

2013

Annual Report of the Municipal Officers of the Town of Hermon for the Fiscal Year of July 1, 2012 to July 30, 2013

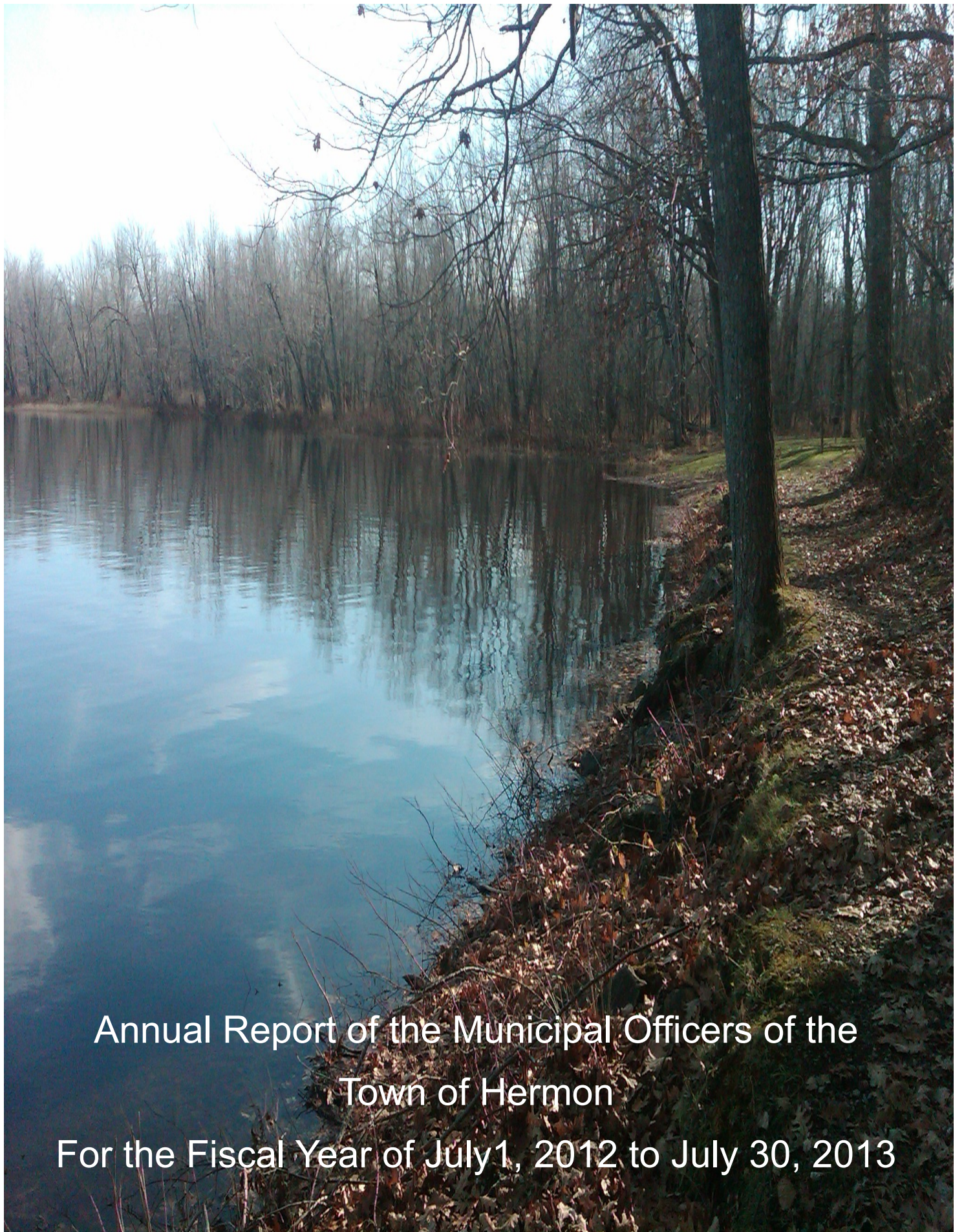
Hermon (Me.) Municipal Officers

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Annual Report of the Municipal Officers of the
Town of Hermon

For the Fiscal Year of July 1, 2012 to July 30, 2013

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TOWN OF HERMON

P.O. Box 6300, Hermon, ME 04402
333 Billings Road, Hermon, ME 04401

www.hermon.net

DEDICATION

The Town of Hermon would not be the Town we know today without the sacrifice, service and contributions made by Ralph Carr over the last 52 years.

Ralph has served the Hermon School Department and the Town of Hermon in various capacities since 1961, prior to which he was teaching in Carmel and served as the first principal of Caravel Middle School. He served his first term as a Town Selectman in 1966. He has also served as a Social Studies teacher, an Athletic Director, an Assistant principal, a basketball coach, a baseball coach, a Guidance Counselor, a Guidance Director, the National Honor Society advisor, and was a nominee for the prestigious WLBZ Jefferson Award for Community Service.

Ralph has also served as Boy Scout Troop# 25 Scoutmaster, Pee Wee basketball league coordinator, a member of the Penobscot County Cooperative Extension executive committee, a long time member of the Hermon Volunteer Fire Department, a Town Councilor, advisor and coordinator of the Hermon Junior Fire Department (a trained group of high school students who helped to provide coverage during the school day prior to 911 days), a charter member of the Hermon Volunteer Rescue Squad, as well as a state legislator representing Hermon, Carmel and Etna in Augusta.

For several years, Mr. Carr was one of a small group of employees who spent their summers addressing the painting, repair and remodeling needs of our school facilities. He then coordinated, ordered and inventoried all the furnishings of the (not so) new high school.

Since his "retirement" in 1999, Mr. Carr has served another term on the Town Council, three terms on the Hermon School Committee, and continues to serve on the Board of Trustees for the Ecotat Gardens.

Many of us know Ralph as a mentor, friend, and neighbor. His legacy of leadership, service, character and citizenship will forever be in the heart of the Town of Hermon.

*In recognition of his many years of loyal and heartfelt service, we dedicate the 2012-2013
Town Report to*

Ralph Carr



TOWN OFFICIALS

2012-2013

Hermon Town Council



Tim McCluskey
Chair



Doug Sinclair
Vice-Chair



Alden Brown



Bill Scott



Don Pelletier



Tony Reynolds



Anne Freeman

The Hermon Town Council holds regular meetings on the second and fourth Thursday of the month at 7:00pm in the Public Safety Meeting Room. The Meeting Schedule is posted on hermon.net. The public is welcome and encouraged to attend the meetings. Council Meetings are also aired live on Time Warner Channel 121.111 and are streamed live on-line at www.hermon.net.

Town Manager	Roger Raymond	Planning Board	Scott Graham
Town Clerk	Ruth A. Nickerson		Jalyn McCue
Finance Director	Rachel Grass		David Ramsay
Assessor	Elizabeth Bowdoin		Michael Young
Code Enforcement Officer	Annette Merrithew		Ralph Allen
Registrar of Voters	Donna Shorey		Sherry Andrei
Deputy Tax Collector	Kristen Cushman	Board of Assessment Review	Mark Smist
Deputy Clerk	Vicki Gonyea		Dana Jewell
Fire Chief	Ray Pipes	Superintendent of Schools	Patricia Duran
Asst. Fire Chief	Eric Pelletier	School Committee	Richard Guthrie
Police Sergeant	Michael Burgess		Christopher Patten
Parks & Rec Director	Scott Perkins		Ronald Sherman
Cemetery Sexton	Kenneth Hutchinson		Deborah Farnham
Zoning Board of Appeals	Carol Harvey		John Snyder III
	Florian Duguay	School Principals	Barbara Libby—HES
	Donna Pulver		Jerry Keisman—HMS
	Theodore Mcleod Jr.		Brian Walsh—HHS
	Brian Bowdoin		

STATE LEGISLATURE AND U. S. CONGRESS

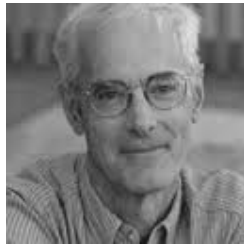
SENATOR GEOFFREY GRATWICK DISTRICT #32

State Contact Information:

3 State House Station
Augusta, ME 04333-0003
(207) 287-1515
Sengeoff.gratwick@legislature.maine.gov

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U.S. SENATOR SUSAN COLLINS

Washington Address:

413 Dirksen Senate Office Building
Washington, D.C. 20510-1903
(202) 224-2523—voice
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U.S. REPRESENTATIVE MICHAEL MICHAUD DISTRICT #2

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Bangor Address:

6 State Street, Suite 101
Bangor, ME 04401
(207) 942-6935
(207) 942-5907



REPORT OF THE TOWN MANAGER

In September of 2012, I was appointed as Town Manager replacing Clint Deschene who served as Hermon's Town Manager for ten years. The new appointment is for five years ending in September 2017.

Overall, the financial status of the Town of Hermon continues to be strong as in past years. For a more detailed review of the financial status, a copy of the annual audit and credit rating report by Standard and Poor's have been included as part of this town report.

The first item of business I was charged to undertake was to complete all projects approved by the Town Council that were not completed by the prior manager. In addition, the Town Council identified twenty-five goals they set for the new town manager. These goals have been published on a number of occasions and will not be referenced in this report. Following is a list of the more significant accomplishments completed during the 2012-2013 fiscal year.

- The 2010 Comprehensive Plan was completed and adopted by the Town Council.
- The Personnel Policy was amended and the changes adopted by the Town Council.
- Charter changes proposed by a special committee of the Town Council were approved by the Town Council and the most significant changes were submitted to the citizens for approval.
- The codification of all town ordinances was completed.
- A contract with Hermon Rescue Service was approved by the Town Council for emergency medical services to be provided to the citizens of Hermon.
- Hermon Fire Department obtained certification to provide first responder emergency medical services and the transport to be provided by Hermon Rescue Service.
- The Plan to reconstruct the intersection at Route 2 and the Billings Road was approved and \$1.3 was included in the 2014-2015 MDOT Biennium Transportation Improvement Plan.
- The Plan for the Route 2 Village District improvements was approved by Maine Department of Transportation and a grant in the amount of \$583,000 was approved for the project to be completed during the 2015 construction season.
- A grant from Department of Conservation was approved in the amount of \$58,800 to complete improvements at Jackson Beach.
- A five year Capital Improvement Plan (2013 to 2018) was adopted by the Town Council.
- The Planning Board and Town Council approved new land use standards for the Village District.
- Phase I of Snow's Corner Cemetery expansion was funded and completed.
- A plan to reconstruct 2,900 linear feet of the Swan Road was authorized and funded.
- A plan for improvements at the Hermon Transfer Station located off the New Boston Road was authorized and funded.
- The Coldbrook Road and Route 2 public water and sewer project was reconsidered.
- A plan for improvements at Jackson Beach was approved.

- All job descriptions were updated and approved by the Town Council.
- A Bicentennial Committee was established and a plan was formulated to celebrate the Town's Bicentennial in 2014.
- A study of the alternatives to manage and supervise the Hermon Community Policing Unit was completed by the Maine Police Chiefs' Association
- An agreement with the Penobscot Sheriff's Department was amended to include supervisory and management services for the Hermon Community Policing Unit.
- Budget details were prepared and provided to citizens and members of the Town Council to provide more budget transparency.
- A proposal by the Governor to require towns to return to the Department of Transportation all excise tax collected from the registration of large trucks was defeated with the support of the Town Council. This would have resulted, if approved, in a loss of \$750,000 of excise tax annually for the Town of Hermon.
- Approved Credit Enhancement Agreements for Tax Incremental Financing for Bangor Auto Truck Center-Sitewerx Inc., and Ntension.
- Applied for and was designated as a "Business Friendly Community" by the State Economic and Community Development Office.
- Provided support for the development of a new FedEx facility in Coldbrook Business Park that will employ nearly 100 people and is expected to have a total value of nearly \$8 million.
- Developed an incentive plan and provided funding for a seven lot expansion of White Pine Business Park.
- Appointed Ruth Nickerson as the new Town Clerk effective November 2012.
- Restructured the Public Works Department to improve the quality of the work and the services provided by the department.
- Approved as public ways the extension of Concord Drive and new Rockwood Drive and Mack Lane.

