,231	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%	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 eight and seven years available)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability - MMEHT plan								
Service cost	\$ 9,779	6,900	8,041	8,929	7,777	5,711	6,368	4,639
Interest	2,106	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	(3,846)	14,528	-	(8,301)	4,723	14,210	(5,202)	2,936
Benefit payments	(37)	(347)	(180)	(274)	(263)	(175)	(168)	(247)
Net change in total OPEB liability - MMEHT plan	8,002	(2,558)	1,604	(10,863)	13,892	14,622	2,442	9,638
Total OPEB liability - beginning	54,841	57,399	55,795	66,658	52,766	38,144	35,702	26,064
Total OPEB liability - ending	\$ 62,843	54,841	57,399	55,795	66,658	52,766	38,144	35,702
Covered-employee payroll	\$ 989,590	989,590	649,888	649,888	695,399	695,399	644,363	644,363
Total OPEB liability as a percentage of covered-employee payroll	6.35%	5.54%	8.83%	8.59%	9.59%	7.59%	5.92%	5.54%
Total OPEB liability - MEABT plan								
Service cost	\$ 43,273	43,320	52,477	58,344	19,615	16,269	17,636	
Interest	60,787	58,416	46,797	46,373	63,823	65,997	63,309	
Changes of benefits	-	-	-	-	(241,296)	-	-	
Differences between expected and actual experience	(38,077)	-	(469,068)	-	119,158	-	-	
Changes of assumptions	(123,559)	(27,938)	(82,103)	17,259	335,779	102,467	(79,586)	
Benefit payments	(56,171)	(60,866)	(50,020)	(45,843)	(75,686)	(64,188)	(61,969)	
Net change in total OPEB liability - MEABT plan	(113,747)	12,932	(501,917)	76,133	221,393	120,545	(60,610)	
Total OPEB liability - beginning	1,649,947	1,637,015	2,138,932	2,062,799	1,841,406	1,720,861	1,781,471	
Total OPEB liability - ending	\$ 1,536,200	1,649,947	1,637,015	2,138,932	2,062,799	1,841,406	1,720,861	
Covered-employee payroll	\$ 6,707,405	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	22.90%	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:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Discount rate - PLD	6.50%	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.25%
Discount rate - SET	6.50%	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.125%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
Salary increases - PLD	2.75-11.48%	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%
Salary increases - SET	2.80-13.03%	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%
Cost of living increases - PLD	1.91%	1.91%	1.91%	1.91%	1.91%	2.20%	2.20%	2.20%	2.55%	3.12%
Cost of living increases - SET	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	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:

	2024	2023	2022	2021	2020	2019	2018	2017
Discount rate - PLD	6.50%	6.50%	6.50%	6.50%	6.75%	4.98%	5.13%	5.41%
Discount rate - SET	6.50%	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:

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Discount rate - MMEHT	4.08%	3.26%	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%	3.78%
Discount rate - MEABT	3.93%	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, 2025

(with comparative totals for the year ended June 30, 2024)

