

Town of Hartland, Maine

ANNUAL FINANCIAL STATEMENTS
(with required and other supplementary information)

For the Year Ended June 30, 2024

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Independent Auditor's Report

Board of Selectmen
Town of Hartland, Maine

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hartland, Maine, as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof 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 of Hartland, Maine, 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 these 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 Town of Hartland, Maine'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 Town of Hartland, Maine'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 Town of Hartland, Maine'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, budgetary comparison information, pension information and OPEB information on pages 7 through 13 and pages 44 through 47 be presented to supplement the basic financial statements. Such information, 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 of Hartland, Maine's basic financial statements. The other supplementary information on Schedules 1-2 and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, Schedules 1-2 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 April 4, 2025, on our consideration of the Town of Hartland, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Hartland, Maine'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 of Hartland, Maine's internal control over financial reporting and compliance.

Brantley Whibodan & Associates

Bangor, Maine
April 4, 2025

Town of Hartland, Maine

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)

The Management Discussion and Analysis ("MD&A") is a report of the Town of Hartland's fiscal activity for the year ending June 30, 2024. The report is presented in a manner that fairly represents the Town's present financial position in respect to all funds and accounts. Included is all the information to accurately understand the Town's financial position, and the data is correct to the best of our knowledge and belief.

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

The financial information of the Town includes all town departments. All town departments include municipal departments consisting of Public Works, Protection, Administration, HPCF Sewer, Landfill and others. The combination of these gives the true financial status of the Town of Hartland.

FINANCIAL INFORMATION

The Town also owns and operates a pollution control facility and landfill that primarily serves the Town's in town sewer users. The users currently pays 100% of the HPCF budget including debt service. The landfill is owned and operated by the Town has been stand alone for several years and the capacity of phase III is about 750 cubic yards. This area is expected to be full by the end of the year.

The Town Administration is responsible for the accounting structure of the community. This structure includes the establishment of financial controls that protect the Town from loss and misuse. All accounting information is maintained and reported using generally accepted accounting principles (GAAP). Further, the administration performs constant review of all services to promote and assure optimum utilization of resources to provide the services requested by the community.

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

- The balance of the Town's cash assets as of June 30, 2024 was \$2,992,031.
- The Town's governmental activities net position increased by a total of \$140,077
- The Town's general fund's fund balances decreased by \$22,976, from \$4,329,748 at June 30, 2023 to \$4,306,772 at June 30, 2024.
- The Town's business-type activities net position increased by a total of \$3,029,479.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

Government-wide statements distinguish business-type activities from governmental activities. Business-type activities are those that are funded in part through user fees or user-based revenue, whereas governmental activities are those that are primarily funded through taxes and governmental fees. The business-type activity in Hartland is the sewer treatment plant and landfill.

Fund Financial Statements

The Town segregates its activities into several funds. Each fund is determined to separate information in order to accurately report specific account activities. The determination of various funds is based upon accounting standards and legal requirements. The funds for the Town are the general fund (primary fund), the permanent fund, the special revenue fund, the Sewer proprietary fund, and private purpose trust funds. Separate statements are presented for governmental, proprietary, and fiduciary activities. The governmental and proprietary statements present each major fund as a separate column on the fund financial statements. The fiduciary statements aggregate and present each fund type as a separate column on the fund financial statements.

Because the focus of governmental funds is narrower than that of 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 Town'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.

General Fund

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

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

Sewer Treatment Plant (HPCF) and Landfill Proprietary Funds

This fund accounts for the activities of the Town's sewer and landfill department.

Private Purpose Trust Funds

These funds account for assets held by the Town pursuant to a fiduciary agreement, for the benefit of individuals and entities outside the government.

Notes to Financial Statements

The notes to the financial statements are included in the audit to give specific comment to certain areas. These are a crucial part of the audit and are closely monitored by Town administration. The reason they are monitored is that they provide additional insight into activities of the Town. These can show areas of strength and weakness for continued success and improvement. The notes to the financial statements are included on pages 24-43.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning financial performance (budget and actual with variances) which can be found on page 44.

GOVERNMENT-WIDE ANALYSIS

Net position may serve over time 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 \$14,287,671 as of June 30, 2024.

Net Position for the Period Ending June 30, 2024 and 2023

The current year's government-wide financial statements are compared with prior year as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$4,634,578	\$4,669,471	\$ 5,214,555	\$ 3,334,001	\$ 9,849,133	\$ 8,003,472
Capital assets, net	<u>3,552,221</u>	<u>3,434,718</u>	<u>14,043,368</u>	<u>10,368,185</u>	<u>17,595,589</u>	<u>13,802,903</u>
Total Assets	<u>8,186,799</u>	<u>8,104,189</u>	<u>19,257,923</u>	<u>13,702,186</u>	<u>27,444,722</u>	<u>21,806,375</u>
Deferred outflows of resources	<u>95,362</u>	<u>68,361</u>	-	-	<u>95,362</u>	<u>68,361</u>
Current liabilities	125,903	176,496	1,020,883	12,356	1,146,786	188,852
Noncurrent liabilities	<u>350,993</u>	<u>309,413</u>	<u>11,670,344</u>	<u>10,660,351</u>	<u>12,021,337</u>	<u>10,969,764</u>
Total Liabilities	<u>476,896</u>	<u>217,801</u>	<u>12,691,227</u>	<u>10,672,707</u>	<u>13,168,123</u>	<u>11,158,616</u>
Deferred inflows of resources	<u>84,290</u>	<u>105,743</u>	-	-	<u>84,290</u>	<u>105,743</u>
Net Position						
Net investment in capital assets	3,445,854	3,322,442	11,758,092	8,571,423	15,203,946	11,893,865
Restricted	-	166,047	689,263	680,225	689,263	846,272
Unrestricted(deficit)	<u>4,275,121</u>	<u>4,092,409</u>	<u>(5,880,659)</u>	<u>(6,222,169)</u>	<u>(1,605,538)</u>	<u>(2,129,760)</u>
Total Net Position	<u>\$ 7,720,975</u>	<u>\$ 7,580,898</u>	<u>\$ 6,566,696</u>	<u>\$ 3,029,479</u>	<u>\$ 14,287,671</u>	<u>\$ 10,610,377</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position:

As a result of applying GASB 34, the Town recorded depreciation expense of \$130,910 in its governmental activities and added fixed assets of \$248,413 for the year ended June 30, 2024.

Changes in deferred tax and pension and OPEB items of \$1,109 decreased net position.

The following table presents a summary of revenues and expenses for the fiscal year ended June 30, 2024 and 2023.

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
REVENUES				
<i>Program Revenues:</i>				
Charges for services and other	\$ 23,440	\$ 32,208	\$ 3,942,554	\$ 1,643,922
Operating grants and contributions	20,984	25,549	-	-
Capital grants and contributions	177,136	330,125	3,102,812	1,228,451
<i>General Revenues:</i>				
Property Taxes	2,555,155	2,663,593	-	-
Excise and miscellaneous taxes	291,839	306,740	-	-
Grants and contributions not restricted to specific purpose	639,645	668,427	-	-
Investment income	143,644	62,487	9,038	-
Interest and lien costs	18,141	35,230	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>\$3,869,984</u>	<u>\$4,124,359</u>	<u>\$ 7,054,404</u>	<u>\$ 2,198,451</u>
EXPENSES				
General government	\$ 328,899	\$ 307,732	\$ -	\$ -
Public safety	285,091	261,079	-	-
Public works	615,532	351,783	-	-
Sanitation	274,708	185,834	-	-
Health and human services	8,953	8,731	-	-
Leisure services	82,949	81,154	-	-
Public service	18,616	16,992	-	-
County tax	363,412	325,956	-	-
Education	1,524,108	1,529,440	-	-
Interest on long-term debt	-	-	-	-
Special grants and contributions	290	235	-	-
Tax increment financing	62,298	73,372	-	-
Business-type expenses	-	-	2,432,233	1,676,564
Total expenses	<u>\$3,564,856</u>	<u>\$3,142,308</u>	<u>\$ 2,432,233</u>	<u>\$ 1,676,564</u>
Excess (deficiency) before contributions to permanent fund principal, special items, and transfers	305,128	982,051	4,622,171	1,195,809
Inter-fund transfers	(165,051)	(38,500)	165,051	38,500
Special item-landfill closure care	-	-	(1,250,005)	(1,250,005)
Special item – net sale of assets	-	8,238	-	-
Change in net position	140,077	951,789	3,537,217	1,234,309
Restatements	-	56,840	-	21,653
Net position, beginning of year	<u>7,580,898</u>	<u>6,629,109</u>	<u>3,029,479</u>	<u>1,795,170</u>
Net position, end of year	<u>\$ 7,720,975</u>	<u>\$ 7,580,898</u>	<u>\$ 6,566,696</u>	<u>\$ 3,029,479</u>

The narrative that follows considers the operations of governmental and business-type activities separately.

Governmental Activities

For the year ended June 30, 2024, the Town’s net position for governmental activities increased by \$140,077.