In closing, I would like to remind the citizens of this community that the future of a community is determined by the commitment of its town employees, members of the town council and the interest of its citizens. The Town of Hermon has a very hard working staff, a dedicated Town Council, and supportive citizens.

To all of you, I extend my gratitude and appreciation and hope you continue with your efforts to make Hermon a very desirable community to live in.

Sincerely,

Roger Raymond, Town Manager
raymondrr@hermon.net



REPORT OF THE ASSESSOR

Well another year is behind us. The 2012 - 2013 tax year was a busy one for all of us in the Municipal Office. There were 42 new houses completed for the 2013 assessment as well as 73 permits for additions to residences. There was one new business building built as well as major renovations to another building. The towns value increased from \$452,267,300 to \$460,931,200.

I know I preach the same sermon every year but I need to stress to you the importance of keeping the assessments equitable. This makes it necessary for me to make periodical inspections of your homes. If it you haven't had an inspection or you have made changes to your property I really should get in to update the records. Allowing me to make these inspections is important to you as well as to me. After I have completed the inspection if you feel the value is incorrect, I am certainly willing to discuss it with you. If I call you to make an appointment and you do not allow me to inspect your buildings then you would not be allowed to question any value. Again, if you would like to have an inspection please give me a call.

This letter is also to notify all residents and businesses that everyone is required to file a "List of Their Estates" (per Title 36, Section 706) as of April 1st of each year. This list is to include any changes you make to your real estate i.e. remodeling, removing a building or portion of a building or to report any additions to the property. We have forms here if you wish to have one to file. Otherwise you can simply send a note listing any changes to your property.

If you are commercial in any way, it is necessary for you to report any personal property used for a business. For most businesses most new equipment purchased after April 1, 1995 can be eligible of a 100% refund of any taxes paid. Office furnishings, however are only reimbursable if they were purchased during the first year of the program. The Business Equipment Tax Reimbursement (BETR Program) creates a win/win situation because the Town gets their revenue and the businesses get reimbursed. Most equipment new after April 1st 2007 is now picked up under the Business Equipment Tax Exemption program (BETE). For both of these programs you do need to remember that the Reimbursement is a two (or more) step process. First, you must file with the assessor (this is mandatory under BETE because without a (true report you will be billed) and after taxes are paid under BETR you must file with the state, between August 1st and December 31st. In other words, to get back any amount due you for the taxes paid in 2013 you must have applied before December 31st, 2014. When equipment, new after April 1st 2007 is reported, with a few exceptions, you will not be taxed, but the Town will report to and receive a payment directly from the State. You can call Augusta yourself to get a BETR booklet. The number there is 624-7894. You will probably get an answering machine so just leave your name and address with the request for a BETR (pronounced better) Booklet. If your wish to take part in this program and/or have any questions please give the Assessing Office a call.

As usual, I do want to take this opportunity to again remind everyone of the several types of exemptions that are available to help lower your valuation (and taxes).

First, the Maine Resident Property Tax Program is now in effect. This program is for all Maine Residents who have owned their residential property for more than one year. Each home owner has been eligible for an exemption amount of \$10,000, shown as a reduction of value on their tax bills. The two (2) qualifiers for this program are that you must have owned and lived in a home in Maine for one (1) year as of April 1st and you can not be receiving an exemption in any other Town or State. Residency also requires that you pay your excise and State Income Tax if required in Town/Maine. If you have not signed up for this program and believe you are eligible, please stop by the Town Office to pick up an application. Applications are to be filed as of April 1st of the year for which you are applying. There has been some talk in Augusta of this benefit being eliminated so stay tuned for more

information in the coming months. I would also suggest that if this is something that you feel strongly about you might want to contact your state legislator about this matter.

Second, is the Veteran's Exemption. Veterans over the age of 62 or totally disabled and receiving a pension from the VA may be eligible. Widows or minor children of the eligible veteran may also be qualified. In order to be eligible, the veteran must meet both of the following requirements:

1. He/she must have served in the service during a recognized period,
2. He/she must own a home in and claimed residency in Hermon.

The qualifying periods are:

- World War II, between December 7, 1941 to December 31, 1946
- The Korean Campaign, between June 27, 1950 to January 31, 1955
- The Vietnam War between February 27, 1961 to May 8, 1975
- The Persian Gulf War for the periods from August 24, 1982 to July 31, 1984 and December 20, 1989 to January 31, 1990, or who were awarded the Armed Forces Expeditionary Metal. Also the Persian Gulf War is beginning August 2, 1990 and before or on the date that the United States Government recognizes as the end of that war period.

The amount of the exemption is \$6,000 for all veterans except for paraplegic veterans who receive a special exemption for specially adapted housing units of veterans who served in the armed forces of the U.S. and who receive a grant from the U.S. for the specially adapted housing. This exemption is for \$50,000 of just value. Eligibility for this exemption is not dependent on age but on receiving the grant from the government. Residency is determined by where you license your car, where you pay income tax, and where you vote. All of these must be in Hermon. Also a veteran's exemption may only be claimed in one Town (State). You must apply for the veteran's exemption before April 1st and either be disabled or have turned 62 as of April 1st of the year you wish (or are eligible) to begin receiving this benefit.

Third, there is an exemption for the Blind. In order to qualify for this \$4,000 exemption in valuation, one must have a doctor's certificate that they are legally blind.

Fourth, the 2013 Maine Residents Property Tax Program" is again being offered by the State. This program has specific guidelines depending on whether it is for elderly or other Maine residents. The application must be filed with the State between August 1st, 2013 and May 31, 2014. If you do not receive a copy and feel you want to apply you can find out more about that program by calling 626-8475. This is again something to watch because they have changed the program this past year and I'm sure more changes are to come.

Now for the sad part - This will be my last Town Report. I am retiring as of January 10th, 2014. I began working for the Town on January 9th, 1989 and have worked here for 25 years. I have enjoyed meeting and talking with each of you during my visits over the years. I have loved working here, and really consider Hermon my home as I have lived here much longer than anywhere else. I hope that in our retirement we will be spending a good part of the year here and will hopefully be able to become more involved in the community.

Most Sincerely,

Elizabeth A. Bowdoin, CMA
Assessor



REPORT OF THE CODE ENFORCEMENT OFFICER

Code Enforcement Office / Planning Board
Annette M. Merrithew, CEO
Timothy Schoppe, Plumbing Inspector

There were 136 permits applied for and permitted from July 1, 2012 and June 30, 2013 which is slightly down from last year.

I get a lot of calls throughout the year inquiring when a building permit is necessary, so I have listed below those projects that need permitting. Keep in mind that working in the Shoreland District there may be other approvals or permits necessary then those listed here.

- New buildings
- Additions (bedrooms, bathrooms, family rooms, etc.)
- Residential work (decks/ porch, garages, pools, storage or utility building etc. .)
- Renovations (garage conversions, basement furnishings, kitchen expansions, etc.)
- Plumbing (Interior and exterior)
- HVAC (heating, ventilating and air-conditioning) systems

As I have always said call or stop into the office before starting any project to make sure what permitting may be needed and remember the biggest problem you may have with Code Enforcement could have been solved when it was small if the right question had been asked.

Timothy Schoppe, LPI did a total of 198 plumbing permits/inspections which included septic system installations, internal plumbing inspections and complaints received for possible malfunctioning septic systems.

The Planning Board reviewed and or approved 4 subdivisions amendments, 2 Planned Unit Developments, 1 zone change request, 2 automobile / junkyard recycling facility, 2 requests for proposed changes to the Land Use Ordinance regarding farm animals.

Annette Merrithew
Code Enforcement Officer
ceo@hermon.net



REPORT OF THE COMMUNITY POLICING PROGRAM

As you aware the Town of Hermon has recently made a change in the community policing program. The Town of Hermon has contracted supervision of the community policing program through the Penobscot County Sheriff's Department.

It is now my pleasure to serve the citizens, businesses, students and other's that play or work in the Town of Hermon. I have been employed with the Sheriff's Office since 1988 and look forward to my new position in Hermon and to continue to make Hermon a safe place to live and work.

The Town of Hermon currently has three full-time Deputies and offers coverage 7 days a week to the community. As with years past the Sheriff's Department and State Police will continue to cover calls of service when a Hermon Deputy is not working. The Sheriff's Office also provides assistance with Deputies when dealing with major crimes and other calls of service as needed.

The Sheriff's Office still provides the training, policy and procedures, court service, record keeping and other services that the Town of Hermon needs in order to maintain professional and well trained Deputies.

Last year there were 3,412 calls for Law Enforcement for the Town of Hermon. These complaints were a variety in nature and included property type complaints, domestic violence issues, drugs, alarms to citizen assist and property checks. By working closely with surrounding communities we have been assisted by other Law Enforcement agencies on several occasions.

As we look forward to the New Year, we will strive to make this program a continued success, through training and working closely with the citizens of the town. We are striving to strengthen our relationship with the schools and make them as safe for our children as possible. We are also looking to build a good working relationship with the businesses in town as well as the citizens of the town and look forward to feedback from everyone.

I can be reached by calling the Penobscot County Regional dispatch center at 945-4636. We have also recently installed a phone system at the Hermon public safety building which is available 24 hours a day to reach a dispatcher.

Sincerely,

Sergeant Kennedy
kennedyj@hermon.net



REPORT OF THE ECONOMIC DEVELOPMENT DIRECTOR

Economic activity has been very strong during the past year and Hermon continues to be an attractive location for companies seeking a new location and for successful businesses needing to expand. The largest project in terms of jobs and value is the FedEx facility presently underway in the Coldbrook Business Park. I worked closely with a site selection firm for over a year to bring this facility to Hermon. It will employ nearly 100 people and is expected to have a total value of nearly \$8 million. The 85,000 square foot building will be situated on 12 acres located on Mack Lane in the Coldbrook Business Park.

Another large project I have worked on during the past year is expansion plans for Ntension – a very successful company that produces trade show display materials. They already employ over 40 people and hope to construct a new 40,000 square foot facility.

The Bangor Auto and Truck Center recently completed a new 12,000 square foot facility on Dave's Way in the Coldbrook Business Park. Other recent business activities include:

- Bangor Glass located at 60 Freedom Parkway
- PanikSwitch Cycles located at 2010A Hammond Street
- Clean Green Energy located at 1190 Odlin Road
- Northeast Window Tinting located at 34 Freedom Parkway
- Big 10 Cheering located at 102 Freedom Parkway
- Advanced Development Company located at 8 Liberty Drive
- Sitewerx Inc. located on Iron Road
- New England Cupboard/Bakewell Cream located on Liberty Drive
- Hermon Family Dental located in the Shopping Plaza
- Covey Physical Therapy located in the Shopping Plaza
- The Children's Learning Center located at 71-2 Freedom Parkway
- Morita's School of Dance located at 2256 Route 2

A \$583,000 grant has been secured from the Maine Department of Transportation for construction of a Route 2 sidewalk that will extend from the High School to the Middle School. Another section of sidewalk is planned to extend from the Baptist Church to Camden Bank. This project has been several years in the planning and will also include crosswalks to improve safety and drainage improvements. State funding was very competitive for this project. This sidewalk was a priority of the Town's Village Master Plan. Construction is expected to occur in 2015 and will be coordinated with a new intersection at the Billings Road and new pavement for the Village.



