



TOWN OF HERMON, MAINE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2023

Town of Hermon, Maine

Annual financial report

For the fiscal year ended June 30, 2023

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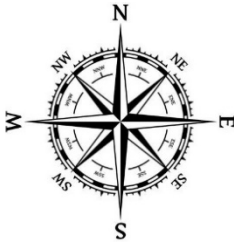
Town of Hermon, Maine

Annual financial report

For the fiscal year ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Hebron, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hebron ("the Town") as of and for the year ended June 30, 2023, 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, 2023, and the respective changes in financial position 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 nonmajor 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 nonmajor fund financial statements and the schedule of expenditures of federal awards 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 September 30, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions

The Town of Hermon

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
September 30, 2024**

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, 2023.

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 \$27,839,751 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was \$6,337,726.
- The Town's total net position increased \$528,990. Expenditures exceeded revenues by \$2,183,324 in the governmental funds. \$568,408 of expenditures reduce the long-term liability for notes payable and \$3,267,387 of expenditures were capitalized in the governmental activities and will be depreciated over their useful life. These capitalized costs were offset by \$1,025,917 of depreciation expense.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$15,486,104, an increase of \$1,783,676 in comparison with the prior year. Of this amount, \$3,768,199, or 23.8%, 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 \$7,190,989, or approximately 52.8% 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 \$27,839,751, at the close of the most recent fiscal year.

	Governmental activities		Business-type activities	
	2023	2022	2023	2022
Assets				
Current and other assets	\$ 18,282,712	16,297,254	352,115	313,773
Capital assets	21,755,340	19,515,764	-	-
Total assets	<u>40,038,052</u>	<u>35,813,018</u>	<u>352,115</u>	<u>313,773</u>
Total deferred outflows of resources	<u>1,285,302</u>	<u>1,388,443</u>	<u>-</u>	<u>-</u>
Liabilities				
Long-term liabilities	10,362,680	6,830,706	-	-
Other liabilities	2,655,402	2,419,904	-	-
Total liabilities	<u>13,018,082</u>	<u>9,250,610</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>817,636</u>	<u>953,863</u>	<u>-</u>	<u>-</u>
Net position				
Net investment in capital assets	16,850,786	15,287,012	-	-
Restricted	4,651,239	5,425,671	-	-
Unrestricted	5,985,611	6,284,305	352,115	313,773
Total net position	<u>\$ 27,487,636</u>	<u>26,996,988</u>	<u>352,115</u>	<u>313,773</u>

Current and other assets increased in governmental activities by \$2 million from the prior year. The Town's cash balances have increased due to receiving nearly \$4 million in note proceeds for the Hermon Athletic Complex. \$2.7 million of these funds were not expended prior to year end and the project will continue into the next fiscal year.

Long-term liabilities, which consist of notes payable, compensated absences and postemployment benefit obligations, increased by \$3.5 million from the previous year. The Town issued new notes totaling \$3,967,000 and paid off principal of \$568,408 during the year. The Town's net pension liability increased \$576 thousand and the other post-employment benefits (OPEB) liabilities decreased \$488 thousand.

By far, the largest portion of the Town's net position, \$16,850,786, reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$4,651,239, 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 \$6,337,726.

The Town's overall net position increased \$528,990 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

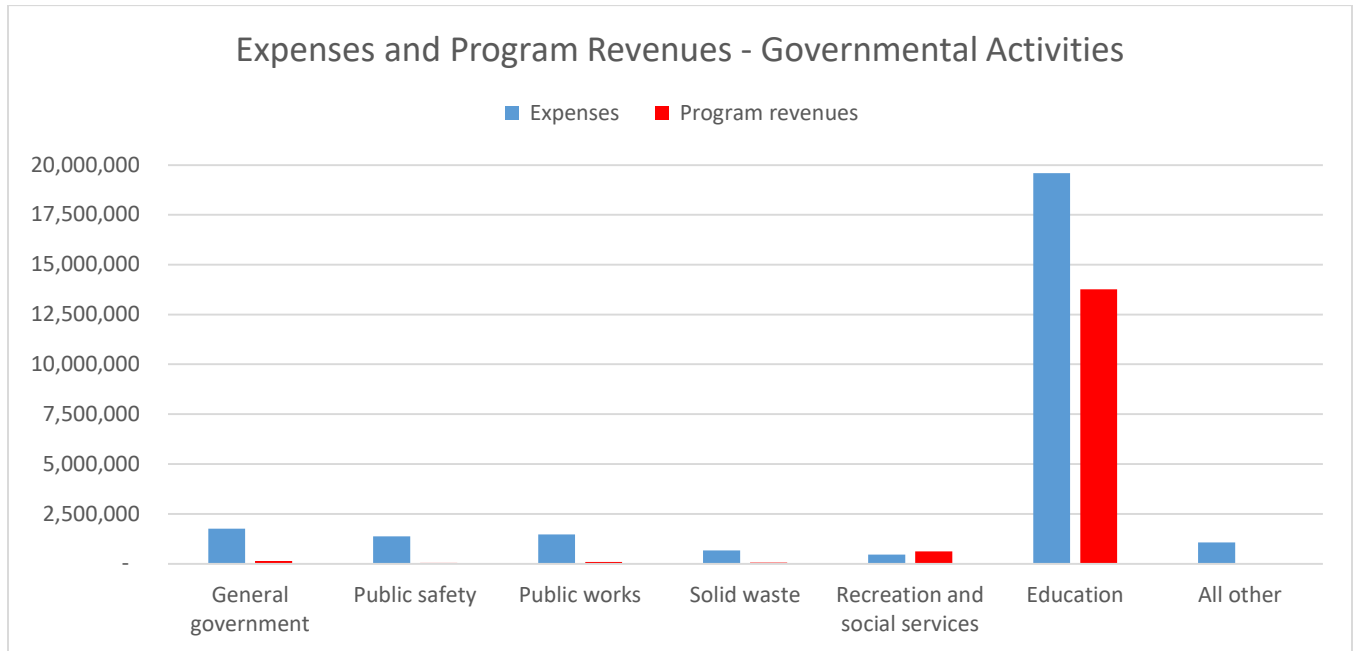
	Governmental activities		Business-type activities	
	2023	2022	2023	2022
Revenues				
Program revenues				
Charges for services	\$ 3,015,808	2,598,756	482,161	399,356
Operating grants and cont.	11,568,678	10,869,844	-	-
Capital grants and cont.	82,972	119,914	-	-
General revenues				
Property taxes	10,651,248	10,306,466	-	-
Unrestricted grants and cont.	1,364,356	1,193,181	-	-
Other	161,160	91,981	-	-
Total revenues	26,844,222	25,180,142	482,161	399,356
Expenses				
General government	1,747,882	1,823,767	-	-
Public safety	1,366,656	1,202,867	-	-
Public works	1,464,654	1,914,566	-	-
Solid waste	660,570	510,453	-	-
Recreation and social services	459,311	374,667	443,819	308,732
Education	19,594,547	17,747,499	-	-
County tax	963,715	899,609	-	-
Interest on debt	96,239	89,522	-	-
Total expenses	26,353,574	24,562,950	443,819	308,732
Increase (decrease) in net position	490,648	617,192	38,342	90,624
Net position - beginning	26,996,988	26,379,796	313,773	223,149
Net position - ending	\$ 27,487,636	26,996,988	352,115	313,773

Governmental activities. During the current fiscal year, net position for governmental activities increased \$490,648 from the prior fiscal year for an ending balance of \$27,487,636. Expenditures in the fund financial statements exceeded revenues by \$2.2 million during the year. The increase in the overall net position of governmental activities is primarily due to the reduction of \$568 thousand of principal on notes payable and \$3.3 million of capitalized costs offset by \$1 million in depreciation expense.

Revenues increased \$1.66 million from the prior year. The property tax commitment was \$357 thousand higher in the 2023 fiscal year. The Town received \$121 thousand more in state revenue sharing and \$42 thousand more in BETE reimbursement. The school department received \$395 thousand more in state educational subsidy and \$404 thousand more in tuition revenue.