	2025				
	Original budget	Final budget	Actual	Variance positive (negative)	2024 actual
Revenues					
Property taxes					
Real estate and personal property	\$ 9,556,689	9,556,689	9,505,506	(51,183)	8,848,103
Excise taxes	3,044,000	3,044,000	3,463,455	419,455	3,158,175
Payments in lieu of taxes	10,000	10,000	11,000	1,000	11,000
Interest on taxes	25,000	25,000	29,617	4,617	17,212
Total property taxes	12,635,689	12,635,689	13,009,578	373,889	12,034,490
Intergovernmental					
State revenue sharing	700,000	700,000	769,491	69,491	680,444
Homestead exemption	344,447	344,447	346,969	2,522	350,819
Business equipment tax reimbursement	355,157	355,157	355,454	297	407,324
Veterans exemption	-	-	4,079	4,079	4,249
Snowmobile reimbursement	3,000	3,000	2,502	(498)	3,058
General assistance	5,000	5,000	550	(4,450)	2,120
Urban rural initiative payment	70,000	70,000	78,456	8,456	77,464
Total intergovernmental	1,477,604	1,477,604	1,557,501	79,897	1,525,478
Licenses and permits					
Town clerk agent fees	37,600	37,600	50,516	12,916	48,677
Dog fees	1,500	1,500	1,648	148	2,454
Building permits	13,500	13,500	21,547	8,047	32,233
Plumbing fees	11,000	11,000	11,580	580	19,514
Planning and zoning fees	6,500	6,500	13,495	6,995	9,208
Total licenses and permits	70,100	70,100	98,786	28,686	112,086
Charges for services					
Hermon connection	750	750	3,850	3,100	1,900
Cemetery maintenance	4,500	4,500	8,350	3,850	9,400
Cable franchise	15,000	15,000	36,314	21,314	15,293
Sewer assessments	500	500	1,409	909	5,089
Public safety	1,000	1,000	18,003	17,003	366
Public works	-	50,000	60,561	10,561	759
Solid waste and recycling	11,000	11,000	23,937	12,937	23,751
Total charges for services	32,750	82,750	152,424	69,674	56,558
Interest	150,000	150,000	241,097	91,097	265,372
Miscellaneous	25,000	25,000	13,571	(11,429)	194,142
Total revenues	14,391,143	14,441,143	15,072,957	631,814	14,188,126

Town of Hermon, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

	2025				2024 actual
	Original budget	Final budget	Actual	Variance positive (negative)	
Expenditures					
Current:					
General government					
Administration	534,885	534,885	533,535	1,350	521,139
Town manager	163,395	163,395	157,781	5,614	149,717
Town clerk	103,441	103,441	120,123	(16,682)	98,779
Finance	195,629	195,629	188,185	7,444	181,389
Assessor	165,990	165,990	128,947	37,043	146,627
Code enforcement	102,407	102,407	103,337	(930)	100,287
Assistant clerks	165,627	165,627	163,237	2,390	156,550
Municipal building	39,844	39,844	49,219	(9,375)	29,365
Town office	11,500	11,500	12,052	(552)	11,397
Town council	13,696	13,696	15,168	(1,472)	13,672
Town boards	10,560	10,560	8,687	1,873	7,865
Other	18,000	18,000	20,353	(2,353)	16,121
Total general government	1,524,974	1,524,974	1,500,624	24,350	1,432,908
Economic development					
Economic development	150,925	150,925	129,588	21,337	125,324
Technology	468,000	468,000	512,550	(44,550)	553,006
Total economic development	618,925	618,925	642,138	(23,213)	678,330
Public safety					
Police	674,450	674,450	674,446	4	548,349
Fire	1,062,406	1,062,406	1,034,509	27,897	955,814
Utilities	196,340	196,340	168,885	27,455	187,981
Total public safety	1,933,196	1,933,196	1,877,840	55,356	1,692,144
Public works					
General	247,162	247,162	309,079	(61,917)	289,043
Roads	1,276,685	1,276,685	1,394,309	(117,624)	1,220,127
Buildings	6,392	6,392	12,702	(6,310)	18,292
Equipment	39,946	39,946	85,376	(45,430)	53,981
Salt and sand shed	7,625	7,625	3,229	4,396	4,536
Cemetery	5,403	5,403	5,610	(207)	11,219
Total public works	1,583,213	1,583,213	1,810,305	(227,092)	1,597,198
Solid waste					
Landfill	19,290	19,290	34,653	(15,363)	21,320
Household waste	546,555	546,555	565,365	(18,810)	498,499
Sewer	99,710	99,710	82,523	17,187	103,006
Total solid waste	665,555	665,555	682,541	(16,986)	622,825