I am working with Bangor Natural Gas on a plan to extend gas lines further into Hermon. There is interest in partnering with the Town to extend gas to the Route 2 business park as early as 2014. This will help those Hermon businesses remain competitive.

The Town partnered with the Town of Glenburn to prepare an application for a Community Development Housing application to assist lower-income families with housing repair needs. Unfortunately, limited funding prevented us from succeeding with that program at least for this year.

The State has recognized our efforts to attract and retain business activity and selected Hermon to be designated as one of a few select communities to be certified as a "Business Friendly Community".

I work with the Regional Trails Initiative to provide Hermon connection to a regional trail system and to promote use of these trails.

Regular visits are made to the local business community. These face-to-face connections are an effective way to build relationships with owners and employees and to understand their needs and concerns.

An expansion of the Pinewood Business Park was completed this year making it possible to attract new business. Already one company is planning a major expansion on two of these new lots.

Hermon's Business Loan Program has been an effective economic development marketing tool and provides much-needed assistance especially to small businesses needing to upgrade equipment to remain competitive. This program is a collaborative effort with Camden National Bank.

I have provided economic development services to the Town for 15 years and have worked with many new and expanding companies. Hermon is regarded as one of most aggressive and business friendly towns in the region. I'm pleased the Village now provides those important products and services that residents wanted in their community. The recent growth and scheduled infrastructure improvements strengthen the Town without compromising the rural character and flavor that are important to residents. Hermon is poised to remain a sought-after location for new business and residential growth.

Respectfully submitted,

Ron Harriman
Economic Development Director
ronharriman5@gmail.com



REPORT OF ECOTAT TRUST

Trustees continue to be appreciative of those who give of their time, talent and resources to ensure that Ecotat Gardens and Arboretum remains a place of beauty for all to enjoy.

In August Roger Raymond, town manager, was welcomed as a trustee.

In April Armand O'Clair tendered his resignation as garden coordinator. For the innumerable hours he gave over eighteen years, for his vision, creativity and dedication, trustees, members and volunteers wish to publicly express deep and sincere gratitude. Armand, thank you.

The word "projects" best describes the year. Lane Construction Company paved the Crosby House driveway and Annis Road parking area in August. This project was generously funded by the Town of Hermon. Dave Webster with Webster Painting of Hermon donated his time and expertise to seal and speckle the Guy Brown Building floor; and the lady artists who paint weekly in the gardens volunteered their time to tidy the former library, entrance, interior hallway and bathroom of the Crosby House in preparation for their "Art in the Gardens" events. In September Crosby House ceiling leaks forced a decision to shingle the roof. Quotes were sought with the work completed by D.P. Porter of Hermon. New signage was installed on Route 2 and the Annis Road. Activities and events included art exhibits, weekly summer evening art sessions, a perennial plant sale, band concerts, two weddings, guided tours, a late evening "Moth Walk and Talk", and both hydrangea and balsam fir wreath making workshops.

In October a contribution was received from the Dead River Company of Bangor allowing for the purchase of a Mantis tiller; and in May Hermon Elementary's Eco-Kids Club donated \$100 from their treasury. Trustees remain grateful for monies budgeted by the Town of Hermon which fund the cost of liability insurance and a garden coordinator to oversee volunteers and garden planning.

Volunteers continued to gather Wednesday evenings and some Saturday mornings to care for the gardens. Each week a veteran gave one afternoon to mowing the grass before returning to his home near Bucksport. Two Eagle Scout candidates (and brothers) volunteered on separate projects. One scraped and painted Cabin #7, scraped and painted the trim of Cabin #10 and removed a shed, its contents and debris from the west side of this cabin. The other removed small pine trees, then larger trees near the head of the Spring Trail and hauled the wood to the designated wood pile. He cut one of the larger trees into benches and completed the project by raking the area of debris and cleaning out the spring so that the water flows freely. The Girl Scout troop who adopted the herb garden in the Cathedral when they were third and fourth graders have now graduated from high school. They passed their trowels to two Hermon troops who will continue the commitment to the Cathedral. Two lady volunteers have planted and cataloged 60 varieties of day lilies toward the north end of the gardens, and the "opening up" of the gardens via the downing of trees began in earnest thanks in large part to one volunteer with experience and knowledge.

Please don't continue to drive by – stop and as they say, "smell the roses" at Ecotat Gardens and Arboretum. It's yours to enjoy dawn to dusk every day. Our only request is that you please sign the guest registry.

John Snyder, Chairperson Board of Trustees
Curtis Kimball, Gaynor Reynolds
Tony Reynolds, Tim Schoppe & Roger Raymond



REPORT OF THE FINANCE DIRECTOR

The Finance Department is responsible for the custody, collection, disbursement and investment of Town funds in accordance with Generally Accepted Accounting Principles (GAAP), Town policies and procedures and applicable Federal and State laws. The Town is responsible for establishing and maintaining an internal control framework designed to ensure that the assets of the Town are protected from loss, theft, and misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP.

The Town has been successful weathering through bad economic times. The Town of Hermon heavily relies on Excise tax collection which had been in decline since 2007. We have started to see Excise Taxes increase over the last few years, partly due to one of our largest Excise tax payers. With this said, we have been able to keep our Fund Balance healthy especially in comparison to other surrounding communities. Internally the goal is to recognize efficiencies that mitigate the loss without increasing property taxes.

Fund Balance

The Town of Hermon's Fund Balance policy states that Undesignated Fund Balance is to try to maintain an amount equal to 25% of the last year's audited expenditures. GASB 54, which was adopted in the 11-12 fiscal year, changed the terms for Fund Balance usage.

GASB 54 now has 5 classifications of Fund Balance which are, non-spendable, restricted, committed, assigned, and unassigned. The committed, assigned, and unassigned classifications are often referred to, in the aggregate, as the *unrestricted fund balance*. Please refer to the Town's website for more information on the Town's Fund Balance Policy. The Town of Hermon's unassigned fund balance as of June 30, 2013 was \$2,667,354. It appears that fund balance decreased by \$163,154 from the prior year, but in actuality it increased by \$372,384. We chose to break out our TIF funds from unassigned fund balance because there are only certain things per statute that TIF funds can be used for and therefore we restricted the funds within our total fund balance. \$300,000 of unassigned fund balance was used for the fiscal year ending June 30, 2014 budget. \$50,000 of the \$300,000 was for the expansion of the Snow's Corner Cemetery.

Revenues

Comparatives of revenues identify a couple key changes. First, overall revenues have increased by \$276,124 from the previous year. Second, excise taxes had a considerable increase in revenue, while we have continued to see a decrease in investment earnings due to market conditions and interest rates. There was a \$175,075 increase alone for excise taxes from 2012 to 2013. We have seen an upward trend over the last few years of excise tax revenue as the economy starts to stabilize. Property tax revenue is variable due to mil-rates, other revenues, and values of homes, new construction, School Department needs of local contribution from property taxes, and the commercial district growth. 75% of property taxes raised in Hermon go to the School Department. Details of revenues can be found in Exhibit A-2 of the Annual Audit ending June 30, 2013.

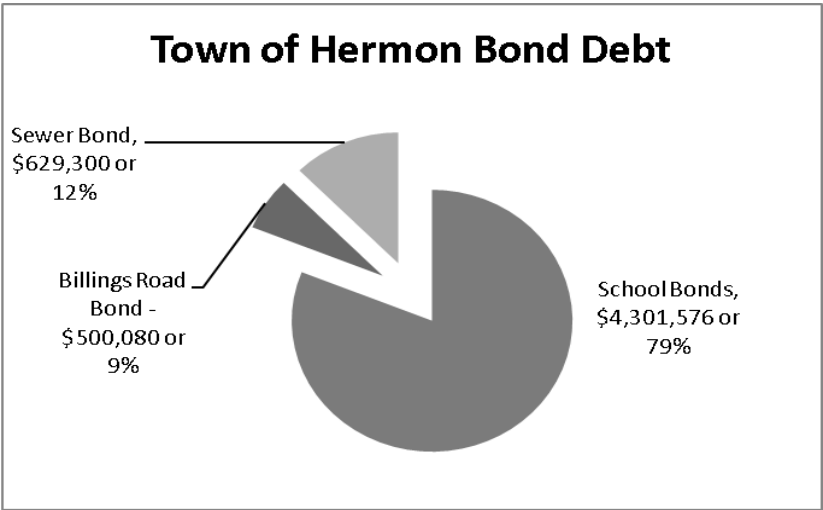
Expenses

Expenses have decreased by \$1,262,675 from 2012 to 2013. The Public Works department was the largest decrease from the prior year. This is mainly due to the major overhaul of the Wing/Annis Road in the Public Works department that took place in the prior fiscal year. All departments show a decrease in expenses, except Solid Waste and Education. Education expenses were \$341,875 more in 2013 than 2012, a 3% increase from the prior year's actual expenses.

Debt

At June 30, 2013, the Town had \$4,332,448 in outstanding debt. The Town carries two bonds, Sewer and Billings Road. No new bond debt was issued in this fiscal year. The Billings Road bond debt will be paid in full in July 2014, leaving the Sewer extension Bond as the sole debt of the Town. The Sewer Bond will be

paid in full in November 2018. The School holds one bond for the High School and two for the Middle School. Below is a chart showing monies outstanding at June 30, 2013 broken out by the School and Town.



You can find excerpts of the Annual Audit throughout this report and in it's entirety at www.hermon.net under the Finance Department. We are here to answer any questions that you may have, so please do not hesitate to call the Town Office. Thank you!

Sincerely,

Rachel Grass
Finance Director
grassr@hermon.net



REPORT OF THE HERMON FIRE DEPARTMENT

The Hermon Fire Department is comprised of two fulltime and twenty nine part time / on call employees. The station is located at 327 Billings Road and is staffed Monday through Friday 7am – 5pm. Please stop by or give us a call at 848-5986 if we can be of any assistance. The Public Safety Building is a secure facility and is locked even when firefighters and law enforcement personnel are in the building. If no one is in the offices adjacent to the vestibule please use the phone to the right of the interior door. Three buttons are preprogrammed for your use, 911 for emergencies, police business and fire business. Open burning permits may be obtained at the fire station Monday through Friday during normal business hours. On weekends permits may be obtained at C & K Variety located at 8 Billings Rd. Permits are for burning after 5 p.m. on class 1 and 2 days only unless the site and material being burned has been approved by a fire department officer. Class day can be found by going to the Maine Forest Service website and checking the fire danger map, <http://www.maine.gov/doc/mfs/firedanger/fire.shtml>, Hermon is located in zone 3. We are in the building on a regular basis outside of normal business hours with work details and training, but these are not set hours. If you need to stop by outside of normal hours it is best to call first to see if anyone is here.

Incident Summary by Incident Type

Date Range: From 7/1/2012 To 6/30/2013

Fire 58
EMS/Rescue 30
Hazardous Condition 51
Service Call 64
Good Intent 40
False Call 34
Other 2
Blank or Invalid 27
Totals 306

Respectfully submitted,

Ray F. Pipes
Hermon Fire Chief
firechief@Hermon.net



REPORT OF THE GENERAL ASSISTANCE ADMINISTRATOR

The Town of Hermon administers a Welfare/General Assistance program that provides confidential financial assistance to residents who are having difficulty meeting basic needs for housing, utilities and food. The program is funded by local property taxes with a 50% reimbursement from the State.