General revenues consist of all revenues that are not considered to be program revenues or charges for services. General revenues for the year ended June 30, 2024 totaled \$3,648,424. Of this amount, \$2,865,135 was from local property and excise taxes.

Business-type Activities

As previously mentioned, the Town’s business-type activities consist of its sewer and solid waste treatment plant and its’ landfill funds.

During the year ended June 30, 2024, the Town’s net position from business-type activities increased by \$3,537,217.

Financial Analysis of the Town’s Funds

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

The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. As the Town completed the year, its governmental funds reported a combined fund balance of \$4,311,142, \$23,266 lower than the previous year. An analysis of transactions affecting the change in the combined fund balance of the Town’s governmental funds is as follows:

Revenues include property taxes totaling \$2,514,115. Excise taxes and other taxes accounted for \$309,980 in total revenue and intergovernmental revenues totaled \$819,385.

Total governmental fund expenditures for the years were ended June 30, 2024 and 2023 are broken down as follows:

	2024	2023
General government	\$ 329,466	\$ 307,522
Public safety	254,809	283,186
Public works	595,594	709,343
Sanitation	274,708	185,834
Health and welfare	8,953	8,731
Culture and recreation	82,949	81,154
County tax	363,412	325,956
Education	1,524,108	1,529,440
Public services	18,616	16,992
Principal	5,909	5,909
Tax increment financing	62,298	73,372
Grant program	166,047	175,235
Capital outlay	-	-
Total Governmental Funds Expenditures	<u>\$3,686,869</u>	<u>\$3,702,674</u>

The Town paid \$248,413 in governmental capital outlays capitalized and is reflected in the total added to capital assets as of June 30, 2024.

FIDUCIARY NON-TOWN ACCOUNTS

The Town acts as the fiduciary for non-expendable trust funds, the income of which may be used for cemetery maintenance. The balance in those funds is approximately \$63,737.

Capital Asset and Debt Administration

Capital Assets

	Balance 6/30/23	Additions/ Completions	Retirement/ Restatement	Balance 6/30/24
Governmental Activities				
Buildings and Improvements	\$ 1,920,275	\$ -	\$ -	\$ 1,920,275
Equipment, furniture and vehicles	1,105,845	-	-	1,105,845
Infrastructure	<u>2,477,698</u>	<u>248,413</u>	-	<u>2,726,111</u>
Total capital assets	5,503,818	248,413	-	5,752,231
Less accumulated depreciation	<u>(2,069,100)</u>	<u>(130,910)</u>	-	<u>(2,200,010)</u>
Total capital assets, net	<u>\$ 3,434,718</u>	<u>\$ 117,503</u>	<u>\$ -</u>	<u>\$ 3,552,221</u>
Business-Type Activities				
Treatment plant	\$ 16,313,607	\$ 3,923,999	\$ -	\$ 20,608,606
Infrastructure	78,165	-	-	78,165
Equipment	692,259	-	-	692,259
Landfill	<u>1,623,263</u>	<u>191,334</u>	-	<u>1,814,597</u>
Total capital assets	19,078,294	4,115,333	-	23,193,627
Less accumulated Depreciation	<u>(8,710,109)</u>	<u>(440,150)</u>	-	<u>(9,150,259)</u>
Total capital assets, net	<u>\$ 10,368,185</u>	<u>\$ 3,675,183</u>	<u>\$ -</u>	<u>\$ 14,043,368</u>

Additional information on the Town's capital assets can be found in Note 3.

Debt and Other Long Term Obligations Administration

A summary of the Town’s debt activity for the year ended June 30, 2024 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Total Interest Paid</u>
Governmental Activities					
Financed purchase Obligations	\$ 112,276	\$ -	\$ (5,909)	\$ 106,367	-
Net OPEB liability	53,527	-	(18,853)	34,674	N/A
Net Pension liability(asset)	<u>143,610</u>	<u>66,342</u>	<u>-</u>	<u>209,952</u>	N/A
Total governmental activities	<u>\$ 309,413</u>	<u>\$ 66,342</u>	<u>\$ (24,762)</u>	<u>\$ 350,993</u>	<u>\$ -</u>
Business-Type Activities					
Bonds and notes payable	\$ 5,289,823	\$ -	\$ (131,363)	\$ 5,158,460	\$ 89,276
Financed purchase obligations	<u>330,169</u>	<u>-</u>	<u>(108,649)</u>	<u>221,520</u>	<u>7,907</u>
Total Business-Type	<u>\$ 5,619,992</u>	<u>\$ -</u>	<u>\$ (240,012)</u>	<u>\$ 5,379,980</u>	<u>\$ 97,183</u>

Additional information on the Town’s long-term debt can be found in the Note 4 to the basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund Budgetary Highlights

During the year, actual revenues exceeded budgeted revenues by \$230,460. Most of this variance resulted from under budgeted excise tax and intergovernmental revenues.

Budgeted expenditures were higher than actual expenditures by \$396,134 with the utilization of designated carry-forward balances.

ECONOMIC FACTORS AND FUTURE BUDGETS

The Town will be conducting a Town wide revaluation which will start in the spring of 2025 in an effort to increase our sales ratio to be able to declare a 100% certified ratio which will allow a maximum reimbursement from the State on Homestead exemptions and Veteran exemptions and allow citizens with those exemptions to deduct 100% of the exemption allowance. The Landfill, has operated 15 months in the new cell as of 6/30/24. The projected annual revenue from the landfill operations is \$3,250,000 +/- annually. The HPCF is in the second phase of construction which will end in the Spring of 2025 and the grant funded third phase of construction should start in the fall of 2025. The annual revenue stream is around \$500,000 +/- for the HPCF. The Town continues discussions with State agencies for a long-term plan for the Tannery buildings and has a “Downtown Plan” committee in place. The discussions for the large solar project on Weyerhaeuser property continues and is estimated to be a 250 million +/- dollar project.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the Town’s finances. If you have questions about this report or need any additional information, contact the Town Manager, at 21 Elm St., Hartland, Maine 04943 or call (207) 938-4401.

Town of Hartland, Maine
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,992,031	\$ -	\$ 2,992,031
Investments	3,863,352	-	3,863,352
Taxes receivable, net	211,166	-	211,166
Accounts receivable	-	539,746	539,746
Due from other governmental agencies	63,227	977,128	1,040,355
Due from Maine Bond Bank	-	1,202,483	1,202,483
Interfund balances	(2,495,198)	2,495,198	-
Capital assets being depreciated, net	3,552,221	14,043,368	17,595,589
	<u>8,186,799</u>	<u>19,257,923</u>	<u>27,444,722</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension plan	80,852	-	80,852
Deferred outflows related to OPEB	14,510	-	14,510
	<u>95,362</u>	<u>-</u>	<u>95,362</u>
LIABILITIES			
Accounts payable and accrued expenses	125,903	989,485	1,115,388
Due to other governmental agencies	-	31,398	31,398
Long-term liabilities			
Due within one year			
Financed purchase obligation	5,909	110,027	115,936
Notes and bonds payable	-	169,236	169,236
Due in more than one year			
Financed purchase obligation	100,458	111,493	211,951
Notes and bonds payable	-	4,989,224	4,989,224
Estimated landfill closure costs	-	4,568,555	4,568,555
Estimated post-closure and leachate costs	-	1,721,809	1,721,809
Net pension liability	209,952	-	209,952
Net OPEB liability	34,674	-	34,674
	<u>476,896</u>	<u>12,691,227</u>	<u>13,168,123</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension plan	31,351	-	31,351
Deferred inflows related to OPEB	40,517	-	40,517
Prepaid taxes	12,422	-	12,422
	<u>84,290</u>	<u>-</u>	<u>84,290</u>
NET POSITION			
Net investment in capital assets	3,445,854	11,758,092	15,203,946
Restricted, expendable for			
Debt service	-	290,298	290,298
Capital project	-	398,965	398,965
Unrestricted (deficit)	4,275,121	(5,880,659)	(1,605,538)
	<u>\$ 7,720,975</u>	<u>\$ 6,566,696</u>	<u>\$ 14,287,671</u>