Expenses increased \$1.8 million over the prior year. This increase can be attributable to a \$1.4 million increase in educational expenditures in the school department fund. The school department saw increases in regular instruction, special education, transportation, and facilities maintenance. A majority of these increases were due to increases in salaries and benefits for employees. While Town expenses remained fairly consistent at around \$6.8 million, public works saw a decrease in expenses of nearly \$450 thousand. This was offset by increases in public safety, solid waste, recreation, and county tax.

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 to reach an ending balance of \$352,115. The total increase in net position for business-type activities was \$38,342 or 12% from the prior fiscal year. The growth is due to charges for recreational activities exceeding the cost to run those activities.

Financial analysis of governmental funds

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

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

At June 30, 2023, the Town’s governmental funds reported combined fund balances of \$15,486,104, an increase of \$1,783,676 in comparison with the prior year. Of this amount, \$3,678,372, or 23.8%, 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, \$51,609; (2) not spendable because it is legally required to be maintained intact, \$7,785; (3) restricted for particular purposes, \$4,637,125; (4) committed for particular purposes, \$6,411,213; or (5) assigned for particular purposes, \$700,000.

Analysis of Individual Funds

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance of the general fund was \$8,429,516, an increase of \$2,681,492. That increase is attributable to unspent note proceeds of \$2,722,790 related to the Hermon Athletic Complex project. This amount is classified as committed fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers. Unassigned fund balance of \$3,768,199 represents 27.6% of total general fund expenditures and transfers, while total fund balance represents 61.8% of that same amount. If you remove the activity of the Hermon Athletic Complex project, those percentages are 30.3% and 45.8%, respectively.

The school department, a major fund, had a decrease in fund balance of \$400,742 to end the year at \$3,170,988. Although the entirety of the fund balance is classified as restricted for education, the school department considers \$1,000,000 assigned for use of fund balance for the 2023-2024 fiscal year budget. The remaining balance is considered unassigned and totals \$2,170,988, which represents 12% of total school department expenditures and transfers. The school department budgeted for a decrease of \$1,228,628 (use of fund balance) for the year ended June 30, 2023. Revenues exceeded budgeted figures by \$533,167, with the largest positive variance being tuition and fees. Expenditures came in under budget by \$781,072. Transfers in were \$323,540 less than budgeted due to not completing projects that were utilizing reserve funds. This also caused savings in facilities maintenance expenditures.

The reserves fund, a major fund, saw a decrease in fund balance of \$750,164, ending the fiscal year with a balance of \$3,386,141. The Town raised \$240,000 for reserves and utilized another \$125,000 of unassigned fund balance for a total transfer to reserves of \$365,000. The Town utilized \$595,000 of the reserves for the construction of the Hermon Athletic Complex. Pump station and sewer line repairs were completed for \$134,320 and the school department utilized \$259,752 for various repairs and improvements.

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 \$352,115. The total growth in net position was \$38,342. As noted earlier in the discussion of business-type activities, the increase for the recreation department results from charges for recreational activities exceeding the cost to run those activities.

General fund budgetary highlights

Original budget compared to final budget. During the year, the Town passed budget resolutions increasing the budgeted use of fund balance \$125,000 for the following purposes: \$100,000 to be transferred to the fire department capital reserve and \$25,000 to planning and ordinance reserve. The Town also approved a \$3.9 million promissory note for the construction of the Hermon Athletic Complex, which will include a new track. The school department transferred \$30,000 from student and staff support to other instruction and \$40,000 from facilities maintenance to system administration to cover budget overages.

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

Revenue source		Estimated revenues	Actual revenues	Difference
Excise taxes	\$	2,566,000	2,909,859	343,859
State revenue sharing		415,000	643,730	228,730
Interest - Town		70,000	126,204	56,204
Tuition and fees		2,310,000	2,753,690	443,690
Interest - School		10,000	46,326	36,326

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 figures were increased from the original estimates the Town used during the budget process. The school department had more tuition students than originally anticipated during the school year as well as higher tuition rates. Better interest rates led to interest revenue exceeding budgeted projections.

Expenditures		Estimated expenditures	Actual expenditures	Difference
Town manager	\$	123,446	192,952	(69,506)
Finance		153,903	192,592	(38,689)
Assessor		217,378	105,592	111,786
Economic development		790,862	251,343	539,519
Fire		437,321	528,961	(91,640)
Public works		1,445,706	1,556,895	(111,189)
Household waste		362,716	448,626	(85,910)
Special education		2,549,707	2,377,321	172,386
Student and staff support		1,726,263	1,622,501	103,762
Facilities maintenance		2,616,828	2,300,042	316,786

The payout to the departing town manager caused the overage in that department. Finance saw the retirement of a long-term employee with overlap of the position during the transition. Major savings occurred when the assessor took over the town manager position. Delayed projects were responsible for economic development coming in under budget. Increases in emergency volume calls and the temporary replacement of a non-serviceable fire truck caused the fire department to exceed budgeted figures. Public works came in over budget due to unexpected vehicle, building, and road repairs. Household waste was overspent due to increases in roadside pickup, tipping, and recycling fees.

Special education at the school department had savings in wages and benefits. This is due to unfilled positions and newer teachers and support staff coming in at lower rates than departing staff. There were also less out of district placement children than originally anticipated. Student and staff support saw savings over a wide array of expenditure lines which included purchased services, software subscriptions, training conferences, testing fees, and equipment. Facilities maintenance budgeted for a fuel tank project that did not occur.

Capital asset and debt administration

Capital assets. The Town's investment in capital assets as of June 30, 2023, amounts to \$21,755,340 (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 11.5%.

	Capital assets, net	
	Governmental activities	
	2023	2022
Land	\$ 128,572	128,572
Construction in progress	2,460,362	76,313
Buildings and improvements	15,802,301	15,959,682
Furniture and equipment	933,137	1,085,874
Vehicles	868,848	880,172
Infrastructure	1,562,120	1,385,151
	<u>\$ 21,755,340</u>	<u>19,515,764</u>

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

- Construction of the Hermon Athletic Complex and track are underway with costs totaling \$2,372,210 during the year.
- New Boston Road was reclaimed and paved at a cost of \$222,538.
- Improvements were completed to the roof of the Hermon High School auditorium and library for a total cost of \$168,000.
- A 1999 pumper truck was acquired for the total cost of \$42,610.
- A 2024 Blue Bird bus was purchased for \$132,118; \$67,000 of which was financed.
- A waterline with pump system was installed at the elementary school for \$82,223.
- The elementary school parking lot was paved for \$77,400.

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 \$7,627,344.

	Outstanding debt	
	Governmental activities	
	2023	2022
Notes payable	\$ 7,627,344	4,228,752

The Town's total debt increased by \$3,398,592 (80%) during the current fiscal year. Two new notes were issued during the year: \$3.9 million for the Hermon Athletic Complex and track and \$67,000 to finance half of the purchase of a new bus. Principal payments included \$510,000 for the elementary school improvements note through the Maine Municipal Bond Bank, \$11,216 for a vehicle purchased through Camden National Bank, \$33,026 for a bus purchased through Androscoggin Bank, and \$14,166 for copiers acquired through Xerox Financial.

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

Economic factors and next year's budgets and rates

The following economic factors currently affect the Town and were considered in developing the 2023-2024 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.
- Stable tax rates. Due to higher revenue projections for state revenue sharing, excise tax collections, and interest earned, along with increases in property values, the Town's mil rate decreased slightly from 11.90 to 11.75.

At the end of the current fiscal year, the fund balance in the general fund was \$8,429,516. The Town has appropriated \$700,000 of this amount for spending in the 2023-2024 fiscal year budget. The School Department had a total fund balance of \$3,170,988, of which \$1,000,000 has been appropriated for spending in the 2023-2024 fiscal year budget. These actions were taken as additional measures to lessen the burden to local taxpayers and to stay in compliance with the provisions of Title 20-A that refer to the amount of unallocated balances allowable at Schools.