General Assistance applicants may call the Town Office at any time to inquire about emergency assistance. Applications are accepted on Wednesdays, 8am to 12pm. Proof of household income and expenses is required to determine eligibility.

The Town of Hermon has adopted the Maine Municipal Association General Assistance Ordinance. As part of the application and eligibility determination process, we work with the Department of Health and Human Services, and attempt to refer applicants to other programs that may assist them in their time of need. All applicants are told of the 2-1-1 program which maintains a database, by region, of multiple agencies that provide various types of assistance. Individuals in need may dial 2-1-1 on the telephone and anonymously seek information for various types of assistance or they may access the same information on the website <http://www.211maine.org>.

During the period of July 1, 2012 through June 30, 2013 the following

General Assistance amounts were granted:

Fuel	Food/Household & Personal	Rent	Electricity	Misc.
\$1276.21	\$276.22	\$8,841.00	\$265.14	\$640.00

Total Expenses: \$11,298.57

State Reimbursements: \$5,649.29

34 households received emergency assistance.

Respectfully Submitted,

Roger Raymond
General Assistance Administrator

REPORT OF THE HERMON HISTORICAL SOCIETY

This past year witnessed some positive developments that mark 2013 as a period of renewal for our organization especially in view of the mixed events of 2012.

Membership

The lifeblood of any organization is the people of which it is made up. This is especially true of a non-profit that depends on the generous voluntary support of its members. The Hermon Historical Society is no exception to the rule. In the past few years we have experienced a dramatic decline in our numbers. It is with great pleasure that this year we have seen a rise in participation from the community at large.

In spite of the grievous loss of Gerald Picard and Virginia Munn during 2012, we welcomed some new and returning members in our midst. After several years of inactivity, Tim and Joan Schoppe have come back to us and we welcome their participation. In addition "Dolly" Hackett Kelliher and her mother Helen Snow Hasey have again started attending our meetings. Marvin Overlock who is on the Bicentennial Committee has renewed his membership and is keeping us informed of the plans for the 2014 celebration. In addition Norma McGinley and Henry Stupakewicz are "attending" members. New faces also include Debbie Higgins and Ruth Nickerson.

Annual Project

Every year, in retrospect, it seems that the bulk of our energies are devoted to a primary task. In 2010, it was the resuscitation of our voluminous collection of Microphone yearbooks from Hermon High School. In 2011, the roof and foundation of our beloved School House No. 5 was the focus of our efforts. The year 2012 saw several much needed repairs and additions to the interior of our headquarters. Last year we selected a very special and unusual project.

Rosanne Gray, our stalwart secretary, unearthed several portraits from our archives that she suggested might be a valuable addition to the memorabilia on display at School House No. 5. These pictures are remarkable for a number of reasons. First, they portray three Nineteenth Century forbearers of the Overlock family who have resided in Hermon for nearly 200 years. The group consists of three life-sized photographs placed on the south facing wall of the schoolhouse. Front and center is Eunice Goodspeed Overlock (b. 1796 - d. 1893). She is the matriarch of the clan, and married Jacob Overlock while they still lived in Waldo County. The family moved to Hermon in 1835. She bore him nine children! One of these, Alvin (b. 1823 – d. 1904), is flanking his mother on the wall along with his wife Lavinia (b. 1822 – d. 1902).

These portraits, besides their obvious historic value, are remarkable for another reason: the means of production. They are actually photographic enlargements in a day and age when the art of photography was in its infancy. The enlargements were made in Bangor by sensitizing and exposing a large piece of paper and then developing the print in sepia and completing them by dodging a Gaussian blur in a classical oval format. The Society has framed them appropriately in black with matching grey oval mats.

The unveiling of the works was the occasion for a presentation by Marvin Overlock who detailed the European roots and early American history of the family. This was followed by an account of the family in history in Hermon by Dolly Kelliher who is also a very knowledgeable descendant.

Bicentennial Coffee Mugs

You may recall from last year's annual report that Henry Stupakewicz was asking the Society to help in locating a bed of clay in Hermon to be used in the fashioning of Hermon Bicentennial commemorative mugs. Our own Marvin Overlock helped in this effort.

Well, the deposit was located and the results of Henry labors in evidence. Henry, a potter of great skill and inventiveness, has made 200 glazed cups suitable for any beverage. They come in two sizes: large 5 inches and small 4 inches. They come in a number of colors and each has a special bicentennial stamp that Henry created based on the Hermon Town seal. Every mug is signed and numbered. The souvenir mugs are both decorative and useful and will be available to the public for a price of \$25.00 a piece. They will be available during the Celebration in August at our School House NO. 5, located on the Billings Road. Anyone interested in reserving one beforehand may do so by contacting our Secretary, Rosanne Gray at (207) 848-3862. Please note: because of the relatively few number of mugs available, we are limiting the purchases to only four per customer.

It has been stated that Henry Stupakewicz is a potter of considerable stature. He has been featured in a BDN article and local television reports. Moreover he has expressed a wish that the proceeds from the sale of these souvenirs be donated to the Hermon Historical Society. We are all fortunate to have the benefit of his great skill and generosity. He is indeed a great friend of the Town of Hermon

Officers of the Historical Society

Geoff Homan—President
Lynn Jonason—Vice President
Rosanne Gray—Secretary pro tem
Shirley Frost—Treasurer

Historical Society Board of Directors

Rosanne Gray
Kenneth Gray
Derwood Hillman
Virginia Mattson Tracy
Lynn Jonason



**School House No. 5 located on the Billings Road
and currently used by
Hermon Historical Society**

Clerk's Note: On January 7, 2014, after Mr. Homan's report was submitted for this publication, Henry W. Stupakewicz passed away. He was 93 at the time of his passing. He left behind his wife Clara, their nine children, 26 grandchildren, 42 great-grandchildren, and three great-great grandchildren.

REPORT OF THE HERMON VOLUNTEER RESCUE & FIRST AID SQUAD, INC.

This year, 2013, marks the forty-fifth continuous year of providing primary emergency medical services, licensed at the "Basic" level, permitted to the "Paramedic" level, to the townspeople of Hermon as well as secondary emergency services to the surrounding towns of Carmel, Levant, Stetson, Glenburn and Bangor. In addition to providing emergency ambulance services, we also provide other scheduled transporting services such as daily/weekly Dialysis transports or longer transports and transfer to other Hospitals and Medical Centers ranging from Fort Kent to Boston, MA., when needed or required.

This year has been the busiest we have had to date. We have had the privilege of answering 860 paged 911 calls for help, aid and assistance. There were 603 paged or patient initiated calls for help in Hermon alone. Of all the 860 paged, or patient initiated calls, it is important to understand that there are no manufactured calls included in these numbers. A manufactured call is one that is initiated by the service itself and includes such calls as driver training, vehicle maintenance runs, fuel trips, drug re-supply runs, other medical re-supply runs or simply running down to the store for lunch. PRCC, the Penobscot Regional Communications Center, is extremely busy and the Hermon Ambulance Service does not generate numbers for any manufactured calls as our budget is not dependent on increased call volume.

Retention and recruitment are the most important tasks that any volunteer organization must deal with on a daily basis, due to the fact that if the organization cannot draw any new members or keep the members it currently has, the organization will not be able to carry out its mission statement. A considerable amount of time is spent in this pursuit. The Hermon Volunteer Ambulance Service depends on its members donating their most precious commodity, their time. Not just a few hours, or even a few hundred, in most cases our members donate well over a thousand hours a year, to keep the organization running. The most important aspect as it relates to the towns people is the number of hours that is required to cover the call time on a yearly basis. A minimum of 17, 520 hours of call time is required to cover the schedule with a minimum of two people, 24 hours a day 7 days a week, 365 days a year. In all actuality, the number of hours that are utilized on a yearly basis is in excess of 30,000. In addition to our "A" crew of two members, 24/7/365 is our "B" & "C" crews who, when the pager activates, and the "A" crew responds, gravitates towards the station for the next out call or calls. We currently have 37 members listed on our roster. We are proud to say that eight of these members are licensed at the "Paramedic" level as well as nine licensed at the "Advanced" level, all ALS certified. The remainder of our members are licensed at the "Basic" level and or "Drivers" who are First Aid Trained, CPR holders and AVOC certified. All our members listed on our roster are your true **"Hometown Heroes"**.

In addition to answering calls in Hermon, our primary call area, we have a contract to provide transporting services in the Towns of Stetson and Etna. As part of the program for Stetson and Etna, a first responder emergency medical service has been instituted and works extremely well. Both services are paged at the same time, the first responders arrive within minutes and provide stabilizing medical services until we, the transporting ambulance arrives, loads the patient, provides additional medical services and transports to a local health care facility. When and if additional services are needed we have instituted contracts and or, agreements with the Bangor Fire Department and Capital Ambulance to provide Advance Life Support Services, (ALS) when requested. We also maintain Mutual Aid Agreements with the Towns of Carmel,

Hampden, Glenburn, Levant, Etna and Stetson when additional resources or personnel are needed. It is important that these partnerships are taken care of and the friendships maintained, as on occasion, we are the one asking for additional help.

One of our biggest changes this year is the purchase of our new/used 2009 Type 1, van style ambulance. We purchased this rig thru Advance Modifications, a local Hermon business. Like our other three rigs, this ambulance has also been set up for a “Paramedic” level emergency response, however we specifically equipped this rig for transfers, both short and long distance.

Several of the Town groups have come to know the benefits of this building as they use it on a regular basis. The American Legion and Legion Auxiliary consider this building their new home for their meetings as well as providing a public supper once a month for the residents of the Town. The Hermon Girl Scouts, the Hermon Boy Scouts, the Cub Scouts, and the Hermon Alumni Association meet here on a regular basis. The Friends of Hermon Football utilized this building for their suppers for the football team after practice every Wednesday evening as well as many personal family reunions, weddings, baby showers, birthday parties and several impromptu meetings on the spur of the moment for several other groups in the area. We are pleased to be able to offer this space to the residents of the Town.

We would like to thank the Hermon Fire Department as well as the Hermon Deputies for their assistance at many of our calls. It is comforting to know that while the Ambulance Personnel’s attention is on rendering medical treatment, the folk’s from the Fire and Sheriff’s Department are watching our backs. Thanks to PRCC, (Penobscot Regional Communication Center), our dispatching entity which provides all of the 911 services needed to enable us to reach our destination in a expedient and efficient manor. They are truly a group of dedicated professionals which not only we, but all other emergency services have come to rely upon. A very special thanks goes to the citizens of this Town for their support and understanding, both fiscally and personally.

Respectfully Submitted

G. Stephen Watson,
Chairman, Board of Directors
Hermon Volunteer Rescue & First Aid Squad, Inc.



REPORT OF THE RECREATION DEPARTMENT



Hermon Recreation Department- 10 Year's Young and Growing...

In 2002, the Recreation Department was established by community and Town Council support. For the first time a regular operating budget and an enterprise account were created so that an increased level of professional service could be delivered with consistency for the residents who live in Hermon. During this Bicentennial celebration year, it is appropriate to review our progress after ten years to note some of the changes made to programming and services. We can also look ahead in this report to a bright future because many of the ideas that have created a successful venture to date will continue, while others are being changed to reflect a more modern and thoughtful approach considering the community's needs.