Town of Hartland, Maine
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental activities							
General government	\$ 328,899	\$ 19,565	\$ 3,569	\$ -	\$ (305,765)	\$ -	\$ (305,765)
Health and welfare	8,953	-	-	-	(8,953)	-	(8,953)
Public safety	285,091	-	-	-	(285,091)	-	(285,091)
Public works	615,532	-	-	90,442	(525,090)	-	(525,090)
Sanitation	274,708	-	6,228	-	(268,480)	-	(268,480)
Education	1,524,108	-	-	-	(1,524,108)	-	(1,524,108)
Leisure services	82,949	-	2,604	-	(80,345)	-	(80,345)
County tax	363,412	-	-	-	(363,412)	-	(363,412)
Cemeteries	-	3,875	-	-	3,875	-	3,875
Public services	18,616	-	8,583	-	(10,033)	-	(10,033)
Grant program expenses	290	-	-	86,694	86,404	-	86,404
TIF - Community and economic development	62,298	-	-	-	(62,298)	-	(62,298)
Total governmental activities	<u>3,564,856</u>	<u>23,440</u>	<u>20,984</u>	<u>177,136</u>	<u>(3,343,296)</u>	<u>-</u>	<u>(3,343,296)</u>
Business-type activities							
HPCF - Sewer fund	888,527	693,909	-	3,102,812	-	2,908,194	2,908,194
Landfill fund	1,543,706	3,248,645	-	-	-	1,704,939	1,704,939
Total business-type activities	<u>2,432,233</u>	<u>3,942,554</u>	<u>-</u>	<u>3,102,812</u>	<u>-</u>	<u>4,613,133</u>	<u>4,613,133</u>
Total government	<u>\$ 5,997,089</u>	<u>\$ 3,965,994</u>	<u>\$ 20,984</u>	<u>\$ 3,279,948</u>	<u>(3,343,296)</u>	<u>4,613,133</u>	<u>1,269,837</u>
General revenues							
Taxes							
Property taxes					2,555,155	-	2,555,155
Excise taxes, permits, licenses and other fees					291,839	-	291,839
Interest and lien costs					18,141	-	18,141
Grants and contributions not restricted to specific programs					639,645	-	639,645
Unrestricted investment earnings and interest					143,644	9,038	152,682
Special item - landfill closure care costs change					-	(1,250,005)	(1,250,005)
Transfers					(165,051)	165,051	-
Total general revenues, special item and transfers					<u>3,483,373</u>	<u>(1,075,916)</u>	<u>2,407,457</u>
Change in net position					140,077	3,537,217	3,677,294
NET POSITION - BEGINNING					<u>7,580,898</u>	<u>3,029,479</u>	<u>10,610,377</u>
NET POSITION - ENDING					<u>\$ 7,720,975</u>	<u>\$ 6,566,696</u>	<u>\$ 14,287,671</u>

**Town of Hartland, Maine
Balance Sheet
Governmental Funds
June 30, 2024**

	General Fund	Other Governmental Fund - Special Revenues	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,987,661	\$ 4,370	\$ 2,992,031
Investments	3,863,352	-	3,863,352
Taxes receivable, net	211,166	-	211,166
Due from other governmental agencies	63,227	-	63,227
Total assets	<u>\$ 7,125,406</u>	<u>\$ 4,370</u>	<u>\$ 7,129,776</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 125,901	\$ -	\$ 125,901
Due to other funds	2,495,198	-	2,495,198
Total liabilities	<u>2,621,099</u>	<u>-</u>	<u>2,621,099</u>
Deferred inflows of resources			
Prepaid taxes	12,422	-	12,422
Unavailable property taxes	185,113	-	185,113
Total deferred inflows of resources	<u>197,535</u>	<u>-</u>	<u>197,535</u>
Fund balances			
Committed for			
Capital projects	-	4,370	4,370
Other purposes	810,335	-	810,335
Unassigned	3,496,437	-	3,496,437
Total fund balances	<u>4,306,772</u>	<u>4,370</u>	<u>4,311,142</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,125,406</u>	<u>\$ 4,370</u>	<u>\$ 7,129,776</u>

See accompanying auditor's report and notes to basic financial statements.

Town of Hartland, Maine
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024

Total fund balance, governmental funds	\$	4,311,142
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		3,552,221
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		
Deferred inflows related to property taxes		185,112
Certain deferred outflows of resources and deferred inflows of resources related to pensions are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Deferred inflows of resources		(71,868)
Deferred outflows of resources		95,362
Some liabilities, (such as Financed Purchase Note Payable, Net Pension Asset/Liability, Other Postemployment Benefit Obligation, and Bonds, Notes Payable and Financed Purchase Obligations), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(350,994)
		(350,994)
Net Position of Governmental Activities in the Statement of Net Position	\$	7,720,975

See accompanying auditor's report and notes to basic financial statements.

Town of Hartland, Maine
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Other Governmental Fund - Special Revenues	Total Governmental Funds
REVENUES			
Property taxes	\$ 2,514,115	\$ -	\$ 2,514,115
Excise and miscellaneous taxes	291,839	-	291,839
Interest and lien costs	18,141	-	18,141
Intergovernmental	819,385	-	819,385
Charges for services	29,638	-	29,638
Investment and interest earnings	143,644	-	143,644
Miscellaneous	12,182	-	12,182
	<u>3,828,944</u>	<u>-</u>	<u>3,828,944</u>
Total revenues	<u>3,828,944</u>	<u>-</u>	<u>3,828,944</u>
EXPENDITURES			
Current			
General government	329,466	-	329,466
Public safety	254,809	-	254,809
Public works	595,594	-	595,594
Sanitation	274,708	-	274,708
Recreation	82,949	-	82,949
Education	1,524,108	-	1,524,108
County tax	363,412	-	363,412
Health and welfare	8,953	-	8,953
Public services	18,616	-	18,616
Tax increment financing	62,298	-	62,298
Grant program expenses	166,047	290	166,337
Debt service			
Principal	5,909	-	5,909
	<u>3,686,869</u>	<u>290</u>	<u>3,687,159</u>
Total expenditures	<u>3,686,869</u>	<u>290</u>	<u>3,687,159</u>
Excess (deficiency) of revenues over expenditures	142,075	(290)	141,785
OTHER FINANCING SOURCES (USES)			
Transfers in	35,000	-	35,000
Transfers out	(200,051)	-	(200,051)
	<u>(165,051)</u>	<u>-</u>	<u>(165,051)</u>
Total other financing sources and uses	<u>(165,051)</u>	<u>-</u>	<u>(165,051)</u>
Net change in fund balances	(22,976)	(290)	(23,266)
FUND BALANCES - BEGINNING	<u>4,329,748</u>	<u>4,660</u>	<u>4,334,408</u>
FUND BALANCES - ENDING	<u>\$ 4,306,772</u>	<u>\$ 4,370</u>	<u>\$ 4,311,142</u>

See accompanying auditor's report and notes to basic financial statements.

Town of Hartland, Maine
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds: \$ (23,266)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays	\$ 248,413	
Depreciation	<u>(130,910)</u>	117,503

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes. 41,040

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.

Debt payments		5,909
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Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in pension and OPEB related accounts		<u>(1,109)</u>
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Change in net position of governmental activities		<u><u>\$ 140,077</u></u>
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Town of Hartland, Maine
Statement of Net Position
Proprietary Funds
June 30, 2024

	Enterprise Funds		
	HPCF Sewer		
	Fund	Landfill	Total
ASSETS			
Current assets			
Accounts receivable, net	\$ 58,153	\$ 481,593	\$ 539,746
Interfund advances receivable - current	1,355,666	1,139,532	2,495,198
Grants receivables from other governments	977,128	-	977,128
Due from Maine Bond Bank	1,202,483	-	1,202,483
Total current assets	<u>3,593,430</u>	<u>1,621,125</u>	<u>5,214,555</u>
Non-current assets			
Land and improvements	-	78,165	78,165
Property, plant and equipment	22,231,868	845,599	23,077,467
Equipment, vehicles and furniture	37,995	-	37,995
Less accumulated depreciation	<u>(8,943,778)</u>	<u>(206,481)</u>	<u>(9,150,259)</u>
Total non-current assets	<u>13,326,085</u>	<u>717,283</u>	<u>14,043,368</u>
Total assets	<u>16,919,515</u>	<u>2,338,408</u>	<u>19,257,923</u>
LIABILITIES			
Current liabilities			
Accounts payable	989,485	-	989,485
Payable to other governments	-	31,398	31,398
Financed purchase obligation	-	110,027	110,027
Bonds and notes payable	<u>69,456</u>	<u>99,780</u>	<u>169,236</u>
Total current liabilities	<u>1,058,941</u>	<u>241,205</u>	<u>1,300,146</u>
Noncurrent liabilities			
Estimated landfill closure costs	-	4,568,555	4,568,555
Estimated post-closure and leachate costs	-	1,721,809	1,721,809
Bonds and notes payable	1,994,300	2,994,924	4,989,224
Financed purchase obligation	-	111,493	111,493
Total non-current liabilities	<u>1,994,300</u>	<u>9,396,781</u>	<u>11,391,081</u>
Total liabilities	<u>3,053,241</u>	<u>9,637,986</u>	<u>12,691,227</u>
NET POSITION			
Net investment in capital assets	11,262,329	495,763	11,758,092
Restricted for debt service	290,298	-	290,298
Restricted for capital projects	398,965	-	398,965
Unrestricted (deficit)	<u>1,914,682</u>	<u>(7,795,341)</u>	<u>(5,880,659)</u>
Total net position	<u>\$ 13,866,274</u>	<u>\$ (7,299,578)</u>	<u>\$ 6,566,696</u>

See accompanying auditor's report and notes to basic financial statements.