Requests for information

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

BASIC FINANCIAL STATEMENTS



Town of Hermon, Maine

Statement of net position

June 30, 2023

	Governmental activities	Business-type activities	Total
Assets			
Cash and cash equivalents	\$ 17,079,318		17,079,318
Taxes receivable	357,974	-	357,974
Accounts receivable, net	142,016	-	142,016
Intergovernmental receivables	1,003,910	-	1,003,910
Internal balances	(352,115)	352,115	-
Inventory	51,609	-	51,609
Capital assets, not being depreciated	2,588,934	-	2,588,934
Capital assets, net of accumulated depreciation	19,166,406	-	19,166,406
Total assets	<u>40,038,052</u>	<u>352,115</u>	<u>40,390,167</u>
Deferred outflows of resources			
Pension related	867,444	-	867,444
OPEB related	417,858	-	417,858
Total deferred outflows of resources	<u>1,285,302</u>	<u>-</u>	<u>1,285,302</u>
Liabilities			
Accounts payable	826,634	-	826,634
Accrued wages and benefits	1,526,541	-	1,526,541
Accrued liabilities and unearned revenue	273,433	-	273,433
Accrued interest	28,794	-	28,794
Noncurrent liabilities:			
Due within one year	1,067,434	-	1,067,434
Due in more than one year	9,295,246	-	9,295,246
Total liabilities	<u>13,018,082</u>	<u>-</u>	<u>13,018,082</u>
Deferred inflows of resources			
Pension related	277,216	-	277,216
OPEB related	540,420	-	540,420
Total deferred inflows of resources	<u>817,636</u>	<u>-</u>	<u>817,636</u>
Net position			
Net investment in capital assets	16,850,786	-	16,850,786
Restricted	4,651,239	-	4,651,239
Unrestricted	5,985,611	352,115	6,337,726
Total net position	<u>\$ 27,487,636</u>	<u>352,115</u>	<u>27,839,751</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, 2023

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,747,882	111,569	14,060	3,441	(1,618,812)		(1,618,812)
Public safety	1,366,656	103	2,485	26,003	(1,338,065)		(1,338,065)
Public works	1,464,654	12,149	67,172	3,279	(1,382,054)		(1,382,054)
Solid waste	660,570	24,376	-	21,760	(614,434)		(614,434)
Recreation and social services	459,311	2	607,719	4,416	152,826		152,826
Education	19,594,547	2,867,609	10,877,242	24,073	(5,825,623)		(5,825,623)
County tax	963,715	-	-	-	(963,715)		(963,715)
Interest on debt	96,239	-	-	-	(96,239)		(96,239)
Total governmental activities	26,353,574	3,015,808	11,568,678	82,972	(11,686,116)		(11,686,116)
Business-type activities:							
Recreation	443,819	482,161	-	-		38,342	38,342
Total business-type activities	443,819	482,161	-	-		38,342	38,342
Total primary government	\$ 26,797,393	3,497,969	11,568,678	82,972	(11,686,116)	38,342	(11,647,774)
General revenues:							
Property taxes					10,651,248	-	10,651,248
Grants and contributions not restricted to specific programs					1,364,356	-	1,364,356
Unrestricted investment earnings					126,204	-	126,204
Miscellaneous					34,956	-	34,956
Total general revenues					12,176,764	-	12,176,764
Change in net position					490,648	38,342	528,990
Net position - beginning					26,996,988	313,773	27,310,761
Net position - ending					\$ 27,487,636	352,115	27,839,751

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

Town of Hermon, Maine

Balance sheet

Governmental funds

June 30, 2023

	General	School department	Reserves	Total nonmajor funds	Total governmental funds
Assets					
Cash and cash equivalents	\$ 10,569,956	2,782,629	3,415,880	310,853	17,079,318
Taxes receivable	357,974	-	-	-	357,974
Accounts receivable, net	64,012	78,000	-	4	142,016
Intergovernmental receivables	81,162	179,857	-	742,891	1,003,910
Due from other funds	29,739	1,748,120	-	489,581	2,267,440
Inventory	45,280	-	-	6,329	51,609
Total assets	\$ 11,148,123	4,788,606	3,415,880	1,549,658	20,902,267
Liabilities					
Accounts payable	731,123	61,574	-	33,937	826,634
Accrued wages and benefits	69,809	1,366,950	-	89,782	1,526,541
Accrued liabilities	24,527	-	-	-	24,527
Unearned revenue	10,986	-	-	237,920	248,906
Due to other funds	1,712,162	189,094	29,739	688,560	2,619,555
Total liabilities	2,548,607	1,617,618	29,739	1,050,199	5,246,163
Deferred inflows of resources					
Unavailable revenue - property taxes	170,000	-	-	-	170,000
Total deferred inflows of resources	170,000	-	-	-	170,000
Fund balances					
Nonspendable	45,280	-	-	14,114	59,394
Restricted	1,193,247	3,170,988	-	272,890	4,637,125
Committed	2,722,790	-	3,386,141	302,282	6,411,213
Assigned	700,000	-	-	-	700,000
Unassigned	3,768,199	-	-	(89,827)	3,678,372
Total fund balances	8,429,516	3,170,988	3,386,141	499,459	15,486,104
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,148,123	4,788,606	3,415,880	1,549,658	

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.	21,755,340
Other long-term assets are not available to pay for current expenditures and are deferred in the funds.	
Unavailable revenue - property taxes	170,000
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Notes payable	(7,627,344)
Accrued interest on long-term debt	(28,794)
Compensated absences	(241,198)
Net pension liability with related deferred inflows and outflows	(170,045)
Net OPEB liability with related deferred inflows and outflows	(42,731)
Total OPEB liability with related deferred inflows and outflows	(1,813,696)
Net position of governmental funds	27,487,636

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, 2023

	General	School department	Reserves	Total nonmajor funds	Total governmental funds
Revenues					
Property taxes	\$ 10,670,248	-	-	-	10,670,248
Intergovernmental	1,438,848	8,616,617	-	2,236,811	12,292,276
Licenses and permits	92,411	-	-	-	92,411
Charges for services	49,394	2,788,524	5,000	80,479	2,923,397
Student activity fees and fundraisers	-	-	-	275,206	275,206
Interest	126,204	46,326	68,972	662	242,164
Miscellaneous	34,956	105,593	14,000	212,971	367,520
Total revenues	12,412,061	11,557,060	87,972	2,806,129	26,863,222
Expenditures					
Current:					
General government	1,640,077	-	63,834	12,416	1,716,327
Public safety	1,210,868	-	93,964	-	1,304,832
Public works	1,556,895	-	9,837	-	1,566,732
Solid waste	523,150	-	137,420	-	660,570
Recreation and social services	429,389	-	22,802	600,055	1,052,246
Education	-	17,388,293	615,527	1,942,571	19,946,391
County tax	963,715	-	-	-	963,715
Debt service	-	591,523	-	-	591,523
Capital outlay	1,177,210	67,000	-	-	1,244,210
Total expenditures	7,501,304	18,046,816	943,384	2,555,042	29,046,546
Excess (deficiency) of revenues over (under) expenditures	4,910,757	(6,489,756)	(855,412)	251,087	(2,183,324)
Other financing sources (uses)					
Transfers in	-	6,072,014	665,000	53,411	6,790,425
Transfers out	(6,129,265)	(50,000)	(559,752)	(51,408)	(6,790,425)
Notes issued	3,900,000	67,000	-	-	3,967,000
Total other financing sources (uses)	(2,229,265)	6,089,014	105,248	2,003	3,967,000
Net change in fund balances	2,681,492	(400,742)	(750,164)	253,090	1,783,676
Fund balances - beginning, reclassified	5,748,024	3,571,730	4,136,305	246,369	13,702,428
Fund balances - ending	\$ 8,429,516	3,170,988	3,386,141	499,459	15,486,104

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, 2023

Net change in fund balances - total governmental funds \$ 1,783,676

Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of these assets is allocated over their useful lives and reported as depreciation expense.

Capital outlays	3,267,387
Depreciation expense	(1,025,917)
Book value of disposed capital assets	(1,894)

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

Earned but unavailable taxes	(19,000)
------------------------------	----------

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.