Before 2002, parent led groups, volunteers and a Recreation Committee set the standard for community programming, events and social gatherings. It goes without saying that those early days of recreational programs were organized by some extremely valuable and hard working individuals who gave of themselves personally. They considered their work a labor of love and with each new item they sponsored, the community was made better for it. The committee worked without Town departmental support systems or tax payer supported budgets and raised much of the funding privately to provide our youngest residents with quality offerings such as youth basketball leagues, farm league baseball and Halloween parties for Elementary School age participants. Many who grew up in Hermon have watched good Moms and Dads building baseball dugouts and backstops out of spare pieces of wood while they mowed the fields for play with their own push mowers in the early 1970's. They were the coaches, officials and directors of the programs simultaneously in many instances. Hermon's population in 1970 was 2,376.

As Hermon grew, the need for increased programming organization grew with it. Distinctly different parent groups formed based on personal interests and ran the different Recreational programs during this period. These were mostly athletic in nature and run for the school age children of our community. Even with the support of the schools concerning facility and building use for programming, the Town had grown exponentially increasing its population by the mid 1980's which caused difficult logistical demands on a volunteer lead effort. In ten short years, Hermon's population had increased by over one thousand people. The call for increased access and new facilities in 1980 lead to the National Guard coming to Town, led by sirens, flashing lights and all the support the Town could muster in order to help construct a new recreational area. In eight short days they were gone, and where there once was nothing but alders, stood 12-14 acres of cleared land, a 2100' road, a parking area, and a storage building. In addition, the "Guard" built four dugouts, put up a number of fences on the ball fields near the Elementary School and built four sets of bleachers for the Town's recreational complex.

Over the next ten year period, the Recreation Committee completed construction of four tennis courts at the new facility, horse shoe pits, parking lots, paved basketball areas and a Community playground at Hermon Elementary. The playground garnered support from many interested in the project. Approximately

\$34,500.00 was donated for construction of the Community playground through fundraisers, \$12,5000.00 was obtained from a State grant, and \$6,000.00 was donated in materials.

The groups of interested people involved in recreational pursuits during this period also instituted an event called "Old Fashioned Family Fun Day" which was enjoyed by many Town groups and organizations. Families also participated in the first *Father-Daughter Dance* held in 1991 with 140 in attendance.

By the year 2002, Hermon had reached double digit growth rates concerning population totaling nearly 4500 residents. The stress on facilities, schools and athletic fields was evident. Programming at the volunteer and committee level without full time organized support for the items families wanted for was not realistic any longer. The Town Council and School department brainstormed an idea of cooperation concerning facility and budget processes and we acted as a Town to protect our investments in both programming opportunities and capital project items. In 2002, the first Recreation department was established with a full time director who assumed responsibility for running all major programs and event functions for the Town of Hermon.

Over the last ten years the Town has supported the Recreation department with a budget for regular operating expenses. Even though the Recreation Department is less than 1% of the Town budget, it has returned that investment to the taxpayers by operating an enterprise account that has funded major capital improvement projects at the School system, the Town athletic fields and for public access areas such as Jackson Beach and ECOTAT. The department has funded new athletic program start up costs at Hermon High School, supplied financial and labor support concerning facilities for all Schools and many other public areas such as our cemeteries, Trail systems and the Veteran's Park. Volunteerism and excitement for the department grew after capital investments began to take shape which ultimately has led to large donations and revenue increases over the course of the last ten years. These investments have totaled more than all of the paid salaries for employees at the Recreation Department during our history. This fact has been a great source of pride for our department because it was the standard set long ago by volunteers and committee members who did all of the great things Hermon had experienced until 2002 with donations of money and labor received from private sources.

As the Town continued to grow over the last ten year period at a rate equal to 100 new residents on average each year, past practices of the Recreation department had to change from being a department that once controlled K-8 athletic opportunities and Town events fully, to a more service based operation inclusive for residents of all ages and interests. We are finding our stride and settling in with new ideas and methods for delivery of services. Adult Education, Senior Programming and enrichment opportunities for people of all ages and abilities are going to enhance a strong youth athletic core and after school program list for K-6 students. Michelle Thayer will implement many of the new changes heading into the next ten years as our *Recreational Programmer*. Her focus as a manager during the next ten years will be to continue improvements at our facilities using a balanced approach to investment while keeping the programs that the community holds dear moving ahead.

Respectfully,

Scott Perkins
Parks & Recreation Director
sp Perkins@Hermon.net



Scott



Michelle

REPORT OF THE PUBLIC WORKS DEPARTMENT

The Public Works Department experienced major administrative and personnel changes this last year. The challenge half way through our year was to hire and train two new employees, implement new ideas from our Town manager and begin development projects while simultaneously completing the ongoing work list generated when residents request assistance. Our larger targeted goals as we managed these changes included delivering a level of service complimentary to Hermon as its growth continues to surge while focusing on providing the community cost savings for the ongoing and new maintenance items required. Over the course of the last year Public Works increased its responsibilities and workloads while ending the year fiscally under our budgeted amounts for expenditures.

Public Works is transitioning from being solely an emergency response and basic maintenance team to being involved in vendor relations and enforcement of contractual requirements, transfer station management and upgrade planning, cemetery maintenance and expansion project involvement and year round road maintenance. Our team has partial or full oversight concerning road improvement projects, Jackson Beach State Park, Hermon Trail system and helping to implement the Veteran's Park plan located at the Elementary School. Other areas that our department has cooperated with includes responding to requests from the School Dept. and assisting the Fire and Police Departments for emergency road calls. We have also acted as a liaison concerning upgrades and repair work with Maine Department of Transportation Local Roads Center on both small and large projects such as the Coldbrook Road ditching project and improving the signing schemes at Route 2 on Miller Hill.

One Council oriented goal was to improve efficiency in our department. While it can be suggested that since our workload was able to be increased substantially we have become more efficient. We view the goal of efficiency as a constant challenge out in front of us and one that can be on our list of goals each year. A new approach that has impacted efficiency leading us to accomplishing quality work in our roadways has been to enter private/public partnerships with local area businesses. The Public Works crew has combined with the resources and employees of private construction companies to produce large amounts of work in short order over this period at Fuller Road cross culvert installation sites, Emerson Mill Road shoulder project, New Boston Road ditching, Swan Road reconstruction and at the Snow's Corner Cemetery expansion project. This pilot program's success will cause us to continue our relationships with private businesses as we employ the balances between "public" and "private" necessary for peak performance.

Another large item that Public Works is involved with is our winter road maintenance. Our administrative role is to patrol and communicate with the Town employees, Police, School, Fire Departments and the Snowplow contractor concerning all of Hermon's roadway issues as they present themselves during inclement weather. With the start of this winter season our department also moved from plowing only 5 miles of secondary roadways to 14.5 miles of major State connector roads including Route 222, minor collectors such as Billings road and all the related side roads and sub-divisions on this route. This change has caused us to improve in the areas of snow removal equipment maintenance, employee management and emergency road response times because we have transitioned from plowing a few roadways in order to "keep us busy" to being responsible for a major plow route with its commercial and residential traffic.



Hermon Public Works painting the plow "safety orange"

The 2012-2013 season has brought with it some of the usual responsibilities such as installing driveway and cross culverts, ditching, erosion control, approving driveway entrance applications and providing solutions for homeowners having questions concerning "right of way" issues. Although these duties may seem routine, we take pride in working for the people of Hermon and we want to partner with you to improve your community. If you have questions or concerns, please don't hesitate to contact the Hermon Town Office at (207) 848-1010, or you may email us directly at: sperkins@hermon.net.

Respectfully Submitted,

Scott Perkins,
Public Works Director



Scott



Ralph



Mike

REPORT OF THE SUPERINTENDENT OF SCHOOLS

As Superintendent of Schools, I am pleased to submit this annual report for the Hermon School Department and to express appreciation to our very supportive students, staff, parents, school committee and community members for their assistance in making the 2012 - 2013 school year challenging and productive. Thank you!

Hermon schools continue to thrive and provide a quality education for the children of our community. If we examine standardized test scores, we see that our elementary and middle school scores exceed the state average in every area. Our high school scores are closer to the state average, however we recognize that we are uniting students from two different districts at a particularly challenging time in their educational career. The Hermon School Committee has been diligent in providing opportunities for our teachers to work with teachers from neighboring districts to align expectations for students.

Resident enrollment in Hermon remained stable. Our Pre-K – grade 8 enrollment increased by 1% (8 students) while our resident high school enrollment decreased by 1% (5 students). The number of tuition students attending Hermon High School decreased by nearly 5% (11 students). Unfortunately, a decrease in the number of tuition students attending the high school had a significant effect on the projected revenue for the year.

On December 14, 2012 an atrocious event in Newtown, Connecticut impacted schools across the country. The reality that the lives of twenty innocent children and six teachers were tragically lost when an invader gained access to the school moved Hermon administrators to closely examine safety and security issues in our schools. With the assistance of two local businessmen, the town council, the school committee and various law enforcement agencies, all three schools engaged in an in-depth review of school security. A variety of new security measures including staff identification tags, additional cameras, locked entrances, and a greater presence of police coverage in and around our schools resulted from the study. Protecting our students and staff is the highest priority we hold.

Since the State of Maine opted to join forty-five other states in adopting the Common Core State Standards or CCSS, our schools are all involved in aligning curriculum with those standards. The CCSS is not a curriculum but a collection of specific standards that all children must master as they move along a continuum from year to year. Legislation adopted in 2012 mandates that all Maine high schools award diplomas based on the mastery of standards by 2018. With this in mind, the transition to a proficiency based or standards referenced educational system will be a gradual process taking into consideration the need for community input and extensive professional development.

Hermon Elementary School hosted Donn Fendler, author of Lost on a Mountain in Maine, as one of several learning enrichment opportunities this year. Students also attended a performance of “ANNIE” at Penobscot Theater and Lynde Lodge sponsored a *Bikes for Books* program to inspire reading. Thanks to the very supportive work of the PTA, the elementary school also added SmartBoards in three classrooms so that grades three and four all are connected via that technology. As part of the professional development geared toward preparing for the transition to proficiency based learning, elementary school teachers and staff engaged in a facilitated book study with their peers at the middle school and high school. All staff read and discussed Teach Like a Champion by Doug Lemov and Norman Atkins.

Hermon Middle School started the year with a new principal at the helm. Mr. Gerald Kiesman previously served as assistant principal at the Troy Howard Middle School in Belfast and was strongly involved in the process of aligning standards in that district. He has been an enthusiastic advocate as the administrative team navigates the journey of transition.

The middle school also added SmartBoards to five classrooms. These tools allow teachers and students to “interact” with information on the whiteboard providing immediate feedback or clarification on concepts and skills

Students enjoy seeing their work displayed and teachers like the flexibility of expanding a concept based on students' understanding and/or needs. Three middle school teachers joined a professional study group through the University of Maine. The Physical Science partnership brings teachers of all grades together to plan and prepare lessons based on the *Next Generation Science Standards* incorporating the latest information available in several areas of science.

Hermon Middle School was the recipient of a USDA Food and Nutrition Bronze Service Award. The award was present to approximately five percent of qualifying schools in the northeast in recognition of excellence in nutrition and physical activity. Food Service Director Tina Saccuto is credited with promoting and providing a nutritious menu at the school.