Town of Hartland, Maine
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Enterprise Funds		
	HPCF Sewer Fund	Landfill	Total
REVENUES			
Fees	\$ 693,907	\$ 3,240,359	3,934,266
Miscellaneous revenue	-	8,288	8,288
Total operating revenues	<u>693,907</u>	<u>3,248,647</u>	<u>3,942,554</u>
OPERATING EXPENSES			
Plant maintenance and operations	403,407	1,491,493	1,894,900
Depreciation	415,338	24,812	440,150
Total operating expenses	<u>818,745</u>	<u>1,516,305</u>	<u>2,335,050</u>
Operating income (loss)	<u>(124,838)</u>	<u>1,732,342</u>	<u>1,607,504</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	9,038	-	9,038
Capital grants and contributions	3,102,812	-	3,102,812
Post landfill closure care costs	-	(1,250,005)	(1,250,005)
Interest expense	(34,782)	(62,401)	(97,183)
Total net non-operating revenues (expenses)	<u>3,077,068</u>	<u>(1,312,406)</u>	<u>1,764,662</u>
Income before contributions and transfers	<u>2,952,230</u>	<u>419,936</u>	<u>3,372,166</u>
Transfers in	8,717	191,334	200,051
Transfers out	(35,000)	-	(35,000)
Change in net position	2,925,947	611,270	3,537,217
TOTAL NET POSITION - BEGINNING (DEFICIT)	<u>10,940,327</u>	<u>(7,910,848)</u>	<u>3,029,479</u>
TOTAL NET POSITION - ENDING (DEFICIT)	<u>\$ 13,866,274</u>	<u>\$ (7,299,578)</u>	<u>\$ 6,566,696</u>

Town of Hartland, Maine
Statement of Cash Flows - Proprietary Fund
For the Year ended June 30, 2024

	Enterprise Funds		
	HPCF	Landfill	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 663,425	\$ 3,317,936	\$ 3,981,361
Payments to personnel and administration costs	(144,454)	(190,499)	(334,953)
Payments to suppliers for goods and services	(258,953)	(1,300,993)	(1,559,946)
Interfund activity	<u>(226,234)</u>	<u>(1,567,071)</u>	<u>(1,793,305)</u>
Net cash provided by operating activities	<u>33,784</u>	<u>259,373</u>	<u>628,110</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital expenditures	(2,946,871)	-	(2,946,871)
Interest payments	(34,782)	(62,401)	(97,183)
Proceeds from bond	835,114	-	835,114
Proceeds from grants	2,138,040	-	2,138,040
Contributions from governmental funds	8,718	-	8,718
Debt payments	<u>(43,040)</u>	<u>(196,972)</u>	<u>(240,012)</u>
Net cash used by capital and related financing activities	<u>(42,821)</u>	<u>(259,373)</u>	<u>(302,194)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	<u>9,038</u>	<u>-</u>	<u>9,038</u>
Net cash provided (used) by investing activities	<u>9,038</u>	<u>-</u>	<u>9,038</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS			
	0	0	0
CASH AND CASH EQUIVALENTS, BEGINNING			
	-	-	-
CASH AND CASH EQUIVALENTS, ENDING			
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	<u>\$ (124,838)</u>	<u>\$ 1,732,342</u>	<u>\$ 1,607,504</u>
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	415,338	24,812	440,150
(Increase) decrease in the following assets			
Accounts receivable	(30,482)	37,892	7,410
Interfund activity	(226,234)	-	(226,234)
Increase (decrease) in the following liabilities			
Accounts payable	-	31,398	31,398
Interfund activity	<u>-</u>	<u>(1,567,071)</u>	<u>(1,567,071)</u>
Total adjustments to income	<u>158,622</u>	<u>(1,472,969)</u>	<u>(1,314,347)</u>
Net cash provided by operating activities	<u>\$ 33,784</u>	<u>\$ 259,373</u>	<u>\$ 293,157</u>
Notes to cash flow statement			
Accounts payable for construction not included in cash flow	\$ 977,128	\$ -	

See accompanying auditor's report and notes to basic financial statements.

Town of Hartland, Maine
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Private Purpose Trust Funds
ASSETS	
Investments	\$ 63,737
Total assets	\$ 63,737
NET POSITION	
Non-spendable	29,686
Restricted	34,051
Total net position	\$ 63,737

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	Private Purpose Trust Funds
ADDITIONS	
Income	
Interest and investment income	\$ 2,458
Lot fees	1,150
Total additions	3,608
Change in net position	3,608
NET POSITION - BEGINNING	60,129
NET POSITION - ENDING	\$ 63,737

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Hartland, Maine was incorporated in 1820 under the laws of the State of Maine. The Town operates under a town meeting – selectmen form of government and provides the following services: general government, public safety, sanitation, sewer, public works, town property maintenance, leisure services, and education.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and the Financial Accounting Standards Board, when applicable. The more significant accounting policies of the Town are described below.

A. FINANCIAL REPORTING ENTITY

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. In accordance with GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Town is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Town. Additionally, the Town is required to consider other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on the application of these criteria, there are no entities that should be included as part of these financial statements.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements report information of all the activities of the Town, except for fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities of the Town include the wastewater treatment plant (HPCF) and a related landfill.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program; and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The Town segregates transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental, proprietary, and fiduciary activities. The governmental and proprietary statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column, when applicable. The fiduciary statements aggregate and present each fund type as a separate column on the fund financial statements.

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The Town has presented the following major governmental fund:

General Fund

The general fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Proprietary Funds

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, in essentially the same manner as a private entity. The accounting objectives are determinations of net income, financial position and cash flow.

The Town has presented the following major proprietary funds:

Enterprise Fund – Wastewater Treatment Plant and Landfill

The enterprise fund is used to account for the operations of the waste water treatment plant and the landfill. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities. The costs of providing treatment services to Tasman Leather Group, LLC and the general public and operating the landfill are financed through user fees. Fees paid by users are recorded as revenues by the enterprise fund since they provide funds necessary to operate the facility. The measurement of financial activity focuses on net income similar to the private sector. The fund also accounts for the accumulation of resources for, and the payment of long-term debt for the funds. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel, contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (CONTINUED)

Fiduciary Funds (not included in government-wide statements)

The Town has presented the following fiduciary fund:

Private Purpose Trust Funds

Private purpose funds are funds held by the Town in a trustee capacity and are accounted for in essentially the same manner as a private entity. Capital maintenance of private purpose funds is critical. The Town accounts for the activities of endowments whose purpose benefits individuals or entities outside the government using this fund type.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and the fund financial statements for proprietary funds and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities, whether current or non-current, are included on the statement of net position and the operating statements present increases, revenues, and decreases, expenses, in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures and compensated absence expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, intergovernmental revenues, and charges for services. All other governmental fund revenues are recognized when received.

E. BUDGETS AND BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised at the selectmen level, since individual department heads do not exist. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Board of Selectmen or required by law.

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS

Cash, Cash Equivalents and Investments

For purposes of the statements of net position and cash flows, the Town consider all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash equivalents include certificates of deposits with a longer maturity. Additional information is presented in Note 2.

Investments are carried at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Additional information, including the composition of investments, is presented in Note 2.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statement of net position. Any residual balances between the governmental activities and fiduciary funds are reported in the statement of net position as "due to/from fiduciary funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Interfund Transfers

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the governmental funds on the fund financial statements. For the purposes of the government-wide statement of activities, all interfund transfers between individual funds within governmental activities and individual funds within business-type activities have been eliminated.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of over \$5,000 and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

Capital Assets (Continued)

Estimated useful lives are as follows:

Buildings and improvements	25-50 years
Machinery and equipment	3-20 years
Treatment plant	50 years
Infrastructure	20-50 years

The Town elected to utilize the infrastructure transition option in the implementation of GASB Statement #34 which does not require the Town to retroactively capitalize certain infrastructure assets.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-term Debt and Liabilities

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of notes, bonds payable and financed purchased leases obligations net current portion of notes, bonds and financed purchased leases obligations and net pension and OPEB liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

Vacation and sick pay benefits are substantially non-vesting and are not material. Therefore, no liability has been recorded in the financial statements for the year ended June 30, 2024.

Use of Estimates

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

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

Government-wide Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The remaining net position is reported as unrestricted. For expenditures that qualify for either classification, amounts will be first spent from restricted net position then from unrestricted net position.

Governmental Fund Balances

Fund balance represents the difference between assets and liabilities in the fund financial statements. Fund balance must be properly reported within one of the five fund balance categories listed below:

Nonspendable such as fund balances associated with inventories or prepaid expenses. The nonspendable fund balance may also include amounts that are required to be maintained intact, such as the corpus of an endowment fund.

Restricted fund balance classification includes amounts that can be used only for the specific purposes stipulated by constitution, grantors or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority, which is a Selectmen vote in the Board of Selectmen-manager form of government.

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Selectmen is authorized to assign amounts for a particular purpose under authority granted by the Maine state law.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Town has formally adopted a fund balance policy that addresses the requirements of GASB 54. For expenditures that qualify for multiple categories, amounts will be first spent from restricted fund balance, followed by committed fund balance, then assigned fund balance, and finally unassigned fund balance. The Town has not adopted a minimum fund balance.

**Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

Revenue Recognition - Property Taxes

Property taxes were levied on assessed values of April 1, 2023 and were due in full or in installments on September 15, 2023 and March 1, 2024. Interest was charged at 4% per annum on amounts not paid by the due date. Upon the expiration of eight months, and within one year from the date of the original commitment, a tax lien is recorded for all delinquent taxes on real estate.