Notes issued	(3,967,000)
Principal paid on notes	568,408

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on long-term debt	(14,716)
Compensated absences	(46,133)
Changes in pension liabilities and related deferred outflows and inflows of resources	(16,157)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(38,006)

Change in net position of governmental activities \$ 490,648

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, 2023

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Property taxes	\$ 10,314,877	10,314,877	10,670,248	355,371
Intergovernmental	1,203,370	1,203,370	1,438,848	235,478
Licenses and permits	68,410	68,410	92,411	24,001
Charges for services	40,100	40,100	49,394	9,294
Interest	70,000	70,000	126,204	56,204
Miscellaneous	25,000	25,000	34,956	9,956
Total revenues	<u>11,721,757</u>	<u>11,721,757</u>	<u>12,412,061</u>	<u>690,304</u>
Expenditures				
Current:				
General government	1,363,725	1,363,725	1,302,626	61,099
Economic development	790,862	790,862	251,343	539,519
Public safety	1,113,618	1,113,618	1,210,868	(97,250)
Public works	1,445,706	1,445,706	1,556,895	(111,189)
Solid waste	446,056	446,056	523,150	(77,094)
Recreation and social services	429,391	4,329,391	1,601,050	2,728,341
Education (transfer out)	5,760,854	5,760,854	5,760,854	-
County tax	964,000	964,000	963,715	285
Tax increment financing	110,000	110,000	86,108	23,892
General assistance	5,000	5,000	5,549	(549)
Capital outlay (transfer out)	240,000	365,000	365,000	-
Total expenditures	<u>12,669,212</u>	<u>16,694,212</u>	<u>13,627,158</u>	<u>3,067,054</u>
Excess (deficiency) of revenues over (under) expenditures	(947,455)	(4,972,455)	(1,215,097)	3,757,358
Other financing sources (uses)				
Transfers out	-	-	(3,411)	(3,411)
Note proceeds	-	3,900,000	3,900,000	-
Use of fund balance	1,219,226	1,344,226	-	(1,344,226)
Total other financing sources (uses)	<u>1,219,226</u>	<u>5,244,226</u>	<u>3,896,589</u>	<u>(1,347,637)</u>
Net change in fund balance	271,771	271,771	2,681,492	2,409,721
Fund balance - beginning, reclassified			<u>5,748,024</u>	
Fund balance - end			<u>\$ 8,429,516</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, 2023

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Local assessments (transfer in)	\$ 5,760,854	5,760,854	5,760,854	-
Intergovernmental	7,449,262	7,449,262	7,485,529	36,267
Charges for services	2,335,000	2,335,000	2,788,524	453,524
Interest	10,000	10,000	46,326	36,326
Miscellaneous	98,543	98,543	105,593	7,050
Total revenues	<u>15,653,659</u>	<u>15,653,659</u>	<u>16,186,826</u>	<u>533,167</u>
Expenditures				
Current:				
Regular instruction	7,104,214	7,104,214	6,995,466	108,748
Special education	2,549,707	2,549,707	2,377,321	172,386
Other instruction	570,187	600,187	596,445	3,742
Student and staff support	1,756,263	1,726,263	1,622,501	103,762
System administration	516,692	556,692	547,697	8,995
School administration	970,052	970,052	931,991	38,061
Transportation	751,521	751,521	722,929	28,592
Facilities maintenance	2,656,828	2,616,828	2,300,042	316,786
Debt service	591,523	591,523	591,523	-
Total expenditures	<u>17,466,987</u>	<u>17,466,987</u>	<u>16,685,915</u>	<u>781,072</u>
Excess (deficiency) of revenues over (under) expenditures	(1,813,328)	(1,813,328)	(499,089)	1,314,239
Other financing sources (uses)				
Transfers in	634,700	634,700	311,160	(323,540)
Transfers out	(50,000)	(50,000)	(50,000)	-
Use of fund balance	1,228,628	1,228,628	-	(1,228,628)
Total other financing sources (uses)	<u>1,813,328</u>	<u>1,813,328</u>	<u>261,160</u>	<u>(1,552,168)</u>
Net change in fund balance - budgetary basis	-	-	(237,929)	(237,929)
Reconciliation to GAAP				
Change in accrued teacher summer salaries and benefits			<u>(162,813)</u>	
Net change in fund balance - GAAP basis			(400,742)	
Fund balance - beginning, reclassified			<u>3,571,730</u>	
Fund balance - end		\$	<u><u>3,170,988</u></u>	

Town of Hermon, Maine

Statement of net position

Proprietary funds

June 30, 2023

	<u>Recreation department</u>
Assets	
Current assets:	
Due from other funds	\$ 352,115
Total assets	<u>352,115</u>
Liabilities	
Current liabilities:	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
Net position	
Unrestricted	352,115
Total net position	\$ <u><u>352,115</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, 2023

	<u>Recreation department</u>
Operating revenues	
Charges for services	\$ 482,161
Total operating revenues	<u>482,161</u>
Operating expenses	
Personnel services	325,867
Recreation programs	<u>117,952</u>
Total operating expenses	<u>443,819</u>
Change in net position	38,342
Net position - beginning	<u>313,773</u>
Net position - ending	<u>\$ 352,115</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, 2023

	<u>Recreation department</u>
Cash flows from operating activities	
Receipts from customers	\$ 482,161
Payments to suppliers	(117,952)
Payments to employees for salaries and benefits	(325,867)
Net cash provided by (used for) operating activities	<u>38,342</u>
Cash flows from noncapital financing activities	
(Increase) decrease in due from other funds	<u>(38,342)</u>
Net cash provided by (used for) noncapital financing activities	<u>(38,342)</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)	<u>38,342</u>
Net cash provided by (used for) operating activities	<u>38,342</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, 2023

	Private-purpose trust funds
Assets	
Cash and cash equivalents	\$ 32,174
Total assets	<u>32,174</u>
Liabilities	
Accounts payable	-
Due to other funds	-
Total liabilities	<u>-</u>
Net position	
Restricted	32,174
Total net position	\$ <u><u>32,174</u></u>

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

Town of Hermon, Maine

Statement of changes in fiduciary net position

Fiduciary funds

For the year ended June 30, 2023

	Private-purpose trust funds
Additions	
Contributions	\$ -
Interest earned	83
Total additions	<u>83</u>
Deductions	
Scholarships	700
Other	200
Total deductions	<u>900</u>
Net increase (decrease) in fiduciary net position	(817)
Net position - beginning	<u>32,991</u>
Net position - ending	\$ <u><u>32,174</u></u>

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

Town of Hermon, Maine

Notes to the financial statements

June 30, 2023

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, 2023.

Public safety	\$97,250	Public works	111,189
Solid waste	77,094	General assistance	549

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 November 7, 2022, on the assessed value listed as of the previous April 1. Taxes are due in one installment on April 1, 2023. 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 \$271,771 for the year ended June 30, 2023.

Compensated absences

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

Proprietary funds operating and non-operating revenues and expenses

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

the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

Note I.F. Excess of expenditures over appropriations describes any budgetary violations that occurred for the year ended June 30, 2023.

B. Deficit fund balances

At June 30, 2023, the following funds had deficit balances:

Title IA	\$29,182	PFAS grant	8,571
Local entitlement	16,245	ESSER 2	11,254
ESSER 3	24,575		

These deficits will be eliminated as resources are obtained (e.g., from revenues and transfers). The deficits for Title IA, local entitlement, ESSER 2, and ESSER 3 are due to accrued salaries and benefits.

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, 2023, the Town’s bank balance was \$18,142,639, all of which was covered by F.D.I.C. or collateralized with securities held by the pledging or financial institution’s trust department.