Hermon High School expanded access to college credit in multiple ways this year. Mathematics teacher Mrs. Wendy Lynds became a certified lecturer of Mathematics through the University of Southern Maine thus qualifying Hermon students enrolled in calculus and statistics courses to register for the ASPIRE program. Thirty-one students elected to register and establish a transcript with USM for two math classes that they take at Hermon high School. Upon successful completion of the courses and assessments, the student may earn up to four college credits at USM. Another very exciting dual enrollment opportunity entitled The Bridge Year Program was piloted at Hermon High School this year. Through a collaborative effort with United Technologies Center, Eastern Maine Community College and the University of Maine, fourteen HHS students were enrolled as high school juniors and college freshmen simultaneously. Four HHS teachers worked behind the scenes last year to prepare for the pilot program this year. Teachers from all four institutions developed curriculum and assessments that would meet the rigor of college classes. Students worked in a cohort having all their high school classes together and participating in a variety of technical programs at UTC. Over the course of two years, these students will have the opportunity to earn a full year of academic credit at the college level. The benefit of this exciting new venture is the reduced time for students to complete their college experience, a substantial financial savings by decreasing their college program by a full year and the completion of a technical program that may provide a pathway for selecting a career or temporary employment during a student's college career. Participants will participate in a three day summer academy for each year of the program and will experience one or more opportunities to job shadow while in the Bridge Year Program.

Hermon High School's performing arts program received high marks as the Treble Makers show choir under the direction of Camden Carter placed first in Division 1 at the Maine Music Educators Association 2013 State Jazz Festival. The One Act play directed by Jon Ferreira placed second in the State One Act Play competition and a short film written and directed by Hermon High School junior Faith Bishop placed second in the student division of the Lewiston Auburn Film Festival.

Finally, I was honored to be nominated by the Penquis Superintendents Association to receive the Maine School Superintendents Educational Leadership Award for 2013. The award was presented at the annual Commissioner's Conference in June and is prominently displayed in my office. It is only because I work in a supportive community surrounded by caring and dedicated professionals that I could be considered for this distinction. Thank you!



Respectfully submitted,

Patricia A. Duran
Superintendent of Schools
duranp@hermon.net

REPORT OF THE TAX COLLECTOR

The following lists show real estate and property owners who have outstanding tax balances as of June 30, 2013. Real estate and property owners are listed alphabetically by last name and then by year with the most recent outstanding tax amount listed first. This list is required to be printed by State Statute 30-M.R.S.A. § 2801 (2).

Taxes are assessed as of April 1st of each calendar year. The 2012 tax bill commitment was September 27, 2012. Tax bills were mailed to the taxpayers in October. The due date for taxes was April 1, 2013. The lien process begins within eight to twelve months of the commitment date and automatic foreclosure occurs eighteen months after the lien date. Please read your entire tax bill as it contains important information and answers to many common questions.

The Town Council has adopted a new policy on Tax Liens and foreclosures. If you are running behind on taxes, you should contact the Town office or you risk losing your property. I, Rachel Grass, the Tax Collector, am willing to meet with you and explain the process and answer any questions you may have. We accept and encourage partial / full tax payments up to the time of foreclosure. After foreclosure, if you wish to keep your property before it is sold, you must pay all outstanding years' for real estate taxes.

For your convenience the Town of Hermon now accepts VISA ©, MasterCard, American Express, and Discover. There is a fee to pay by credit card or debit card. As always you can still pay by cash or check for no additional fees. If you have any questions regarding your tax bill, please contact Deputy Tax Collector Kristen Cushman or Rachel Grass at (207) 848-1010, or by email at cushmankl@hermon.net or grassr@hermon.net.

Sincerely,

Rachel Grass

Finance Director/Tax Collector
grassr@hermon.net

Outstanding 2012 Real Estate Taxes as of 6/30/13

Adam's Automotive LLC	\$ 3,650.40	Czarnecki, Michael L	\$ 1,857.96
Allen, Janet M	\$ 549.90	Dahl, Bernhoff A	\$ 2,769.39
Amburg, Misty	\$ 107.64	Damien Properties	\$ 2,683.98
Annis, Heirs of Jack	\$ 142.74	Davis, Heirs of Phillip W	\$ 424.71
Applebee, Thomas A & Sherry A	\$ 652.86	Davis, Linda	\$ 1,041.30
Babb II, Richard D	\$ 2,329.47	Davis, Staci L	\$ 1,007.37
Bachelor, Life Estate of	\$ 760.50	Debraak, Jimmy & Rebecca	\$ 742.95
Balarode LLC	\$ 180.18	Devoe, Troy L	\$ 1,847.43
Balarode LLC	\$ 180.18	Dicenzo Inc., Thomas	\$ 5,539.95
Balarode LLC	\$ 180.18	Donnellan, Wesley	\$ 401.31
Bangor Hermon Railyard Inc.	\$ 2,331.81	Donnellan, Wesley	\$ 402.48
Bangor Hermon Railyard Inc.	\$ 1,508.13	Donnellan, Wesley	\$ 510.12
Barylski, Almon	\$ 14.04	Donnellan, Wesley	\$ 687.96
Batchelder, Ellery & Linda	\$ 1,179.36	Donnellan, Wesley	\$ 421.20
Bates, Joseph	\$ 297.18	Donnellan, Wesley	\$ 310.05
Benge Sr, john	\$ 146.25	Donnellan, Wesley	\$ 450.45
Bickmore, Brian	\$ 1,473.03	Dorr, Danny R	\$ 1,929.33
Bickmore, Gloria J	\$ 615.42	Doughty, Clifford L	\$ 953.55
Blackstone, Vernon A & K Judith	\$ 455.13	Dow, Kelly A & Steven W	\$ 2,177.37
Bogan, Michael & Corinne G	\$ 927.81	Dunford, Robert Delano	\$ 421.20
Bouchard, Richard P	\$ 1,017.90	Dunford, Robert Delano	\$ 358.02
Bouchard, Wayne M	\$ 2,812.68	Dunford, Robert Delano	\$ 359.19
Brady, Janice	\$ 28.08	Dunford, Robert Delano	\$ 379.08
Braley, Debra L	\$ 531.18	Dunford, Robert Delano	\$ 8.19
Bresnahan, Lori J	\$ 381.42	Dunifer, Heirs of Albert	\$ 666.90
Bridges, Jacob	\$ 46.80	Duolos Group LLC	\$ 4,530.24
Brocato, James & Abby L	\$ 1,831.05	Duolos Group LLC	\$ 4,078.62
Bull, Phyllis A	\$ 622.44	Duolos Group LLC	\$ 4,084.47
Burgess, Richard C	\$ 702.00	Duolos Group LLC	\$ 468.00
Burgess, Richard C	\$ 1,591.20	Duolos Group LLC	\$ 727.74
Bushey, Sue	\$ 530.01	Duolos Group LLC	\$ 4,078.62
Byers, Jeffrey A & Timothy A	\$ 728.91	Duolos Group LLC	\$ 4,368.78
Byers, Jeffrey A & Timothy A	\$ 487.89	Eldridge, Robert & Cheryl	\$ 563.94
Chase and Fletcher, Heirs of	\$ 276.12	Everett, Raena R	\$ 2,322.45
Clark, James Burton	\$ 827.19	Farrar, Andrew J	\$ 212.94
Clark, Margo E	\$ 1,012.05	Farrar, Robert & Jeanette	\$ 1,033.11
CM Trust	\$ 1,627.47	Farrar, Stuart & Jacqueline	\$ 971.10
Cronk, Heirs of Pauline Z	\$ 870.48	Fenderson Realty LLC	\$ 9,830.34
Cronk, Jeffrey	\$ 2,352.87	Fernald, Jennifer	\$ 194.22
Crowe, Clyde	\$ 373.23	Fernald, Jennifer	\$ 150.93
Curtis Jr, John F	\$ 126.36	Fernald, Jennifer	\$ 191.88
Cushing, James R & Winnona G	\$ 909.09	French, Darrell & Leslie	\$ 1,654.38
Cushman, Joseph H & Charlotte L	\$ 2,042.82	Gagnon, Thomas A	\$ 3,168.36
Cusson, Donald G & Debra J	\$ 639.99	Gallant, Mitchell	\$ 2,287.35

Gardner, Bryden A	\$ 117.00	Leighton, Robert	\$ 748.80
Grace, Heirs of Ida E	\$ 532.35	Leighton, Robert	\$ 1,508.13
Graham Scott, E	\$ 616.59	Libby Brothers Inc.	\$ 407.16
Green, James A & Charlene D	\$ 907.92	Libby Brothers Inc.	\$ 258.57
Greene, Randy Alan	\$ 161.46	Libby Brothers Inc.	\$ 229.32
Greene, Randy Alan	\$ 914.94	Libby Brothers Inc.	\$ 270.27
Guptill, William & Diane	\$ 1,612.26	Little (Therault), Susan R	\$ 1,301.04
Hadlock, Dale & Mary	\$ 1,508.13	Lovett, Jon M	\$ 1,849.77
Hartley, Loren & Terri	\$ 1,284.66	Lynco, Inc	\$ 14,791.14
Hashey, Monique Mace	\$ 1,309.23	McLeod Jr, Theodore R	\$ 65.52
Hashey, Monique Mace	\$ 627.12	McLeod, Dennis & Bette	\$ 93.60
Hashey, Monique Mace	\$ 835.38	McPherson, Henry E	\$ 4,486.95
Hashey, Phillip E & Monique D	\$ 1,205.10	McPherson, Henry E	\$ 1,680.12
Hashey, Phillip E & Monique D	\$ 2,277.99	Mercury Medical Properties, LLC	\$ 4,719.78
Henriksen, Kathleen	\$ 2,005.38	Merry, Trustee Debra	\$ 2,198.43
Hermon Park LLC	\$ 166.14	Miller, Todd A	\$ 1,048.32
Hermon Park LLC	\$ 112.32	Morland LLC	\$ 856.44
Hermon Park LLC	\$ 150.93	Morland LLC	\$ 1,404.00
Hermon Park LLC	\$ 9.36	Morland LLC	\$ 651.69
Hermon Park LLC	\$ 2.34	Morland LLC	\$ 1,113.84
Hermon Park LLC	\$ 2,764.71	Morland LLC	\$ 2,220.66
Hewes, Amanda Anne	\$ 678.60	Morland LLC	\$ 585.00
Hewes, Dana	\$ 1,965.60	Morland LLC	\$ 1,237.86
Hewes, Dorothy	\$ 19.89	Morrill Jr. Clyde A	\$ 459.81
Hewes, Dorothy M & Dana	\$ 526.50	Morrill, Carrie	\$ 42.12
Higgins, Debra A	\$ 1,512.81	Murphy Living Trust, Dennis J & Eleanor M	\$ 1,599.39
Higgins, Debra A	\$ 844.74	Nadolny, Henry	\$ 1,075.23
Higgins, Nikki L	\$ 1,212.12	Nelson, Brenda	\$ 122.85
Homsted Realty Trust	\$ 270.27	Nelson, Brenda	\$ 88.92
Howes, Sylvia S	\$ 700.83	Newcomb, Cynthia M	\$ 135.72
Innis, Wayne	\$ 23.40	Newcomb, Eric	\$ 88.92
Innis, Wayne	\$ 128.70	Nowell, Heirs of Leland	\$ 924.30
Johnson, Kyle G	\$ 2,325.96	Oxley, Joanne E	\$ 1,423.89
Joy Realty	\$ 372.06	Parent Living Trust, Linda L	\$ 2,351.70
Joy, Paula Dysart	\$ 2,561.13	Penobscot Snowmobile Club	\$ 994.50
Keirstead, Dwight D	\$ 507.78	Perez, Heirs of Daniel J	\$ 359.19
Kelley, Barbara A	\$ 1,015.56	Perry, Sandra	\$ 188.37
Kelly, Marty E	\$ 409.50	Phillips, Gerald	\$ 627.12
Kelly, Marty E	\$ 223.47	Pine Tree Gravel Inc J Dominique	\$ 542.88
Kelly, Marty E	\$ 223.47	Pinkham, Alan R	\$ 1,785.42
Knipping Jr, Richard W & Marlene V	\$ 2,001.87	Pipes, Ray F & Teresa M	\$ 449.28
Laughlin, Amy	\$ 253.89	Pleasant Hill Campground LLC	\$ 1,268.28
Lebreton, Wayne A	\$ 3,567.33	Pomeroy, Mark A & Lisa A	\$ 113.49
Lee III, Richard T & Joelle L	\$ 463.32	Rambo, Jonathan M & Ruth A	\$ 773.37