For purposes of the fund financial statements, property taxes assessed and collected during the year ended June 30, 2024, and during the first sixty days of the next fiscal year are recognized as revenue in 2025. Receivables estimated to be collectible after the sixty-day period are recorded as deferred inflows of resources in the general fund.

Assessed value	
Real estate	\$ 142,188,840
Personal property	<u>2,810,750</u>
	144,999,590
Tax rate (per \$1,000)	<u>17.65</u>
Commitment	2,558,802
Less: collections and abatements	<u>(2,419,181)</u>
Receivable at June 30, 2024	<u>\$ 139,621</u>
Collection rate	95%

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2024, the Town reported deposits of \$2,992,031 with bank balances of \$3,068,768. Of the Town's total bank balance of \$3,068,768 was exposed to custodial credit risk. Of the exposed amount, \$525,286 was collateralized by underlying insurance held by the related bank.

Deposits in the primary government have been reported as follows:

Reported in governmental funds	<u>\$2,992,031</u>
--------------------------------	--------------------

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

Statutes authorize the Town to invest in certificates of deposit, repurchase agreements, and other available bank investments. In addition, the Town can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments of the Town reported in the governmental and fiduciary funds as of June 30, 2024 are as follows:

	<u>Fair Value Level 1</u>
Negotiable certificate of deposits	<u>\$3,863,352</u>

Concentration of Credit Risk: The Town does not have any investments that meet the criteria to be classified as a concentration of credit risk investment.

Interest Rate Risk: The Town does not have a policy related to investment rate risk.

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Additions	Disposals	Balance June 30, 2024
Governmental activities				
<i>Capital assets being depreciated</i>				
Buildings	\$ 1,920,275	\$ -	\$ -	\$ 1,920,275
Machinery, equipment & vehicles	1,105,845	-	-	1,105,845
Infrastructure roads	<u>2,477,698</u>	<u>248,413</u>	-	<u>2,726,111</u>
Total	<u>5,503,818</u>	<u>248,413</u>	-	<u>5,752,231</u>
<i>Less accumulated depreciation for</i>				
Buildings	(1,127,729)	(22,612)	-	(1,150,341)
Machinery, equipment, vehicles	(702,707)	(56,297)	-	(759,004)
Infrastructure	<u>(238,264)</u>	<u>(52,001)</u>	-	<u>(290,265)</u>
Total accumulated depreciation	<u>(2,069,100)</u>	<u>(130,910)</u>	-	<u>(2,200,010)</u>
Total capital assets being depreciated, net	<u>3,434,718</u>	<u>117,503</u>	-	<u>3,552,221</u>
Total governmental activities, net	<u>\$ 3,434,718</u>	<u>\$ 117,503</u>	<u>\$ -</u>	<u>\$ 3,552,221</u>
Business-type activities				
<i>Capital assets being depreciated</i>				
Treatment plant	\$16,684,607	\$3,923,999	\$ -	\$20,608,606
Infrastructure roads	78,165	-	-	78,165
Equipment	692,259	-	-	692,259
Landfill	<u>1,623,263</u>	<u>191,334</u>	-	<u>1,814,597</u>
Total	<u>19,078,294</u>	<u>4,115,333</u>	-	<u>23,193,627</u>
<i>Less accumulated depreciation for</i>				
Treatment plant	(7,843,705)	(407,739)	-	(8,251,444)
Equipment	(207,343)	(30,457)	-	(237,800)
Landfill	<u>(659,061)</u>	<u>(1,954)</u>	-	<u>(661,015)</u>
Total accumulated depreciation	<u>(8,710,109)</u>	<u>(440,150)</u>	-	<u>(9,150,259)</u>
Total capital assets being depreciated, net	<u>10,368,185</u>	<u>3,675,183</u>	-	<u>14,043,368</u>
Total business-type activities, net	<u>\$10,368,185</u>	<u>\$ 3,675,183</u>	<u>\$ -</u>	<u>\$14,043,368</u>

Depreciation was charged to the following activities as follows:

<i>Governmental activities:</i>	
Public safety	\$ 25,743
Public works	102,303
General government	<u>2,864</u>
Total depreciation expense – Governmental activities	<u>\$130,910</u>
<i>Business-type activities</i>	
HPCF	\$415,338
Landfill fund	<u>24,812</u>
	<u>\$440,150</u>

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 5. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2024:

	Balance June 30, 2023	Increases	Forgiveness/ Decreases	Balance June 30, 2024	Portion due within one year
Governmental Fund-Type Liabilities					
Financed purchased asset leases					
Maine Water Company lease 2012, due annually to April 2042, 0.00%	\$ 112,276	\$ -	\$ (5,909)	\$ 106,367	\$ 5,909
Net pension liability	143,610	66,342	-	209,952	N/A
Net OPEB liability	<u>53,527</u>	<u>-</u>	<u>(18,853)</u>	<u>34,674</u>	<u>N/A</u>
Total governmental long-term liabilities	<u>\$ 309,413</u>	<u>\$ 66,342</u>	<u>\$ (24,762)</u>	<u>\$ 350,993</u>	<u>\$ 5,909</u>
Proprietary Fund Liabilities					
Bond and Notes payable					
Maine Municipal Bond Bank, Issued 2022, due in annual principal and interest payments to 2041. interest rate at 1.0%	\$ 469,519	\$ -	\$ -	\$ 469,519	\$ 25,475
Maine Municipal Bond Bank, Issued 9/25/2022, due in annual principal and interest payments to 2040. interest rate at 1.0%	170,683	-	-	170,683	9,890
Rural Development Loan, Issued 2012, due in annual principal and interest payments to 2042. interest rate at 2.0%	183,028	-	(8,014)	175,014	8,174
Rural Development Loan, Issued 2019, due in annual principal and interest payments to 2048. interest rate at 2.375%	359,613	-	(10,703)	348,910	10,957
Rural Development Loan, Issued 2023, due in annual principal and interest payments to 2052. interest rate at 1.75%	3,000,000	-	(80,310)	2,919,690	81,716
Rural Development Loan, Issued 2020, due in annual principal and interest payments to 2049. interest rate at 2.125%	<u>1,106,980</u>	<u>-</u>	<u>(32,336)</u>	<u>1,074,644</u>	<u>33,024</u>
Total bond and notes payable	5,289,823	-	(131,363)	5,158,460	169,236
Financed purchases asset leases					
Shredder lease for 5 years, \$114,889 due annually, interest at 2.76%	<u>330,169</u>	<u>-</u>	<u>(108,649)</u>	<u>221,520</u>	<u>110,027</u>
Total financed purchased asset leases	<u>330,169</u>	<u>-</u>	<u>(108,649)</u>	<u>221,520</u>	<u>110,027</u>
Total proprietary fund long-term liabilities	<u>\$ 5,619,992</u>	<u>\$ -</u>	<u>\$ (240,012)</u>	<u>\$ 5,379,980</u>	<u>\$ 279,263</u>

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 4. LONG-TERM LIABILITIES (CONTINUED)

General obligation bond and notes payable

Future maturities of general obligation bond and notes are as follows:

	Proprietary Activities		
	Principal	Interest	Total
2025	\$ 169,236	\$ 91,163	\$ 260,399
2026	172,146	90,718	262,864
2027	175,107	87,757	262,864
2028	178,124	84,740	262,864
2029	181,195	81,669	262,864
2030-2034	954,034	360,285	1,314,319
2035-2039	1,039,675	274,644	1,314,319
2040-2044	971,367	178,180	1,149,547
2045-2049	933,325	86,702	1,020,027
2050-2052	<u>384,251</u>	<u>13,513</u>	<u>397,764</u>
	<u>\$ 5,158,460</u>	<u>\$ 1,349,371</u>	<u>\$ 6,507,831</u>

Overlapping Debt

Town is contingently responsible for a proportionate share of the overlapping debt of RSU 19's debt. At June 30, 2024, the Town's share of the total debt outstanding was \$44,382. In addition, the Town is contingently liable for a proportionate share of the overlapping debt of Somerset County. At June 30, 2024, the County had debt outstanding of \$7,160,000, of which the Town share was approximately 2.47% for a total of \$177,157.

Financed Purchased Asset Leases Payable

The Town is the lessee of a shredder and a sand/salt building under financed purchased leases expiring in 2041 and 2042, respectively. The liabilities under financed purchased asset leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset acquired.

As of June 30, 2024, the Town had recorded \$536,000 in governmental activities equipment related to outstanding financed purchased asset leases. Amortization of these assets is included with depreciation expense. Accumulated depreciation for these assets at June 30, 2024 is \$80,400.

Lease payments under financed purchased asset leases as of June 30, 2024 are:

	Governmental Activities	Proprietary Funds	
	Principal	Principal	Interest
2025	\$ 5,909	\$ 110,027	\$ 4,862
2026	5,909	113,160	1,729
2027	5,909	-	-
2028	5,909	-	-
2029	5,909	-	-
Thereafter	<u>76,821</u>	<u>-</u>	<u>-</u>
Total payments	<u>\$ 106,366</u>	<u>\$ 223,187</u>	<u>\$ 6,591</u>

In accordance with Maine law, no municipality shall incur debt for specific purposes in excess of certain percentages of State valuation of such municipality. The Town was in compliance with these limitations.