Town of Hermon, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

	2025			Variance positive (negative)	2024 actual
	Original budget	Final budget	Actual		
Expenditures					
Current:					
Recreation and social services					
Recreation	84,435	84,435	88,668	(4,233)	63,972
Social services	85,100	85,100	88,119	(3,019)	81,910
Jackson Beach	1,279	1,279	1,922	(643)	2,331
New track	-	597,685	281,503	316,182	2,125,105
Total recreation and social services	170,814	768,499	460,212	308,287	2,273,318
Education (transfer out)	6,005,865	6,005,865	6,009,276	(3,411)	6,009,276
County tax	1,156,813	1,156,813	1,156,813	-	1,079,962
Tax increment financing	197,679	197,679	203,594	(5,915)	95,321
General assistance	5,000	5,000	785	4,215	2,824
Debt service	460,710	460,710	459,796	914	459,796
Capital outlay (transfer out)	440,000	490,000	490,000	-	590,000
Total expenditures	14,762,744	15,410,429	15,293,924	116,505	16,533,902
Excess (deficiency) of revenues over (under) expenditures	(371,601)	(969,286)	(220,967)	748,319	(2,345,776)
Other financing sources (uses)					
Transfers in	-	-	3,277	3,277	-
Transfers out	-	-	(188,843)	(188,843)	-
Use of fund balance	700,000	1,297,685	-	(1,297,685)	-
Total other financing sources (uses)	700,000	1,297,685	(185,566)	(1,483,251)	-
Net change in fund balance	328,399	328,399	(406,533)	(734,932)	(2,345,776)
Fund balance - beginning			6,083,740		8,429,516
Fund balance - end			\$ 5,677,207		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, 2025

(with comparative totals for the year ended June 30, 2024)

	2025				2024 actual
	Original budget	Final budget	Actual	Variance positive (negative)	
Revenues					
Local assessments					
Local allocation	\$ 4,301,014	4,301,014	4,301,014	-	4,157,837
Non-state funded debt service	571,608	571,608	571,608	-	581,732
Additional local appropriation	1,133,243	1,133,243	1,133,243	-	1,266,296
Total local assessments	6,005,865	6,005,865	6,005,865	-	6,005,865
Intergovernmental					
State subsidy	8,920,949	8,920,949	9,010,735	89,786	8,819,809
State agency client	115,000	115,000	27,735	(87,265)	135,979
Total intergovernmental	9,035,949	9,035,949	9,038,470	2,521	8,955,788
Charges for services					
Tuition and fees	2,981,101	2,981,101	3,425,628	444,527	2,833,103
Building use and transportation	8,500	8,500	10,332	1,832	11,646
Event admission	30,000	30,000	32,120	2,120	29,840
Total charges for services	3,019,601	3,019,601	3,468,080	448,479	2,874,589
Interest	80,000	80,000	84,064	4,064	93,312
Miscellaneous					
JROTC revenue	92,000	92,000	102,602	10,602	91,300
Other	35,000	35,000	23,989	(11,011)	26,477
Total miscellaneous	127,000	127,000	126,591	(409)	117,777
Total revenues	18,268,415	18,268,415	18,723,070	454,655	18,047,331

Town of Hermon, Maine

School department

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

	2025			Variance positive (negative)	2024 actual
	Original budget	Final budget	Actual		
Expenditures					
Current:					
Regular instruction	8,317,122	8,282,782	8,270,157	12,625	7,787,432
Special education	3,051,681	3,229,816	3,229,816	-	2,968,386
Other instruction	735,459	701,859	672,008	29,851	703,280
Student and staff support	1,919,767	1,897,553	1,897,553	-	1,692,043
System administration	643,806	665,686	665,686	-	713,327
School administration	1,089,282	1,089,282	1,039,192	50,090	1,030,799
Transportation	946,238	946,238	927,030	19,208	959,370
Facilities maintenance	2,453,300	2,343,439	2,197,205	146,234	2,388,701
Debt service	571,608	571,608	571,608	-	581,731
Total expenditures	19,728,263	19,728,263	19,470,255	258,008	18,825,069
Excess (deficiency) of revenues over (under) expenditures	(1,459,848)	(1,459,848)	(747,185)	712,663	(777,738)
Other financing sources (uses)					
Transfers in	60,000	60,000	-	(60,000)	1,098
Use of fund balance	1,399,848	1,399,848	-	(1,399,848)	-
Total other financing sources (uses)	1,459,848	1,459,848	-	(1,459,848)	(48,902)
Net change in fund balance - GAAP basis			(747,185)		(826,640)
Fund balance - beginning			2,344,348		3,170,988
Fund balance - end			\$ 1,597,163		2,344,348