C. Capital assets

Capital assets activity for the year ended June 30, 2023, 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	76,313	2,384,049	-	2,460,362
Total capital assets, not being depreciated	204,885	2,384,049	-	2,588,934
Capital assets, being depreciated				
Buildings and improvements	27,340,140	446,323	26,998	27,759,465
Furniture and equipment	3,471,466	39,749	704,561	2,752,654
Vehicles	2,679,203	174,728	134,352	2,719,579
Infrastructure	1,479,802	222,538	-	1,702,340
Total capital assets, being depreciated	34,916,611	883,338	865,911	34,934,038
Less accumulated depreciation for				
Buildings and improvements	11,380,458	603,704	26,998	11,957,164
Furniture and equipment	2,331,592	190,592	702,667	1,819,517
Vehicles	1,799,031	186,052	134,352	1,850,731
Infrastructure	94,651	45,569	-	140,220
Total accumulated depreciation	15,605,732	1,025,917	864,017	15,767,632
Total capital assets, being depreciated, net	19,310,879	(142,579)	1,894	19,166,406
Total governmental activities capital assets	\$19,515,764	2,241,470	1,894	21,755,340

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

General government	\$33,395
Public safety	100,220
Public works	122,107
Recreation and social services	15,442
Education	754,753
Total depreciation expense	\$1,025,917

D. Changes in long-term liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2023, are as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year	Amount due within one year
Governmental activities					
Notes payable	\$4,228,752	3,967,000	568,408	7,627,344	939,390
Compensated absences	195,065	46,133	-	241,198	128,044
Net pension liability	184,588	575,685	-	760,273	-
Net OPEB liability	27,574	11,877	-	39,451	-
Total OPEB liability	2,194,727	1,604	501,917	1,694,414	-
Total governmental activities	\$6,830,706	4,602,299	1,070,325	10,362,680	1,067,434

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, 2023, are as follows:

	Original borrowing	Interest rates	Final maturity	Outstand- ing at year end
Governmental activities				
Elementary school	\$5,100,000	1.72%-2.39%	2030	3,570,000
Truck	33,650	3.80%	2024	11,628
Copiers	79,720	3.00%	2026	45,099
Bus	99,999	1.79%	2024	33,617
Hermon athletic complex	3,900,000	4.85%	2034	3,900,000
Bus	67,000	5.39%	2024	67,000
Total governmental activities				\$7,627,344

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

Year ending June 30	Principal	Interest	Total
2024	\$939,390	233,244	1,172,634
2025	811,388	229,960	1,041,348
2026	826,092	210,874	1,036,966
2027	825,577	184,815	1,010,392
2028	840,945	158,405	999,350
2029-2033	2,940,589	402,539	3,343,128
2034-2038	443,363	16,433	459,796
Totals	\$7,627,344	1,436,270	9,063,614

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 1.52%.

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 6.25% and 7.0% 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, 2023, was 8.5% of annual pay. The Town made contributions to the pension plan of \$161,124 for the year ended June 30, 2023.

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, 2023, was 18.13% of annual payroll of which 3.84% of payroll was required from the Town and 14.29% was required from the State. The Town made contributions to the pension plan of \$330,247 for the year ended June 30, 2023.

Proportionate share of the net pension (asset) liability

PLD plan - At June 30, 2023, the Town reported a liability of \$401,964 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, 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 0.1512% at the end of the measurement period and 0.1242% for the beginning of the period, which represents an increase of 0.027%.

SET plan - At June 30, 2023, the Town reported a liability of \$358,309 for its proportionate share of the net pension liability. The State's proportionate share of the net pension liability associated with the Town was \$7,830,536, for a total of \$8,188,845. The pension liability was measured as of June 30, 2022, 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 0.0265% at the end of the measurement period and 0.0241% for the beginning of the period, which represents a decrease of 0.0024%.

Actuarial assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions:

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2022	June 30, 2022
Measurement date	June 30, 2022	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
<u>Assumptions</u>		
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, 2022 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, 2022, are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
U.S. government	2.3%
Private equity	7.6%
Real assets:	
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.2%
Alternative credit	7.4%
Diversifiers	5.9%

Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2022 for each plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate sensitivity analysis

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

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
PLD plan - proportionate share net pension (asset) liability	\$1,187,517	401,964	(247,323)
SET plan – proportionate share net pension (asset) liability	701,655	358,309	72,438

Pension expense and deferred items summary

For the year ended June 30, 2023, the Town recognized pension expense of \$140,493 and \$419,584 for its proportionate share of the pension expense for the PLD and SET plans, respectively. Additionally, the Town recognized revenue of \$1,095,402 for support provided by the State for the SET plan. At June 30, 2023, 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	\$74,703	-
Differences between expected and actual investment earnings	-	168,706
Changes of assumptions	81,585	-
Changes in proportion	57,771	-
Contributions paid subsequent to the measurement date	161,124	-
<u>Totals PLD plan</u>	<u>375,183</u>	<u>168,706</u>
SET plan		
Differences between expected and actual experience	17,850	-
Differences between expected and actual investment earnings	-	70,570
Changes of assumptions	69,575	-
Changes in proportion	74,589	37,940
Contributions paid subsequent to the measurement date	330,247	-
<u>Totals SET plan</u>	<u>492,261</u>	<u>108,510</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$867,444</u>	<u>277,216</u>

Deferred outflows of resources reported \$491,371 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending		
<u>June 30</u>	<u>PLD plan</u>	<u>SET plan</u>
2024	\$83,297	108,740
2025	(12,375)	(37,088)
2026	(104,810)	(51,433)
2027	79,241	33,285

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, 2023. 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 \$35,686 for the year ended June 30, 2023. 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, 2023, the Town reported a liability of \$39,451 for its proportionate share of the net OPEB liability. The OPEB liability was measured as of June 30, 2022, 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 0.2724% at the end of the measurement period and 0.2671% for the beginning of the period, which represents an increase of 0.0053%.

SET plan - At June 30, 2023, 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 \$299,403, for a total of \$299,403. The OPEB liability was measured as of June 30, 2022, 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, 2022, actuarial valuation was determined using the following actuarial assumptions:

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2022	June 30, 2022
Measurement date	June 30, 2022	June 30, 2022
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, 2022 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, 2022 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.0%
U.S. government securities	2.3%

Discount rate

The discount rate used to measure the collective total OPEB liability was 6.5% for 2022 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	\$53,544	39,451	28,135

OPEB expense and deferred items summary

For the year ended June 30, 2023, the Town recognized OPEB expense of \$1,825 and \$31,813 for its proportionate share of the OPEB expense for the PLD and SET plans, respectively. Additionally, the Town recognized revenue of \$35,686 for support provided by the State for the SET plan. At June 30, 2023, 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	\$1,919	349
Differences between expected and actual investment earnings	3,411	-
Changes of assumptions	3,280	12,319
Changes in proportion	3,400	2,622
Contributions paid subsequent to the measurement date	-	-
<u>Total deferred outflows and inflows of resources</u>	<u>\$12,010</u>	<u>15,290</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, 2024. 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>	
2024	\$143
2025	(2,413)
2026	(3,297)
2027	2,309
2028	(97)
Thereafter	75

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.maineper.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, 2022 (MMEHT) and June 30, 2022 (MEABT), membership consisted of:

	<u>MMEHT</u>	<u>MEABT</u>
Inactive members currently receiving benefits	-	59
Inactive members entitled to but not yet receiving benefits	-	-
<u>Active members</u>	<u>12</u>	<u>151</u>
<u>Total</u>	<u>12</u>	<u>210</u>

Benefits provided

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

MEABT - Healthcare insurance benefits are provided for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 55% 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 45% 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, 2023, the Town reported a total OPEB liability of \$57,399 for MMEHT and \$1,637,015 for MEABT. The MMEHT OPEB liability was measured as of January 1, 2023, and was determined by an actuarial valuation as of January 1, 2022. The MEABT OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial assumptions

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

	<u>MMEHT</u>	<u>MEABT</u>
Actuarial valuation date	January 1, 2022	June 30, 2022
Measurement date	January 1, 2023	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Assumptions		
Inflation rate	3.00%	2.70%
Annual salary increases	2.75%	2.80%-13.03%
Healthcare cost trend rates - non-Medicare	7.95% in 2022	7.96% in 2023
decreasing to	4.55% in 2042	4.00% in 2043
Healthcare cost trend rates - Medicare	7.26% in 2022	0.00% in 2023
increasing/decreasing to	4.55% in 2042	4.29% in 2043

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

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

Discount rate

Using the Bond Buyer 20-Bond GO Index, the discount rate used to measure the total OPEB liabilities were 3.72% for MMEHT and 3.54% 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	\$55,795	2,138,932	2,194,727
Changes for the period			
Service cost	8,041	52,477	60,518
Interest	1,313	46,797	48,110
Changes of benefits	-	-	-
Differences between expected and actual experience	(7,570)	(469,068)	(476,638)
Changes of assumptions	-	(82,103)	(82,103)
Benefit payments	(180)	(50,020)	(50,200)
<u>Net changes</u>	<u>1,604</u>	<u>(501,917)</u>	<u>(500,313)</u>
<u>Balances end of year</u>	<u>\$57,399</u>	<u>1,637,015</u>	<u>1,694,414</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 3.72% for MMEHT and 3.54% 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	\$68,825	57,399	48,310
MEABT – total OPEB liability	1,918,808	1,637,015	1,412,609