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 4. LONG-TERM LIABILITIES (CONTINUED)

Municipal Solid Waste Landfill Closing Costs

The Town of Hartland operates a secure sludge landfill. At present, one section of the landfill, about one-fifth of the available capacity, is in use. As each section reaches capacity, the top and part of the slope are closed and another section is opened next to it.

State and federal laws and regulations require that the Town place a cover on each section of the landfill when it is closed and perform certain maintenance and monitoring functions on each section for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on future closure and post-closure care costs that will be incurred near or after the time when the currently active section of the landfill no longer accepts waste. The recognition of these landfill closure and post-closure costs is based on the portion of this section used during the year. The estimated liability for closure, post-closure, and leachate costs has a balance of \$6,290,364 based on Phase II, Phase III, and the remaining undeveloped licensed area, estimated at 5.3 acres. The balance was increased by \$1,250,005 during the year ended June 30, 2024.

NOTE 5. INTERFUND TRANSACTIONS

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers.

Individual fund transfers at June 30, 2024 arising from these transactions were as follows:

	<u>Due from</u>	<u>Due to</u>	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ -	\$2,495,198	\$ 35,000	\$200,051
Proprietary funds	<u>2,495,198</u>	<u>-</u>	<u>200,051</u>	<u>35,000</u>
	<u>\$2,495,198</u>	<u>\$2,495,198</u>	<u>\$235,051</u>	<u>\$235,051</u>

NOTE 6. NET INVESTMENT IN CAPITAL ASSETS

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and leases payable, adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2024:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>
Capital assets	\$ 5,752,231	\$ 23,193,627
Accumulated depreciation	(2,200,010)	(9,150,259)
Related bonds and leases payable	<u>(106,367)</u>	<u>(2,285,276)</u>
Total balance	<u>\$ 3,445,854</u>	<u>\$11,758,092</u>

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 7. FUND BALANCE – GENERAL FUND – COMMITTED FOR OTHER PURPOSES

At June 30, 2024, the Town maintained committed fund balances for the following purposes:

Pool	\$ 5,362
Roads	89,548
CDBG loans	51,035
Downtown plan	16,514
Property sales	63,174
Equipment	9,191
Landfill post monitoring	64,011
Landfill cell opening	81,703
Landfill cell closing	129,327
Landfill intermediate cover	17,347
Sewer upgrades	41,858
200 th Birthday celebration	1,439
Fire department	21,079
HPCF	<u>218,747</u>
 Total	 <u>\$ 810,335</u>

NOTE 8. DEFINED BENEFIT PENSION PLAN

Plan Description

Eligible employees participate in the Maine Public Employees Retirement System’s Participating Local District (PLD) Plan. The PLD plan is a multiple-employer cost sharing defined benefit plan. Eligible employers (districts) are defined in Maine statute.

Pension Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. The System’s 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 State employees and teachers; separate legislation enacted the same reduced requirement for judges, legislators, and 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. 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. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 System's Board of Trustees and is currently 3.88%.

Contributions

Retirement benefits are funded by contributions from employee and employers and by earnings from investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by the System's 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.

Proportionate Share of the Net Pension Liability

At June 30, 2024, the Town reported a liability for its proportionate share of the net pension liability. The amount recognized by the Town as its proportionate share of the net pension liability was \$209,952.

The net pension liability for the Unit was measured as of June 30, 2023, and the total collective pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Unit's proportionate share percentage of the collective net pension liability for the PLD Plan was 0.052455%, allocated based on adjusted contributions to the plan for the year ended June 30, 2023. This percentage was 0.054022% at the prior measurement date of June 30, 2022.

Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2023 are as follows:

Actuarial valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Assumptions	
Investment Rate of Return	6.50% per annum, compounded annually
Inflation Rate	2.75%
Annual Salary Increases, Including Inflation	2.75% - 11.48%
Cost of Living Benefit Increases	1.91%

Mortality rates for the Plan are based on the 2010 Public Plan General Benefits – Weighted Healthy Retirement Mortality Tables, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used in the June 30, 2023 valuation for the Plans were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-term Expected Rate of Return

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	6.0%
US Government	2.6
Private Equity	7.6
Real Assets:	
Real Estate	5.2
Infrastructure	5.3
Natural Resources	5.0
Traditional Credit	3.2

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2023 for the PLD Consolidated 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 Unit'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:

	1% Decrease	Current Rate	1% Increase
PLD Consolidated Plan	\$ 524,594	\$ 209,952	\$ (49,277)

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Items Summary

For the year ended June 30, 2024, the Town recognized pension expense of \$47,005 related to the PLD Plan.

For the year ended June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 62,313	\$ -
Changes of assumptions	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	21,829
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,539	9,521
Employer's contributions to plan subsequent to measurement date of collective net pension liability	-	-
Total	\$ 80,852	\$ 31,351

Amounts reported as deferred inflows and outflows will be recognized as pension expense as follows:

Year ended June 30	PLD Plan Amount
2025	\$ (3,545)
2026	60,184
2027	(2,910)
2028	(4,228)
	\$ 49,501

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.mainepeps.org.

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 9. OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – HEALTH INSURANCE

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Selectmen have 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*.

Plan Membership

Employees Covered by Benefit Terms – At January 1, 2024, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employee entitled to but not yet receiving benefits	-
Active employees	<u>8</u>
Total	<u><u>8</u></u>

Benefits Provided

Under the Health Plan, MMEHT provides healthcare and life insurance benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Contributions

Retirees and/or their spouses participating in the Health Plan are responsible for 100% of the premium for coverage selected.

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

**NOTE 9. OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – HEALTH INSURANCE
(CONTINUED)**

Actuarial Assumptions and Other Inputs

The total Health Plan OPEB liability was measured as of January 1, 2024 and was determined by an actuarial valuation as of that date. The actuarial assumptions used in the January 1, 2024 valuation were based on the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Towns as of June 30, 2022 and based on the experience study covering the period from June 30, 2016 through June 30, 2020.

The total Health Plan OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods in the measurements, unless otherwise specified:

Discount rate	3.72% per annum in 2023 and 2.06% per annum in 2021
Healthcare cost trend rates	
Pre-Medicare medical	7.90%
Pre-Medicare drug	8.15%
Medicare medical	4.80%
Medicare drug	8.15%
Administrative and claims expense	3.00% per annum
Salary increase rate	2.75% per annum

The mortality rates are based on 112.1% and 118.5% of 2010 public plan-General Benefits-weighted Healthy retiree mortality table, respectively, for males and females.

Discount Rate

Since the plan is pay-as-you-go and is not funded, the discount rate was based on a 20-year, tax-exempt general obligation municipal bond index. This rate is assumed to be an index rate for 20-year, tax-exempt general obligation bonds with an average rating of AAAa or higher, for pay-as-you-go plans.

Discount Rate and Healthcare Rate Sensitivity Analysis

The following presents the total OPEB liability of the Town if it were calculated using a discount rate that is one percent higher or lower than the current discount rate:

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 40,021	\$ 34,674	\$ 30,278

The following presents the total OPEB liability of the Town if it were calculated using a healthcare cost trend rate that is one percent higher or lower than the current healthcare cost trend rate:

	1% Decrease	Current rate	1% Increase
Total OPEB Liability	\$ 29,278	\$ 34,674	\$ 41,522

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

**NOTE 9. OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – HEALTH INSURANCE
(CONTINUED)**

Changes in the Total OPEB Liability

The Town's total Health Plan OPEB liability of \$34,674 was measured as of January 1, 2024, and was determined by an actuarial valuation as of that date.

	Total OPEB Liability
Balance, beginning of year	\$ 53,527
Changes for the year:	
Service Cost	7,202
Interest	2,248
Changes of benefit terms	-
Differences between expected and actual experience	(34,535)
Changes in assumptions or other inputs	6,845
Benefit payments	(613)
Net changes	(18,853)
 Balance, end of year	 \$ 34,674

Change in assumptions reflects a change in the discount rate from 3.72% to 3.26%.

OPEB Expense and Deferred Items Summary

For the year ended June 30, 2024, The Town recognized OPEB expense of \$5,530 related to the Health Plan. At June 30, 2024, The Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,094	\$30,218
Changes in assumptions or other inputs	10,425	10,299
Employer's contributions to plan subsequent to measurement date of collective net pension liability	991	-
Total	\$ 14,510	\$ 40,517

Deferred outflows of resources and deferred inflows of resources related to the Health Plan will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	\$ (3,573)
2026	(3,573)
2027	(3,572)
2028	(5,059)
2029	(4,297)
Thereafter	(6,924)
Total	\$ (26,998)

Town of Hartland, Maine
Notes to Basic Financial Statements
June 30, 2024

NOTE 10. INSURANCES AND PARTICIPATION IN PUBLIC ENTITY RISK POOL

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 a public entity risk pool sponsored by the Maine Municipal Association. Based on the coverages provided, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2024.