Reed, John F & Laurel J	\$ 969.93	Stevenson, Tyra L	\$ 1,093.95
Renaud, Randy	\$ 2,021.76	T Properties	\$ 497.25
Richards, Frederick & Barbara	\$ 2,088.45	Tambling, Joel R	\$ 585.00
Richards, Frederick & Barbara	\$ 5,531.76	Tapley, Lani R	\$ 748.80
Richardson Development Corp	\$ 1,250.73	Ted Mcleod Inc	\$ 954.72
Richardson Development Corp	\$ 293.67	Ted Mcleod Inc	\$ 1,828.71
Richardson Development Corp	\$ 294.84	Thayer Jr, Bernard	\$ 3,655.08
Richardson Development Corp	\$ 301.86	Thayer, Alvin & Eleanor	\$ 702.00
Richardson Development Corp	\$ 365.04	Thayer, Anthony	\$ 1,718.73
Richardson Development Corp	\$ 292.50	Thibodeau, Stephen C	\$ 420.03
Richardson Development Corp	\$ 291.33	Thomas, Shannon	\$ 3.51
Richardson Development Corp	\$ 292.50	Tilton, Scott M & Kevin B	\$ 12,987.00
Richardson Development Corp	\$ 352.17	Treadwell, Steven A	\$ 1,625.13
Richardson Development Corp	\$ 398.97	Treadwell, Steven A	\$ 594.36
Ricigliano, Ian	\$ 66.69	Vonborstel, David	\$ 503.10
Roberts, Barry C & Paula J	\$ 594.36	Warren, Lester D & Deborah	\$ 1,148.94
Robinson, Harold D	\$ 1,125.54	WCS Family Trust, The	\$ 983.97
Ross, Robin	\$ 656.37	Weber, Heirs of Hurley R & Jeannette M	\$ 370.89
Ruest, Joseph	\$ 724.23	Welch, Wayne T	\$ 57.33
Runci, Jessica	\$ 263.25	Werner, Jason R & Dianna L	\$ 253.89
Russell, Thomas J	\$ 617.76	Wescott, Carrie-Jo & Melissa	\$ 253.89
Sanborn, Billy & Jennifer	\$ 30.42	Wescott, Linda L	\$ 961.74
Schencks, Jeffrey P & Laurie	\$ 919.62	Willigar, Barbara J	\$ 1,650.87
Schreiber Jr, Carl & Nancy E	\$ 3,159.00	Wyman, Patricia L	\$ 1,113.84
Shaw, Susan	\$ 11.70		\$ 310,942.71
Sheridan, Kimberly R	\$ 651.69		
Sherman, Ronald & Sharon E	\$ 236.34	Outstanding 2011 Real Estate Taxes as of 6/30/13	
Sherwood, Jean M	\$ 714.87		
Simpson, Donald M & Cheryl A	\$ 9,897.03	Allen, Janet	\$ 609.55
Sirois, Dennis P & Patricia M	\$ 1,222.65	Barylski, Almon	\$ 64.87
Small, Priscilla G	\$ 648.18	Bogan, Michael & Corinne G	\$ 989.62
Smiley IV, David O & Harriet E	\$ 1,318.59	Bouchard, Richard P	\$ 1,068.48
Smith, Catherine A	\$ 1,180.53	Brocato, James & Abby L	\$ 1,898.03
Smith, Catherine A	\$ 402.48	Burgess, Richard C	\$ 1,656.56
Smith, Douglas L & Donna A	\$ 556.92	Byers, Jeffrey A & Timothy A	\$ 777.83
Smith, Gary	\$ 1,887.21	Cronk, Heirs of Pauline Z	\$ 926.21
Smith, Steven & Catherine	\$ 1,375.92	Dahl, John A & Judith R	\$ 1,720.21
Smith, Steven E	\$ 396.63	Davis, Staci L	\$ 1,063.89
Spaulding, Leon W	\$ 2,495.61	Debraak, Jimmy & Rebecca	\$ 702.39
Springer, Lawrence	\$ 11,971.44	Dicenzo Inc, Thomas	\$ 5,622.16
St Louis, Dale T	\$ 486.72	Donnellan, Wesley	\$ 454.36
St Louis, Dale T	\$ 23.40	Donnellan, Wesley	\$ 455.54
St Louis, Harold F	\$ 1,684.80	Donnellan, Wesley	\$ 563.79
St Louis, Theresa	\$ 258.57	Donnellan, Wesley	\$ 474.36
Stark, Richard S & Karen S	\$ 2,142.72	Donnellan, Wesley	\$ 362.58

Donnellan, Wesley	\$ 503.78
Doughty, Clifford L	\$ 1,002.57
Dow, Kelly A	\$ 2,288.69
Duolos Group LLC	\$ 4,631.50
Duolos Group LLC	\$ 3,992.55
Duolos Group LLC	\$ 3,964.31
Duolos Group LLC	\$ 527.18
Duolos Group LLC	\$ 1,009.62
Duolos Group LLC	\$ 3,992.55
Duolos Group LLC	\$ 4,469.11
Farrar, Robert & Jeanette	\$ 1,092.20
Farrar, Stuart & Jacqueline	\$ 1,027.16
Gallant, Mitchell	\$ 2,350.95
Greene, Randy Alan	\$ 207.14
Greene, Randy Alan	\$ 970.67
Guptill, William & Diane	\$ 1,672.24
Hewes, Amanda Anne	\$ 732.98
Hewes, Dana	\$ 2,033.35
Higgins, Debra A	\$ 1,577.97
Keirstead, Dwight D	\$ 567.19
Laughlin, Amy	\$ 306.09
Lee III, Richard T & Joelle L	\$ 522.47
Morrill Jr, Clyde A	\$ 413.87
Murphy Living Trust, Dennis J & Eleanor M	\$ 1,659.29
Nelson, Brenda	\$ 174.31
Nelson, Brenda	\$ 140.18
Nevins, Katrina	\$ 148.41
Oxley, Joanne E	\$ 1,476.79
Phillips, Life Estate of Elaine R	\$ 1,384.18
Pine Tree Gravel Inc J Dominique	\$ 596.74
Richards, Frederick & Barbara	\$ 2,168.41
Richards, Frederick & Barbara	\$ 5,619.92
Roberts, Barry C & Paula J	\$ 654.27
Robinson, Harold D	\$ 1,188.48
Ross, Robin L	\$ 716.63
Schencks, Jeffrey P & Laurie A	\$ 975.63
Sherwood, Jean M	\$ 769.71
Smith, Steven & Catherine	\$ 1,440.29
Smith, Steven E	\$ 443.65
Snow, Cheryl & Vicki Wilcox	\$ 808.79
Stark, Richard S & Karen S	\$ 2,194.44
Stevenson, Tyra L	\$ 1,150.72
Tambling, Joel R	\$ 639.10
Thayer, Alvin & Eleanor	\$ 762.52

Vonborstel, David	\$ 556.73
Willigar, Barbara J	\$ 1,658.88
	\$ 86,594.64

Outstanding 2010 Real Estate Taxes as of 6/30/13

Bogan, Michael & Corinne G	\$ 999.20
Keirstead, Dwight D	\$ 549.08
Lee III, Richard T & Joelle L	\$ 498.05
	\$ 2,046.33

Outstanding 2009 Real Estate Taxes as of 6/30/13

Bogan, Michael & Corinne G	\$ 946.86
	\$ 946.86

2012-2013 Real Estate Tax Abatements

Allen, Patrick & Erica	\$ 37.44
Bell, William W & Debra L	\$ 16.38
Buck, Jason C & Joni C	\$ 5,211.18
Curtis, Warren L	\$ 1,894.87
Curtis, Warren L	\$ 1,924.65
Frost Sr, Philip L & Donna P	\$ 2,177.37
Harnum Jr, Richard B	\$ 3,512.34
Harvey, Blaine D & Carol A	\$ 1,275.30
Livingstone, Daniel F & Kimberly A	\$ 480.87
Miles, Shawna & Shawn	\$ 1,930.50
Thayer, Maury & Mary	\$ 909.09
Wheeler, Ann H	\$ 1,924.65
	\$ 21,294.64

Outstanding 2009 Personal Property Taxes as of 6/30/13

Avg Acquisition	\$ 127.60
Bangor Dental Laboratory	\$ 451.00
Banners & Signs Unlimited	\$ 20.90
Dorr Inc, Alan	\$ 2,982.10
Douglass Photography	\$ 59.40
Franklin Vending	\$ 14.30
Henriksen, Douglas S	\$ 68.20
Hewes, Dana	\$ 220.00
Knipping Jr, Richard W & Marlene V	\$ 165.00
Meucci, William T & Elizabeth	\$ 2,662.00
Pine Tree Gravel	\$ 27.50
Thayers Automotive	\$ 389.40
Thomas, Derek R	\$ 9.90
	\$ 7,197.30

Outstanding 2008 Personal Property Taxes as of 6/30/13

AVG Acquisition	\$ 139.70
Banners & Signs Unlimited	\$ 25.30
Door Inc, Alan	\$ 2,777.50
Douglass Photography	\$ 57.20
Franklin Vending	\$ 14.30
Hewes, Dana	\$ 171.60
Knipping Jr, Richard W & Marlene V	\$ 169.40
Meucci, William T & Elizabeth	\$ 2,663.10
Thayers Automotive	\$ 399.30
Thomas, Derek R	\$ 566.50
	\$ 6,983.90

Outstanding 2007 Personal Property Taxes as of 6/30/13

AVG Acquisition	\$ 133.10
Dorr Inc, Alan	\$ 2,777.50
Douglass Photography	\$ 57.20
Franklin Vending	\$ 14.30
Hewes, Dana	\$ 144.10
Knipping Jr, Richard W & Marlene V	\$ 160.60
Thayers Garage	\$ 399.30
Thomas, Derek R	\$ 566.50
	\$ 4,252.60

Outstanding 2006 Personal Property Taxes as of 6/30/13

AVG Acquisition	\$ 146.32
Dorr Inc, Alan	\$ 2,952.44
Douglass Photography	\$ 57.04
Franklin Vending	\$ 16.12
Hewes, Dana	\$ 145.08
Knipping, Jr, Richard W & Marlene V	\$ 184.76
Meucci, William T & Elizabeth	\$ 3,002.04
Thayers Garage	\$ 400.52
Thomas, Derek R	\$ 638.60
	\$ 7,542.92

Outstanding 2005 Personal Property Taxes as of 6/30/13

AVG Acquisition	\$ 89.78
Dorr Inc, Alan	\$ 3,234.75
Hewes, Dana	\$ 158.18
Knipping Jr, Richard W & Marlene V	\$ 236.55
Meucci, William T & Elizabeth	\$ 3,478.43
Thayers Garage	\$ 421.80
Thomas, Derek R	\$ 662.63
	\$ 8,282.12