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	\$46,571	57,399	71,860
MEABT – total OPEB liability	1,391,273	1,637,015	1,955,204

OPEB expense and deferred items summary

For the year ended June 30, 2023, the Town recognized OPEB expense of \$7,658 for MMEHT and \$93,215 for MEABT. At June 30, 2023, 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	\$386	13,824
Changes of assumptions	12,813	15,766
Contributions paid subsequent to the measurement date	347	-
<u>Totals MMEHT</u>	<u>13,546</u>	<u>29,590</u>
MEABT		
Differences between expected and actual experience	74,473	410,434
Changes of assumptions	256,963	85,106
Contributions paid subsequent to the measurement date	60,866	-
<u>Totals MEABT</u>	<u>392,302</u>	<u>495,540</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$405,848</u>	<u>525,130</u>

Deferred outflows of resources reported \$61,213 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, 2024. 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>		
2024	\$(1,696)	(6,061)
2025	(1,696)	7,204
2026	(1,692)	(9,873)
2027	(2,150)	(9,873)
2028	(1,572)	(9,872)
Thereafter	(7,585)	(135,629)

I. Fund balance

Components of fund balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund				
Inventory and prepaids	\$45,280	-	-	-
Tax increment financing districts	-	1,193,247	-	-
Hermon athletic complex	-	-	2,722,790	-
Budget appropriation	-	-	-	700,000
School department - education	-	3,170,988	-	-
Reserves	-	-	3,386,141	-
Special revenue funds				
General government	6,785	40,158	11,626	-
Public safety	-	5,042	-	-
Public works	-	14,648	-	-
Recreation and social services	1,000	3,505	17,194	-
Education and other related activities	6,329	209,537	273,462	-
Total	\$59,394	4,637,125	6,411,213	700,000

As of June 30, 2023, the school department fund balance totaled \$3,170,988 and is reported as restricted for education in the financial statements. Of this total, \$1,000,000 is assigned for use of surplus for the 2023-2024 fiscal year budget, and the remaining \$2,170,988 is considered unassigned.

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, 2023, is as follows:

<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
General fund	Reserves	\$29,739
School department	General fund	1,059,560
School department	Nonmajor funds	688,560
Nonmajor funds	General fund	300,487
Nonmajor funds	School department	189,094
Recreation department	General fund	352,115
Total		\$2,619,555

K. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

	Transfers in				Total
	General fund	School department	Reserves	Nonmajor funds	
<u>Transfers out</u>					
General fund	\$ -	5,760,854	365,000	3,411	6,129,265
School department	-	-	-	50,000	50,000
Reserves	-	259,752	300,000	-	559,752
Nonmajor funds	-	51,408	-	-	51,408
Total	\$ -	6,072,014	665,000	53,411	6,790,425

During the year, transfers are used to move revenues from the fund with collection authorization, the general fund, to the school department (\$5,760,854), adult education (\$3,411), and capital reserves (\$365,000). The school department budgeted to move amounts to the school lunch fund (\$50,000).

Further, during the year ended June 30, 2023, the Town made the following one-time transfers:

Transfer of \$259,752 from the school repair reserve to the school department to cover capital related expenditures.

The Hermon Athletic Complex reserve (\$300,000) was combined into the school repair reserve.

The MLTI laptop fund transferred \$51,408 to the school department to cover costs expended in that fund.

L. Risk management

The Town is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town carries commercial insurance and participates in public entity risk pools sponsored by the Maine Municipal Association and the Maine School Management Association. Based on the coverages provided, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2023.

M. Contingencies

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

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

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

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

N. Tax abatements

The Town has entered into property tax abatement agreements (credit enhancement agreements) with individual organizations under Municipal Tax Increment Financing Districts approved by the State of Maine Department of Economic and Community Development. For the year ended June 30, 2023, the Town abated property taxes totaling \$70,315 through these credit enhancement agreements, including the following, each of which exceeded 10 percent of the total amount remitted:

\$23,831 (34%) was disbursed to Hermon Holdings, LLC based on the credit enhancement agreement (CEA) in which Hermon Holdings agreed to design, construct, and equip a new 24,000 square foot store facility and a 2,400 square foot credit union facility in the district, as well as a water quality improvement project. The original CEA became effective July 30, 2009, for a period of ten years, however, an amendment to the CEA extended the term to 17 years ending in fiscal year 2025.

\$16,586 (24%) 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.

O. Reclassification of fund balance

During the year, the Town has reclassified certain balances to represent how information is presented to its users and how information is maintained in the Town's accounting software. All reserves have been combined into one fund, Reserves, which had a balance of \$4,136,305 as of July 1, 2022. Other funds have been combined into one fund, Town Trusts, which had a balance of \$35,830 as of July 1, 2022. Fund balances of the general fund (\$90,726), school department (\$782,161), school capital reserve (\$739,093), town grants and other funds (\$76,833), capital project funds (\$2,474,144), and permanent funds (\$9,178) have been reduced by a total of \$4,172,135. Total fund balance for all governmental funds remains unchanged.

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 (only nine years available)

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

Schedule of Town's pension contributions Maine Public Employees Retirement System Last ten fiscal years (only nine years available)

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

Town of Hermon, Maine

Required supplementary information

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

Maine Public Employees Retirement System

Last ten fiscal years (only five years available)

	2023	2022	2021	2020	2019	2018
PLD plan						
Town's proportion of the net OPEB liability	0.2724%	0.2671%	0.2855%	0.2771%	0.2688%	0.2400%
Town's proportionate share of the net OPEB liability	\$ 39,451	27,574	37,665	59,284	54,300	40,126
Town's covered-employee payroll	1,485,273	1,126,120	1,030,755	1,006,975	950,975	814,224
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	2.66%	2.45%	3.65%	5.89%	5.71%	4.93%
Plan fiduciary net position as a percentage of the total OPEB liability	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%
Town's proportionate share of the net OPEB liability	\$ -	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the Town	299,403	146,929	294,059	270,886	259,460	261,241
Total	\$ 299,403	146,929	294,059	270,886	259,460	261,241
Town's covered-employee payroll	\$ 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%
Plan fiduciary net position as a percentage of the total OPEB liability	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 six years available)

	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	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%

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 six and five years available)

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

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

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

Other postemployment benefit (OPEB) obligations - life insurance

Changes of benefit terms - None

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

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

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

(with comparative totals for the year ended June 30, 2022)

	2023			Variance positive (negative)	2022 actual
	Original budget	Final budget	Actual		
Revenues					
Property taxes					
Real estate and personal property	\$ 7,707,877	7,707,877	7,722,907	15,030	7,333,018
Excise taxes	2,566,000	2,566,000	2,909,859	343,859	2,927,698
Payments in lieu of taxes	11,000	11,000	11,000	-	11,000
Interest on taxes	30,000	30,000	26,482	(3,518)	21,150
Total property taxes	10,314,877	10,314,877	10,670,248	355,371	10,292,866
Intergovernmental					
State revenue sharing	415,000	415,000	643,730	228,730	522,548
Homestead exemption	358,841	358,841	358,841	-	351,553
Business equipment tax reimbursement	361,529	361,529	361,785	256	319,080
Snowmobile reimbursement	2,500	2,500	3,436	936	3,429
General assistance	2,500	2,500	3,884	1,384	2,931
MDOT funding	-	-	-	-	119,914
Urban rural initiative payment	63,000	63,000	67,172	4,172	67,544
Total intergovernmental	1,203,370	1,203,370	1,438,848	235,478	1,386,999
Licenses and permits					
Town clerk agent fees	37,610	37,610	46,534	8,924	46,725
Dog fees	2,300	2,300	1,430	(870)	2,532
Building permits	12,000	12,000	14,788	2,788	17,909
Plumbing fees	13,500	13,500	14,515	1,015	13,718
Planning and zoning fees	3,000	3,000	15,144	12,144	4,884
Total licenses and permits	68,410	68,410	92,411	24,001	85,768
Charges for services					
Hermon connection	2,000	2,000	1,425	(575)	2,475
Cemetery maintenance	3,500	3,500	5,175	1,675	6,535
Cable franchise	18,000	18,000	16,339	(1,661)	28,228
Sewer assessments	200	200	4,796	4,596	4,190
Wireless tower fees	-	-	-	-	15,555
Public safety	1,000	1,000	103	(897)	1,893
Public works	-	-	1,974	1,974	6,937
Solid waste and recycling	15,400	15,400	19,580	4,180	15,685
Recreation and social services	-	-	2	2	-
Total charges for services	40,100	40,100	49,394	9,294	81,498
Interest	70,000	70,000	126,204	56,204	66,146
Miscellaneous	25,000	25,000	34,956	9,956	24,809
Total revenues	11,721,757	11,721,757	12,412,061	690,304	11,938,086