NOTE 11. TAX ABATEMENT TAX INCREMENT FINANCING AGREEMENT

The Town has a property tax abatement or tax increment financing agreement with the Kennebec Regional Development Authority (KRDA) which operates FirstPark, a business park located in the Town. Under this agreement, taxes generated by a base valuation of \$178,000 is retained by the Town for their property. The remainder of the valuation on the property is transferred to KRDA. However, this agreement does not result in any net loss of tax revenue for the Town.

NOTE 12. COMMITMENTS

At June 30, 2024 the Town was committed to \$2,993,571 for a sewer and landfill project to complete during the fiscal year ending June 30, 2025.

NOTE 13. CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time. The Town believes there are no significant contingent liabilities relating to compliance or pending legal claims or lawsuits at this time.

NOTE 14. EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 4, 2025, the date on which the financial statements were available to be issued.

**Town of Hartland, Maine
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024**

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original	Changes*	Final		
REVENUES					
Property taxes	\$ 2,558,802	\$ -	\$ 2,558,802	\$ 2,514,115	\$ (44,687)
Excise and miscellaneous taxes	375,000	-	375,000	291,839	(83,161)
Interest and lien costs	-	-	-	18,141	18,141
Intergovernmental	577,988	86,694	664,682	819,385	154,703
Charges for services	-	-	-	29,638	29,638
Investment and interest earnings	-	-	-	143,644	143,644
Miscellaneous	-	-	-	12,182	12,182
Total revenues	<u>3,511,790</u>	<u>86,694</u>	<u>3,598,484</u>	<u>3,828,944</u>	<u>230,460</u>
EXPENDITURES					
Current					
General government	421,440	-	421,440	329,466	91,974
Protection	286,349	-	286,349	254,809	31,540
Public works	733,600	252,741	986,341	761,641	224,700
Sanitation	316,375	-	316,375	274,708	41,667
Recreation	84,150	-	84,150	82,949	1,201
Education	1,524,109	-	1,524,109	1,524,108	1
County tax	363,413	-	363,413	363,412	1
Health and welfare	14,000	-	14,000	8,953	5,047
Public service	18,656	-	18,656	18,616	40
Tax increment financing	62,260	-	62,260	62,298	(38)
Debt service					
Principal	5,910	-	5,910	5,909	1
Total expenditures	<u>3,830,262</u>	<u>252,741</u>	<u>4,083,003</u>	<u>3,686,869</u>	<u>396,134</u>
Excess (deficiency) of revenues over expenditures	<u>(318,472)</u>	<u>(166,047)</u>	<u>(484,519)</u>	<u>142,075</u>	<u>626,594</u>
OTHER FINANCING SOURCES (USES)					
Use of carryover fund balances	390,000	-	390,000	-	(390,000)
Use of committed and restricted fund balances	200,051	131,047	331,098	-	(331,098)
Overlay	(71,528)	-	(71,528)	-	71,528
Transfers in	-	35,000	35,000	35,000	-
Transfers out	(200,051)	-	(200,051)	(200,051)	-
Total other financing sources and (uses)	<u>318,472</u>	<u>166,047</u>	<u>484,519</u>	<u>(165,051)</u>	<u>(649,570)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(22,976)</u>	<u>\$ (22,976)</u>
FUND BALANCES - BEGINNING				<u>4,329,748</u>	
FUND BALANCES - ENDING				<u>\$ 4,306,772</u>	

* includes carryover accounts and reclassification

Town of Hartland, Maine
Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset)
Participating Local Districts Plan
Last 10 Fiscal Years*
For the years ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net pension liability	0.052455%	0.054022%	0.063667%	0.061853%	0.055367%	0.055458%	0.047824%
Town's proportionate share of the net pension liability (asset)	\$ 209,952	\$ 143,610	\$ (20,460)	\$ 245,750	\$ 169,237	\$ 151,776	\$ 195,809
Town's covered-employee payroll***	\$ 440,715	\$ 412,837	\$ 431,270	\$ 400,035	\$ 338,689	\$ 282,309	\$ 250,130
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.64%	34.79%	-4.74%	61.43%	49.97%	53.76%	78.28%
Plan fiduciary net position as a percentage of the total pension liability**	93.26%	93.26%	92.12%	88.35%	90.62%	91.14%	86.43%

* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

** Plan net position and collective net pension liability reflect only the employees' group portion of the PLD plan

*** Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the Plan, as distinct from the statutorily required contributions.

**** The Town's covered payroll is defined by GASB 82, Pension Issues - an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the pension plan are based. For System employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

**Town of Hartland, Maine
Schedule of Town Pension Contributions
Participating Local Districts Plan
Last 10 Fiscal Years*
For the years ended June 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 40,149	\$ 42,522	\$ 34,502	\$ 32,003	\$ 27,095	\$ 22,585	\$ 20,010
Contributions in relation to the contractually required contribution**	<u>(40,149)</u>	<u>(42,522)</u>	<u>(34,502)</u>	<u>(32,003)</u>	<u>(27,095)</u>	<u>(22,585)</u>	<u>(20,010)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll***	440715	\$ 412,837	\$ 431,270	\$ 400,035	\$ 338,689	\$ 282,309	\$ 250,130
Contributions as a percentage of covered-employee payroll	9.11%	10.30%	8.00%	8.00%	8.00%	8.00%	8.00%

* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the Plan, as distinct from the statutorily required contributions

***The Town's covered payroll is defined by GASB 82, Pension Issues - an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the pension plan are based. For System employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

Notes to Schedule:

Changes of Benefit Terms - None

Changes in Benefit Assumptions: the following are changes in actuarial assumptions used in valuations:

	2024	2023	2022	2021	2020	2019	2018
Discount rate	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	2.75-11.48%	2.75-11.48%	2.75-11.48%	2.75% + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%
Cost of living increases	1.91%	1.91%	1.91%	1.91%	1.91%	1.91%	2.20%

Mortality rates - **2015:** RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. **2016:** RP2014 General Benefits-Weighted Healthy Retiree Mortality Table

**Town of Hartland, Maine
Postretirement Employee Healthcare Plan -
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30,**

	2024	2023	2022	2021	2020	2019	2018
	Actuarial Valuation Date	Actuarial Valuation Date	Actuarial Valuation Date	Actuarial Valuation Date	Actuarial Valuation Date	Actuarial Valuation Date	Actuarial Valuation Date
	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Total OPEB Liability							
Service cost (BOY)	\$ 7,202	\$ 8,238	\$ 8,030	\$ 7,076	\$ 4,624	\$ 5,011	\$ 2,567
Interest (includes interest on service cost)	2,248	1,201	1,208	1,235	1,067	783	552
Changes of benefit terms	-	-	-	-	(754)	-	-
Differences between expected and actual experience	(34,535)	-	2,858	-	3,895	-	149
Changes in assumptions	6,845	(5,840)	(10,720)	2,887	7,978	(2,072)	2,539
Benefit payments, including refunds of member contributions	(613)	(233)	(288)	(277)	(96)	(92)	(84)
Net change in total OPEB liability	\$ (18,853)	\$ 3,366	\$ 1,088	\$ 10,921	\$ 16,714	\$ 3,630	\$ 5,723
Total OPEB liability - beginning	\$ 53,527	\$ 50,161	\$ 49,073	\$ 38,152	\$ 21,438	\$ 17,808	\$ 12,085
Total OPEB liability - ending	\$ 34,674	\$ 53,527	\$ 50,161	\$ 49,073	\$ 38,152	\$ 21,438	\$ 17,808
Plan fiduciary net position							
Contributions - employer	613	233	288	277	96	92	84
Contributions - member	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(613)	(233)	(288)	(277)	(96)	(92)	(84)
Administrative expense	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-	-	-
Net OPEB liability - ending	\$ 34,674	\$ 53,527	\$ 50,161	\$ 49,073	\$ 38,152	\$ 21,438	\$ 17,808
Covered employee payroll	\$ 330,720	\$ 330,720	\$ 330,720	\$ 302,120	\$ 208,820	\$ 208,820	\$ 208,820
Net OPEB liability as a percentage of covered employee payroll	<u>10.5%</u>	<u>16.2%</u>	<u>15.2%</u>	<u>16.2%</u>	<u>18.3%</u>	<u>10.3%</u>	<u>8.5%</u>

* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

Notes to Schedule

Notes to Schedule

Changes in benefit terms - None
Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	2024	2023	2022	2021	2020	2019	2018
Discount rate	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%	3.78%

**Town of Hartland, Maine
Taxes and Tax Liens Receivable
General Fund
June 30, 2024**

Taxes receivable 2024	<u>\$ 139,621</u>
Tax liens 2023 and prior	<u>71,545</u>
Total taxes receivable, tax liens and tax acquired property	<u>\$ 211,166</u>

Town of Hartland, Maine
Schedule of Departmental Operations
For the Year Ended June 30, 2024