Town of Hermon, Maine

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

Reserves fund

For the year ended June 30, 2025

Reserve	#	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Municipal unemployment	2	\$ 27,082	-	-	(27,082)	-
Administration reserve	2	-	4,174	18,705	104,008	89,477
Legal liability reserve	3	19,056	-	-	(19,056)	-
Cemetery	4	47,574	-	-	(47,574)	-
Fire equipment	5	177,552	-	-	(177,552)	-
Public safety and fire dept reserve	5	-	6,648	86,555	356,654	276,747
Highway capital	6	66,749	-	-	(66,749)	-
Public works and road reserve	6	-	4,597	311,074	444,701	138,224
School repair reserve	7	489,373	18,816	-	-	508,189
Public works facility	8	190,566	-	-	(190,566)	-
Recreation facilities	9	124,261	-	-	(124,261)	-
Parks and recreation reserve	9	-	12,709	73,855	279,084	217,938
School unemployment reserve	10	44,682	1,724	-	-	46,406
Municipal building	11	46,405	-	-	(46,405)	-
Public facility reserve	11	-	6,282	30,078	275,689	251,893
Sewer maintenance	12	525,560	42,993	52,045	619,931	1,136,439
Public land acquisition	13	11,738	-	-	(11,738)	-
Planning and ordinance	14	21,025	-	-	(21,025)	-
Public safety building	17	56,978	-	-	(56,978)	-
Town office equipment reserve	19	72,306	-	-	(72,306)	-
School fuel reserve	27	235,724	9,108	-	-	244,832
Jackson Beach reserve	28	62,249	-	-	(62,249)	-
Transfer station reserve	29	2,307	-	-	(2,307)	-
Rural fire protection	30	29,102	-	-	(29,102)	-
Elementary school reserve	31	9,993	389	-	-	10,382
Veteran Memorial Park	32	10,079	-	-	(10,079)	-
School bus purchase reserve	33	92,883	3,590	-	-	96,473
Sick leave reserve	34	25,107	-	-	(25,107)	-
Solid waste reserve	35	599,931	-	-	(599,931)	-
Food service reserve	36	31,892	1,235	-	-	33,127
Enrollment stabilization reserve	37	106,306	4,109	-	-	110,415
		\$ 3,126,480	116,374	572,312	490,000	3,160,542

Town of Hermon, Maine

Combining balance sheet
Special revenue funds
June 30, 2025

	Town grants and other funds	Town trust	School grants and other funds	School lunch	Student activity funds	Total special revenue funds
Assets						
Cash and cash equivalents	\$ -	44,603	-	-	317,752	362,355
Intergovernmental receivables	-	-	139,465	38,807	-	178,272
Due from other funds	622,292	329	-	366,044	-	988,665
Inventory	-	-	-	6,404	-	6,404
Total assets	\$ 622,292	44,932	139,465	411,255	317,752	1,535,696
Liabilities						
Accounts payable	-	-	3,060	6,624	83,750	93,434
Due to other funds	-	-	128,003	-	-	128,003
Total liabilities	-	-	131,063	6,624	83,750	221,437
Fund balances						
Nonspendable	-	7,785	-	6,404	-	14,189
Restricted	621,968	2,326	8,402	398,227	-	1,030,923
Committed	455	34,821	-	-	234,002	269,278
Unassigned	(131)	-	-	-	-	(131)
Total fund balances	622,292	44,932	8,402	404,631	234,002	1,314,259
Total liabilities and fund balances	\$ 622,292	44,932	139,465	411,255	317,752	1,535,696