Town of Hermon, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2023

(with comparative totals for the year ended June 30, 2022)

	2023			Variance positive (negative)	2022 actual
	Original budget	Final budget	Actual		
Expenditures					
Current:					
General government					
Administration	432,348	432,348	402,732	29,616	359,069
Town manager	123,446	123,446	192,952	(69,506)	122,154
Town clerk	82,888	82,888	82,552	336	77,068
Finance	153,903	153,903	192,592	(38,689)	148,108
Assessor	217,378	217,378	105,592	111,786	151,027
Code enforcement	78,627	78,627	85,372	(6,745)	47,390
Assistant clerks	163,699	163,699	157,542	6,157	130,938
Municipal building	44,240	44,240	32,575	11,665	48,870
Town office	9,500	9,500	9,783	(283)	6,945
Town council	13,680	13,680	14,505	(825)	20,286
Town boards	10,538	10,538	8,469	2,069	6,992
Other	33,478	33,478	17,960	15,518	26,753
Total general government	1,363,725	1,363,725	1,302,626	61,099	1,145,600
Economic development					
Economic development	790,862	790,862	251,343	539,519	266,993
Total economic development	790,862	790,862	251,343	539,519	266,993
Public safety					
Police	519,909	519,909	525,064	(5,155)	510,453
Fire	437,321	437,321	528,961	(91,640)	421,484
Utilities	156,388	156,388	156,843	(455)	141,832
Total public safety	1,113,618	1,113,618	1,210,868	(97,250)	1,073,769
Public works					
General	321,338	321,338	371,353	(50,015)	272,301
Roads	1,062,427	1,062,427	1,045,412	17,015	966,189
Buildings	5,500	5,500	12,071	(6,571)	8,739
Equipment	45,285	45,285	97,345	(52,060)	60,934
Salt and sand shed	6,840	6,840	19,526	(12,686)	2,771
Cemetery	4,316	4,316	11,188	(6,872)	8,959
Total public works	1,445,706	1,445,706	1,556,895	(111,189)	1,319,893
Solid waste					
Landfill	20,700	20,700	23,777	(3,077)	28,011
Household waste	362,716	362,716	448,626	(85,910)	415,716
Sewer	62,640	62,640	50,747	11,893	66,726
Total solid waste	446,056	446,056	523,150	(77,094)	510,453

Town of Hermon, Maine

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2023

(with comparative totals for the year ended June 30, 2022)

	2023			Variance positive (negative)	2022 actual
	Original budget	Final budget	Actual		
Expenditures					
Current:					
Recreation and social services					
Recreation	112,556	112,556	109,610	2,946	99,450
Social services	315,440	315,440	313,504	1,936	230,168
Jackson Beach	1,395	1,395	726	669	3,794
New track	-	3,900,000	1,177,210	2,722,790	-
Total recreation and social services	429,391	4,329,391	1,601,050	2,728,341	333,412
Education (transfer out)	5,760,854	5,760,854	5,760,854	-	5,657,034
County tax	964,000	964,000	963,715	285	899,609
Tax increment financing	110,000	110,000	86,108	23,892	103,990
General assistance	5,000	5,000	5,549	(549)	4,187
Capital outlay (transfer out)	240,000	365,000	365,000	-	644,359
Total expenditures	12,669,212	16,694,212	13,627,158	3,067,054	11,959,299
Excess (deficiency) of revenues over (under) expenditures	(947,455)	(4,972,455)	(1,215,097)	3,757,358	(21,213)
Other financing sources (uses)					
Transfers out	-	-	(3,411)	(3,411)	-
Notes issued	-	3,900,000	3,900,000	-	-
Use of TIF fund balance	339,226	339,226	-	(339,226)	-
Use of fund balance	880,000	1,005,000	-	(1,005,000)	-
Total other financing sources (uses)	1,219,226	5,244,226	3,896,589	(1,347,637)	-
Net change in fund balance - budgetary basis	271,771	271,771	2,681,492	2,409,721	(21,213)
Reconciliation to GAAP					
Change in committed balances (reserves)			-		6,584
Net change in fund balance - GAAP basis			2,681,492		(14,629)
Fund balance - beginning, reclassified			5,748,024		5,853,379
Fund balance - end			\$ 8,429,516		5,838,750

Town of Hermon, Maine

School department

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2023

(with comparative totals for the year ended June 30, 2022)

	2023			Variance positive (negative)	2022 actual
	Original budget	Final budget	Actual		
Revenues					
Local assessments					
Local allocation	\$ 4,005,465	4,005,465	4,005,465	-	4,239,798
Non-state funded debt service	591,523	591,523	591,523	-	601,061
Additional local appropriation	1,163,866	1,163,866	1,163,866	-	812,798
Total local assessments	5,760,854	5,760,854	5,760,854	-	5,653,657
Intergovernmental					
State subsidy	7,419,262	7,419,262	7,419,262	-	7,023,945
State agency client	20,000	20,000	38,687	18,687	31,285
Erate	10,000	10,000	27,580	17,580	45,792
Total intergovernmental	7,449,262	7,449,262	7,485,529	36,267	7,101,022
Charges for services					
Tuition and fees	2,310,000	2,310,000	2,753,690	443,690	2,349,309
Transportation	-	-	3,543	3,543	-
Event admission	25,000	25,000	31,291	6,291	26,956
Total charges for services	2,335,000	2,335,000	2,788,524	453,524	2,376,265
Interest	10,000	10,000	46,326	36,326	35,910
Miscellaneous					
JROTC revenue	83,543	83,543	85,688	2,145	82,285
Other	15,000	15,000	19,905	4,905	38,982
Total miscellaneous	98,543	98,543	105,593	7,050	121,267
Total revenues	15,653,659	15,653,659	16,186,826	533,167	15,288,121

Town of Hermon, Maine

School department

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2023

(with comparative totals for the year ended June 30, 2022)

	2023				2022 actual
	Original budget	Final budget	Actual	Variance positive (negative)	
Expenditures					
Current:					
Regular instruction	7,104,214	7,104,214	6,995,466	108,748	6,446,102
Special education	2,549,707	2,549,707	2,377,321	172,386	2,073,370
Other instruction	570,187	600,187	596,445	3,742	577,973
Student and staff support	1,756,263	1,726,263	1,622,501	103,762	1,630,638
System administration	516,692	556,692	547,697	8,995	460,606
School administration	970,052	970,052	931,991	38,061	876,037
Transportation	751,521	751,521	722,929	28,592	611,351
Facilities maintenance	2,656,828	2,616,828	2,300,042	316,786	2,187,349
Debt service	591,523	591,523	591,523	-	601,060
Total expenditures	<u>17,466,987</u>	<u>17,466,987</u>	<u>16,685,915</u>	<u>781,072</u>	<u>15,464,486</u>
Excess (deficiency) of revenues over (under) expenditures	(1,813,328)	(1,813,328)	(499,089)	1,314,239	(176,365)
Other financing sources (uses)					
Transfers in	634,700	634,700	311,160	(323,540)	601,277
Transfers out	(50,000)	(50,000)	(50,000)	-	(365,002)
Use of fund balance	<u>1,228,628</u>	<u>1,228,628</u>	-	<u>(1,228,628)</u>	-
Total other financing sources (uses)	<u>1,813,328</u>	<u>1,813,328</u>	<u>261,160</u>	<u>(1,552,168)</u>	<u>236,275</u>
Net change in fund balance - budgetary basis	-	-	(237,929)	(237,929)	59,910
Reconciliation to GAAP					
Change in accrued teacher summer salaries and benefits			(162,813)		(56,635)
Change in committed balances (reserves)			-		<u>202,378</u>
Net change in fund balance - GAAP basis			(400,742)		205,653
Fund balance - beginning, reclassified			<u>3,571,730</u>		<u>4,148,238</u>
Fund balance - end			<u>\$ 3,170,988</u>		<u>4,353,891</u>