	Balance 7/1/2023	Appropriations	Additional/ And Changes to Budget	Total Available	Expenditures	Balances Lapsed	Carried
GENERAL GOVERNMENT							
Administration	\$ -	\$ 356,640	\$ -	\$ 356,640	\$ 282,843	\$ 73,797	\$ -
Town office	-	37,800	-	37,800	28,675	9,125	-
Assessing	-	14,000	-	14,000	13,575	425	-
Contingency and abatements	-	13,000	-	13,000	4,373	8,627	-
Total	-	421,440	-	421,440	329,466	91,974	-
PROTECTION							
Fire protection	-	48,025	-	48,025	45,376	2,649	-
Street lights	-	15,000	-	15,000	12,111	2,889	-
Dam	-	1,750	-	1,750	504	1,246	-
Hydrant rental	-	112,600	-	112,600	111,388	1,212	-
Animal control	-	7,000	-	7,000	7,000	-	-
Insurance	-	101,974	-	101,974	78,430	23,544	-
Total	-	286,349	-	286,349	254,809	31,540	-
HEALTH AND WELFARE							
General assistance	-	12,000	-	12,000	6,953	5,047	-
Donations	-	2,000	-	2,000	2,000	-	-
Total	-	14,000	-	14,000	8,953	5,047	-
PUBLIC WORKS AND ROADS							
Town road improvements	-	410,100	252,741	662,841	457,053	205,788	-
Snow removal & sanding	-	282,000	-	282,000	280,809	1,191	-
Town truck	-	5,000	-	5,000	357	4,643	-
Cemeteries	-	36,500	-	36,500	23,422	13,078	-
Total	-	733,600	252,741	986,341	761,641	224,700	-
RECREATION							
I.T.C.C.	-	10,000	-	10,000	10,000	-	-
Library	-	54,000	-	54,000	54,000	-	-
Pool	-	20,150	-	20,150	18,949	1,201	-
Total	-	84,150	-	84,150	82,949	1,201	-
SPECIAL ASSESSMENTS							
Education	-	1,524,109	-	1,524,109	1,524,108	1	-
County tax	-	363,413	-	363,413	363,412	1	-
Total	-	1,887,522	-	1,887,522	1,887,520	2	-
PUBLIC SERVICE							
Total	-	18,656	-	18,656	18,616	40	-
SANITATION							
Transfer station	-	300,375	-	300,375	259,178	41,197	-
Health officer and CEO	-	16,000	-	16,000	15,530	470	-
Total	-	316,375	-	316,375	274,708	41,667	-
TAX INCREMENT FINANCING							
Total	-	62,260	-	62,260	62,298	(38)	-
DEBT SERVICE							
Salt shed	-	5,910	-	5,910	5,909	1	-
Total	-	5,910	-	5,910	5,909	1	-
TOTAL EXPENDITURES	\$ -	\$ 3,830,262	\$ 252,741	\$ 4,083,003	\$ 3,686,869	\$ 396,134	\$ -

**Town of Hartland, Maine
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Grant/Pass-through Grantor Number	Disbursements/ Expenditures
<i>U.S. Department of Agriculture</i>			
<i>Direct</i>			
Water and waste disposal systems for rural communities ARPA	10.760	N/A	\$ 535,931
Water and waste disposal systems for rural communities- loan fund ARPA	10.760	N/A	<u>14,141</u>
			<u>550,072</u>
<i>U.S. Department of Treasury</i>			
<i>Passed through State of Maine Department of Environmental Protection</i>			
Coronavirus state and local fiscal recovery funds -American Rescue Plan	21.027	06A 202203142082	<u>166,047</u>
<i>Northern Border Regional Development</i>	90.601	NBRC18GME03	<u>44,606</u>
<i>Total expenditures of federal awards</i>			<u>\$ 760,725</u>

Town of Hartland, Maine
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

PURPOSE OF THE SCHEDULE

The Uniform Guidance requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified by a federal Assistance Listing Number.

SIGNIFICANT ACCOUNTING POLICIES

1. REPORTING ENTITY

The accompanying schedule includes all federal award programs of the Town for the fiscal year ended June 30, 2024. The reporting entity is defined in the Notes to the Financial Statements of Town of Hartland, Maine.

2. BASIS OF PRESENTATION

The information in this schedule is presented in accordance with the requirements of requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

- a. Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
- b. The Uniform Guidance establishes the level of expenditures to be used in defining major federal financial award programs. Major programs for the Town have been identified in the Schedule of Findings and Questioned Costs

3. BASIS OF ACCOUNTING

The information presented in the Schedule of Expenditures of Federal Awards is presented on a basis consistent with the Town's general-purpose financial statements. The grants included are all accounted for on a modified accrual basis of accounting which is described in the notes to the general-purpose financial statements.

4. INDIRECT COST RATE

The Town has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Selectmen
Town of Hartland, Maine

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hartland, Maine, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Hartland, Maine's basic financial statements and have issued our report thereon dated April 4, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Hartland, Maine's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Hartland, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Hartland, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness which is described in the accompanying schedule of findings and questioned costs as item #2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Hartland, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain other matter that we have reported to management of the Town of Hartland, Maine, in a separate letter dated April 4, 2025.

Town of Hartland, Maine's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Hartland, Maine's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Hartland, Maine's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brantron Chibodian & Associates

Bangor, Maine
April 4, 2025



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**Independent Auditor's Report on Compliance For Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Selectmen
Town of Hartland, Maine

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Hartland, Maine's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Town of Hartland, Maine's major federal programs for the year ended June 30, 2024. Town of Hartland, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Hartland, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Hartland, Maine's and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Hartland, Maine's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Hartland, Maine's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Hartland, Maine's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Hartland, Maine's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Hartland, Maine's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Hartland, Maine's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Hartland, Maine's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item #2024-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Town of Hartland, Maine's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Town of Hartland, Maine's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brantner Whibodian & Associates

Bangor, Maine
April 4, 2025

**Town of Hartland, Maine
Schedule of Findings and Questioned Costs
Year ended June 30, 2024**

Section I — Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP - *Unmodified opinion*

Internal control over financial reporting

- Material weakness(es) identified? - X yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? - yes X none reported

Noncompliance material to financial statements noted? - yes X no

Federal Awards

Internal control over major programs

- Material weakness(es) identified? - yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? - yes X none reported

Type of auditor’s report issued on compliance for major programs - *Unmodified opinion*

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)? - X yes no

Identification of major programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs - \$750,000

Auditee qualified as low-risk auditee? - yes X no

**Town of Hartland, Maine
Schedule of Findings and Questioned Costs (Continued)
Year ended June 30, 2024**

Section II — Financial Statement Findings

	#2024-001 (Repeat)
<i>Criteria or specific requirement</i>	Internal control over financial reporting and closing process.
<i>Condition</i>	The Town needs to implement additional controls over the year end closing procedures and the preparation of the financial statement. The lack of which results in significant audit adjustments.
<i>Context</i>	The overall year-end financial closing process and reconciliations to financial statements are not being matched to supporting activity maintained by the Town. While appropriate and accurate records are maintained, year-end adjustments were needed to reconcile these sets of records.
<i>Effect</i>	The Town may not be able to identify an error or misstatement in the financial statements.
<i>Cause</i>	Lack of year-end adjustments and analysis of the overall reporting requirements.
<i>Recommendation</i>	The Town should establish a system of control and records at year end as well as throughout the year to ensure these records are in agreement and financial statements are adjusted appropriately. The Town will need to take additional time in the year end closing process to identify any errors or misstatements in its own financial statements.
<i>Management's response</i>	<i>The Town will put in place a process for more accurate year-end closing and financial statement preparation. Management will work with the auditor to identify and correct the problematic areas.</i>

Section III — Federal Award Findings and Questioned Costs

	#2024-002
<i>Information on federal programs</i>	Reporting of year ended June 30, 2023 audit reporting package to Federal Audit Clearinghouse
<i>Oversight entity</i>	United States Department of Agriculture
<i>Finding type</i>	Compliance
<i>Criteria or specific requirement (including statutory, regulatory or other citation)</i>	Uniform Guidance 2 CFR 200.512(a): The audit package and the data collection form shall be submitted 30 days after receipt of the auditor's report(s), or 9 months after the end of the fiscal year —whichever comes first.
<i>Condition</i>	The Town did not have its financial adjusted and closed and audit complete in time to timely submit the reporting package to the federal audit clearinghouse.
<i>Cause and effect</i>	This specific timing requirement was not fully understood at time of audit report release for fiscal year ended June 30, 2023.
<i>Recommendation</i>	We recommend that the Town improve procedures with financial statement adjustments throughout the year and not only at year end to ensure more accurate reporting is done on a timely basis.
<i>Management's response</i>	<i>The Town will put in place a process for more accurate year-end closing and financial statement preparation. Management will work with the auditor to identify and correct the problematic areas.</i>

Town of Hartland, Maine
Summary Schedule of Prior Audit Findings
Year ended June 30, 2024

#2023-001

Condition

The Town needs to implement additional controls over year end closing procedures and the preparation of the financial statement. The lack of which results in significant audit adjustments. Reconciliations required for financial statement preparation and information required for and other adjusting entries are not always being performed appropriately and effectively.

Current Status

No change