Town of Hermon, Maine

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

Special revenue funds

For the year ended June 30, 2025

	Town grants and other funds	Town trust	School grants and other funds	School lunch	Student activity funds	Total special revenue funds
Revenues						
Intergovernmental	\$ 381,124	-	1,017,637	771,423	-	2,170,184
Charges for services	455	-	-	82,946	-	83,401
Student activity fees and fundraisers	-	-	-	-	315,856	315,856
Interest	6,541	1,730	-	-	-	8,271
Miscellaneous	74,475	15,698	3,430	378	-	93,981
Total revenues	462,595	17,428	1,021,067	854,747	315,856	2,671,693
Expenditures						
Current:						
General government	-	14,428	-	-	-	14,428
Public safety	274,254	-	-	-	-	274,254
Recreation and social services	72,377	-	-	-	-	72,377
Education	-	-	1,024,281	845,535	346,344	2,216,160
Total expenditures	346,631	14,428	1,024,281	845,535	346,344	2,577,219
Excess (deficiency) of revenues over (under) expenditures	115,964	3,000	(3,214)	9,212	(30,488)	94,474
Other financing sources (uses)						
Transfers in	188,843	-	3,411	-	-	192,254
Transfers out	(3,277)	-	-	-	-	(3,277)
Total other financing sources (uses)	185,566	-	3,411	-	-	188,977
Net change in fund balances	301,530	3,000	197	9,212	(30,488)	283,451
Fund balances - beginning	320,762	41,932	8,205	395,419	264,490	1,030,808
Fund balances - ending	\$ 622,292	44,932	8,402	404,631	234,002	1,314,259

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, 2025

	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	1,479	-	-	6,342
Fire department grants	179	70,000	-	-	70,179
Keep ME healthy	4,288	-	-	-	4,288
MDOT Hammond	14,648	-	-	-	14,648
Covid-19	23,430	-	-	-	23,430
Snowmobile grant	9,100	9,100	9,100	-	9,100
American rescue plan - COVID-19	-	244,461	274,254	29,793	-
Track donations	250,000	15,000	-	-	265,000
Snowmobile equipment grant	-	62,625	62,625	-	-
General assistance donations - fuel	-	400	652	1,500	1,248
General assistance donations - food	-	500	-	500	1,000
Compensation fee utilization program	-	58,575	-	157,050	215,625
Animal control officer	-	455	-	-	455
Childcare	1,515	-	-	-	1,515
Veteran Memorial bricks	(131)	-	-	-	(131)
	<u>\$ 320,762</u>	<u>462,595</u>	<u>346,631</u>	<u>185,566</u>	<u>622,292</u>

Town of Hermon, Maine

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

Town trust funds

For the year ended June 30, 2025

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Wilfred Pike Trust	\$ 8,453	329	-	-	8,782
Wilma Nowell Trust	1,279	50	-	-	1,329
Boston Post Cane	805	31	-	-	836
Medical reimbursements	14,807	16,419	14,428	-	16,798
Athletic complex	10,980	394	-	-	11,374
Historical society	5,608	205	-	-	5,813
	<u>\$ 41,932</u>	<u>17,428</u>	<u>14,428</u>	<u>-</u>	<u>44,932</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, 2025

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Adult education	\$ -	-	3,411	3,411	-
Miscellaneous one-time grants	8,205	3,430	3,233	-	8,402
MLTI laptop grant	-	40,216	40,216	-	-
Title IA - disadvantaged	-	292,942	292,942	-	-
Local entitlement	-	294,653	294,653	-	-
Preschool	-	5,748	5,748	-	-
ESSER 3	-	294,064	294,064	-	-
Literacy grant	-	29,436	29,436	-	-
Rural low income	-	30,578	30,578	-	-
Title IIA - supportive effective instruction	-	30,000	30,000	-	-
	\$ 8,205	1,021,067	1,024,281	3,411	8,402

Town of Hermon, Maine

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

Student activity funds

For the year ended June 30, 2025

	Beginning fund balance	Revenues	Expenditures	Ending fund balance
Hermon High School	\$ 230,758	283,151	311,744	202,165
Hermon Middle School	11,634	16,320	14,388	13,566
Hermon Elementary School	22,098	16,385	20,212	18,271
	<u>\$ 264,490</u>	<u>315,856</u>	<u>346,344</u>	<u>234,002</u>