Town of Hermon, Maine

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

Reserve funds

For the year ended June 30, 2023

Reserve	#	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Municipal unemployment	2	\$ 36,296	710	-	5,000	42,006
Legal liability reserve	3	17,964	335	16,000	-	2,299
Cemetery	4	50,940	5,950	9,837	-	47,053
Fire equipment	5	550,242	10,727	66,715	150,000	644,254
School repair reserve	7	739,093	11,197	320,527	40,248	470,011
Hermon Athletic Complex reserve	n/a	300,000	-	-	(300,000)	-
Public works facility	8	98,616	2,329	-	75,000	175,945
Recreation facilities	9	170,065	3,238	22,590	10,000	160,713
School unemployment reserve	10	42,120	786	-	-	42,906
Municipal building	11	-	163	-	25,000	25,163
Sewer maintenance	12	588,671	11,113	134,320	20,000	485,464
Public land acquisition	13	11,882	222	833	-	11,271
Planning and ordinance	14	31,800	756	22,002	25,000	35,554
Public safety building	17	63,138	1,243	16,234	10,000	58,147
Town office equipment reserve	19	29,584	813	24,999	40,000	45,398
School fuel reserve	27	222,209	4,145	-	-	226,354
Jackson Beach reserve	28	58,680	1,095	-	-	59,775
Transfer station reserve	29	5,218	97	3,100	-	2,215
Elementary school reserve	30	300,714	3,882	295,000	-	9,596
Rural fire protection	31	12,040	14,033	11,015	-	15,058
Veteran Memorial Park	32	-	83	212	5,000	4,871
School bus purchase reserve	33	87,558	1,633	-	-	89,191
Sick leave reserve	34	23,667	442	-	-	24,109
Solid waste reserve	35	565,534	10,550	-	-	576,084
Food service reserve	36	30,063	561	-	-	30,624
Enrollment stabilization reserve	37	100,211	1,869	-	-	102,080
		\$ 4,136,305	87,972	943,384	105,248	3,386,141

Town of Hermon, Maine

Combining balance sheet
Special revenue funds
June 30, 2023

	Town grants and other funds	Town trusts	School grants and other funds	School lunch	Student activity funds	Total special revenue funds
Assets						
Cash and cash equivalents	\$ -	37,391	-	-	273,462	310,853
Accounts receivable, net	-	-	-	4	-	4
Intergovernmental receivables	-	-	714,429	28,462	-	742,891
Due from other funds	300,158	329	-	189,094	-	489,581
Inventory	-	-	-	6,329	-	6,329
Total assets	\$ 300,158	37,720	714,429	223,889	273,462	1,549,658
Liabilities						
Accounts payable	-	-	24,784	9,153	-	33,937
Accrued wages and benefits	-	-	81,256	8,526	-	89,782
Unearned revenue	237,920	-	-	-	-	237,920
Due to other funds	-	-	688,560	-	-	688,560
Total liabilities	237,920	-	794,600	17,679	-	1,050,199
Fund balances						
Nonspendable	-	7,785	-	6,329	-	14,114
Restricted	61,793	1,560	9,656	199,881	-	272,890
Committed	445	28,375	-	-	273,462	302,282
Unassigned	-	-	(89,827)	-	-	(89,827)
Total fund balances	62,238	37,720	(80,171)	206,210	273,462	499,459
Total liabilities and fund balances	\$ 300,158	37,720	714,429	223,889	273,462	1,549,658

Town of Hermon, Maine

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

Special revenue funds

For the year ended June 30, 2023

	Town grants and other funds	Town trusts	School grants and other funds	School lunch	Student activity funds	Total special revenue funds
Revenues						
Intergovernmental	\$ 403,907	-	1,090,358	742,546	-	2,236,811
Charges for services	1,394	-	-	79,085	-	80,479
Student activity fees and fundraisers	-	-	-	-	275,206	275,206
Interest	-	662	-	-	-	662
Miscellaneous	200,100	12,275	-	596	-	212,971
Total revenues	605,401	12,937	1,090,358	822,227	275,206	2,806,129
Expenditures						
Current:						
General government	1,369	11,047	-	-	-	12,416
Recreation and social services	600,055	-	-	-	-	600,055
Education	-	-	1,063,858	642,616	236,097	1,942,571
Total expenditures	601,424	11,047	1,063,858	642,616	236,097	2,555,042
Excess (deficiency) of revenues over (under) expenditures	3,977	1,890	26,500	179,611	39,109	251,087
Other financing sources (uses)						
Transfers in	-	-	3,411	50,000	-	53,411
Transfers out	-	-	(51,408)	-	-	(51,408)
Total other financing sources (uses)	-	-	(47,997)	50,000	-	2,003
Net change in fund balances	3,977	1,890	(21,497)	229,611	39,109	253,090
Fund balances - beginning, reclassified	58,261	35,830	(58,674)	(23,401)	234,353	246,369
Fund balances - ending	\$ 62,238	37,720	(80,171)	206,210	273,462	499,459

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, 2023

	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	2,378	2,485	-	-	4,863
Fire department gear grant	179	-	-	-	179
Keep ME healthy	4,288	-	-	-	4,288
MDOT Hammond	14,648	-	-	-	14,648
Covid-19	23,430	-	-	-	23,430
American rescue plan - COVID-19	-	400,000	400,000	-	-
Track donations	-	200,000	200,000	-	-
Childcare	68	2,816	1,369	-	1,515
Veteran Memorial bricks	400	100	55	-	445
	<u>\$ 58,261</u>	<u>605,401</u>	<u>601,424</u>	<u>-</u>	<u>62,238</u>

Town of Hermon, Maine

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

Town trust funds

For the year ended June 30, 2023

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Wilfred Pike Trust	\$ 7,972	145	-	-	8,117
Wilma Nowell Trust	1,206	22	-	-	1,228
Boston Post Cane	759	13	-	-	772
Medical reimbursements	10,180	12,493	11,047	-	11,626
Athletic complex	10,404	174	-	-	10,578
Historical society	5,309	90	-	-	5,399
	<u>\$ 35,830</u>	<u>12,937</u>	<u>11,047</u>	<u>-</u>	<u>37,720</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, 2023

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Adult education	\$ -	-	3,411	3,411	-
Miscellaneous one-time grants	8,688	-	130	-	8,558
Ticket to ride	1,098	-	-	-	1,098
MLTI laptop grant	-	51,408	-	(51,408)	-
Title IA - disadvantaged	(31,632)	221,538	219,088	-	(29,182)
PFAS grant	-	-	8,571	-	(8,571)
Local entitlement	(10,643)	232,754	238,356	-	(16,245)
Local entitlement - ARP	-	32,337	32,337	-	-
Preschool	-	1,778	1,778	-	-
Preschool - ARP	-	4,826	4,826	-	-
ESSER 2	(25,280)	185,601	171,575	-	(11,254)
ESSER 3	(905)	304,240	327,910	-	(24,575)
Computer science mobile lab	-	14,647	14,647	-	-
Rural low income	-	9,389	9,389	-	-
Title IIA - supportive effective instruction	-	31,840	31,840	-	-
	\$ (58,674)	1,090,358	1,063,858	(47,997)	(80,171)

Town of Hermon, Maine

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

Student activity funds

For the year ended June 30, 2023

	Beginning fund balance	Revenues	Expenditures	Ending fund balance
Hermon High School	\$ 201,402	249,344	211,967	238,779
Hermon Middle School	9,106	17,438	14,892	11,652
Hermon Elementary School	23,845	8,424	9,238	23,031
	<u>\$ 234,353</u>	<u>275,206</u>	<u>236,097</u>	<u>273,462</u>