Outstanding 2004 Personal Property Taxes as of 6/30/13

AVG Acquisition	\$ 109.90
Dorr Inc, Alan	\$ 3,761.72
Hewes, Dana	\$ 177.41
Meucci, William T & Elizabeth	\$ 3,860.63
Thayers Garage	\$ 467.86
Thomas, Derek R	\$ 730.05
	\$ 9,107.57

Outstanding 2003 Personal Property Taxes as of 6/30/13

AVG Acquisition Inc	\$ 115.90
Dorr Inc, Alan	\$ 3,487.68
Hewes, Dana	\$ 161.65
Meucci, William T & Elizabeth	\$ 3,397.70
Thayers Garage	\$ 419.38
Thomas, Derek R	\$ 635.92
	\$ 8,218.23

Outstanding 2002 Personal Property Taxes as of 6/30/13

Hewes, Dana	\$ 163.17
Meucci, William T & Elizabeth	\$ 3,330.00
Thayers Garage	\$ 402.93
Thomas, Derek R	\$ 641.03
	\$ 4,537.13

Outstanding 2001 Personal Property Taxes as of 6/30/13

Hewes, Dana	\$ 247.76
Meucci, William T & Elizabeth	\$ 16.30
Thayers Garage	\$ 326.00
Thomas, Derek R	\$ 570.50
	\$ 1,160.56

Outstanding 2000 Personal Property Taxes as of 6/30/13

Hewes, Dana	\$ 190.43
Meucci, William T & Elizabeth	\$ 2,109.80
Thomas, Derek R	\$ 411.00
	\$ 2,711.23

Outstanding 1999 Personal Property Taxes as of 6/30/13

Meucci, William T & Elizabeth	\$ 1,730.31
Thomas, Derek R	\$ 342.50
	\$ 2,072.81
	\$ 4,145.62

Outstanding 1998 Personal Property Taxes as of 6/30/13

Thomas, Derek R	\$ 342.50
	\$ 342.50

2012-2013 Personal Property Tax Abatements

Banc of America	\$ 1,710.54
Cake Carousel	\$ 59.40
Cake Carousel	\$ 66.93
Caterpillar Financial Services Cor	\$ 1,479.63
Dish Network LLC	\$ 811.98
Dish Network Service LLC	\$ 589.68
Fingertip Video Productions	\$ 42.44
Frontiervision Operating Part LP	\$ 9,091.50
Hurd, Jody L	\$ 53.82
Hurd, Jody L	\$ 23.17

L. B. Wilde	\$ 57.35
Lane Construction	\$ 21,227.31
Maine Sun Realty LLC	\$ 677.40
Maine Sun Realty LLC	\$ 673.29
NMHG Financial	\$ 170.82
P & S Construction Inc	\$ 22.00
P & S Construction Inc	\$ 23.08
P & S Construction Inc	\$ 22.94
Simply Computing	\$ 28.68
U. S. Bank National Association	\$ 212.94
	\$ 37,044.90

REPORT OF THE TOWN CLERK

Elections

The Town of Hermon's Annual Municipal Election is the second Tuesday in June, followed by the Annual Town Meeting on the second Thursday. As of December 31, 2013 the Town of Hermon has 4,165 registered voters. Voter turnout in June was 5.86% with 244 voters, and in November 14.67% with 611 voters. The Town's voting population includes 1,501 Republicans, 977 Democrats and 1,553 un-enrolled voters.

Vital Records

Births	Marriages	Deaths
63	22	37

MOSES Registrations

ATVS	Boats	Snowmobiles
173	347	218

Hunting & Fishing Licenses

Combination.....147	Hunting83	Fishing.....185
Small Game1	Super Pack..... 2	Jr. Hunt 16
Muzzleloader..... 22	Migratory.....17	Bear7
Coyote Night 10	Archery17	Expanded Arch..... 10
Military Combo7	Non-Resident Fishing..... 7	1-3 day Fishing2
Pheasant1	Spring/Fall Turkey 14	Non-Resident Hunt.....1
Crossbow1	Over 70 8	

Dogs

The Town Clerk's Office registered 641 dogs. All dogs over six months must be licensed by January 31st of each year. A current rabies certificate must be presented at the time of licensing.

Town Office

The Town Office is open Monday thru Friday from 8:00am to 5:00pm.

New vehicle registrations will not be processed after 4:30pm.

Visa can be accepted as payment for real estate taxes only.

Respectfully Submitted,

Ruth A, Nickerson, CCM
Town Clerk
nickersonra@hermon.net



Annual Town Meeting
Budget Approval
Thursday, June 27, 2013
MINUTES

To: Mike Burgess a Constable for, the Town of Hermon, in the County of Penobscot, State of Maine,

GREETING: In the name of the State of Maine, you are hereby required to notify and warn the inhabitants of the Town of Hermon in Penobscot County, Maine, qualified by law to vote in town affairs, to meet at the **High School Auditorium in Hermon on Thursday the 27th of June, 2013, at 6:30pm**, then and there to act upon Articles 5 through 21 as set out below.

Moderator Mike Friedman opened the meeting at 6:30 with the Pledge of Allegiance. Forty-one people were in attendance. Thirty- three were registered voters. Moderator Friedman explained the order of the meeting and the voting procedures.

Bob Duran moved to waive the second reading of the Articles. Patti Duran seconded the motion. A show of hand unanimously supported the motion. The motion carried.

Moderator Friedman read aloud the results of the Election on Tuesday June 26, 2013.

Moderator Friedman read each Article before accepting a motion

Article 5: Shall the Town vote to appropriate the excess revenues from the following accounts to offset overages in the associated expense accounts, for fiscal year 2013-2014?

Revenues

10-140 Transfer Station Fees
10-150 Tipping Fee Revenue (PERC)
10-152 MRC Revenue
1-185 Fire Dept. Revenue

Expenses

14-01 Landfill Expense
14-02 Household Waste
14-02 Household Waste
12-02 Fire Dept. Expense

(Explanation: The listed revenue accounts may exceed budgeted amounts due to unanticipated grants and higher usage.) In order to keep expenses within authorized amounts this article authorizes use of additional revenues to cover additional expenses.

Recommended by the Town Council

Lee Cliff moved to approve Article 5 as written. Donna Pulver seconded the motion.
A show of hands favored the motion. There was no opposition.
Article 5 passes.

Article 6: Shall the Town establish the Transfer Station Site Reserve?

The purpose of this reserve is to establish funds to do necessary capital improvements to the transfer station site located off the New Boston Road.

Recommended by the Town Council

Scott Perkins moved to approve Article 6 as written. Anne Freeman seconded the motion.

A show of hand favored the motion. I voted in opposition.

Article 6 passes.

Article 7: Shall the Town establish the Jackson Beach Facility Reserve?

The purpose of this reserve is to establish funds to do necessary capital improvements at the Jackson Beach Facility located off the Newburgh Road.

Recommended by the Town Council

Chris Patten moved to approve Article 7 as written. Don Pelletier seconded the motion.

A show of hands favored the motion. I voted in opposition.

Article 7 passes.

Article 8: Shall the Town establish the Rural Fire Protection Reserve?

The purpose of this reserve is to establish funds to do necessary capital improvements to rural fire ponds located throughout the community that are used as a water source for public fire protection.

Recommended by the Town Council

Lee Cliff moved to approve Article 8 as written. Ed Marsh seconded the motion.

A show of hands favored the motion. There was no opposition.

Article 8 passes.

Article 9: Shall the Town raise and appropriate the following sums of money for each of the following listed reserves?

HERM01 Police Equipment Reserve	\$ 20,500
HERM02 Unemployment Reserve	\$ 2,500
HERM04 Cemetery Reserve	\$ 58,500
HERM05 Fire Equipment Reserve	\$ 57,000
HERM06 Highway Improvement Reserve	\$ 75,000
HERM08 Public Works Facility Reserve	\$ 15,000
HERM08 Public Works Equip Reserve	\$ 30,000
HERM09 Recreation Equipment Reserve	\$ 2,500
HERM09 Recreation Facility Reserve	\$ 20,000
HERM11 Municipal Office Reserve	\$ 5,000
HERM12 Sewer Maintenance Reserve	\$ 28,500
HERM13 Public Land Acquisition Reserve	\$ 1,500
HERM14 Planning and Ordinance	\$ 500
HERM17 Public Safety Building Reserve	\$ 10,000
HERM19 Town Office Equip. & Tech. Reserve	\$ 2,500
HERM26 Jackson Beach Reserve	\$ 2,500
HERM27 Transfer Station Site Reserve	\$ 10,500
HERM28 Bicentennial Reserve	<u>\$ 15,000</u>
Total appropriations to reserves	\$357,000

Recommended by the Town Council

Article 10: Shall the Town vote to authorize the expenditure of \$26,000 from the Fire Equipment Reserve (HERM25) for the second of a three year program to purchase five self contained breathing apparatuses (SCBA)?

Recommended by the Town Council

Ed Marsh moved to approve Article 10 as written. Chris Patten seconded the motion.

A show of hands favored the motion. There was no opposition.

Article 10 passes.

Article 11: Shall the Town authorize the expenditure from the Police Equipment Reserve (HERM01) of up to \$34,000 for the purchase of a new police cruiser?

Recommended by the Town Council

Don Pelletier moved to approve Article 11 as written. Tony Reynolds seconded the motion.

Bob Duran asked if the number of cruisers owned by the Town of Hermon would be reduced. The Town Manager told that the five cruisers we currently own would be reduced to three after July 1st. He explained the upcoming rotation of cruisers and told that it so happened that this year is the scheduled year to purchase a new cruiser. The new car would replace our oldest car which has over 100,000 miles on it.

A show of hands favored the motion. There was no opposition

Article 11 passes.

Article 12: Shall the Town authorize the expenditure of up to \$50,000 from the Cemetery Reserve (HERM 04) to expand Snow's Corner Cemetery?

Recommended by the Town Council

Bob Duran moved to approve Article 12 as written. John Snyder seconded the motion.

A show of hands favored the motion. There was no opposition.

Article 12 passes.

Article 13: Shall the Town authorize the expenditure of up to \$200,000 from the Highway Improvement Reserve (HERM06) to reconstruct a section of the Swan Road?

Recommended by the Town Council

Scott Perkins moved to approve Article 13 as written. Don Pelletier seconded the motion.

A show of hand favored the motion. There was no opposition.

Article 13 passes.

Article 14: Shall the Town authorize the expenditure from the Public Works Equipment Reserve of up to \$25,000 for the purchase of a used wood chipper?

Recommended by the Town Council

Bill Scott moved to approve Article 14 as written. Don Pelletier seconded the motion.

Ed Marsh asked why we need a wood chipper and what it will be used for. Town Manager Raymond explained that he intends to have a significant amount of brush cut. Currently there is a lot of brush that is closing in on the roads and causing problems. Mr. Raymond told that in the past the Town has rented a chipper but the amount of work he is looking to do merits the purchase. A new chipper would cost about \$40,000 which is a bigger investment than needed at this time, however to continue renting costs about \$350.00 a day. Hence, to spend \$25,000 on a chipper with just a few hours on it makes sense. Councilor Sinclair agreed stating that the Town would earn its money back in about two years on this purchase. In response to Bob Duran, Mr. Raymond told that the chipper would probably be used 30 to 40 days per year. John Snyder asked about the arm that was purchased for the bush hog. Mr. Raymond explained that the bush hog arm was not adequate to trim the brush as necessary. Mr. Duran recommended selling the arm and using the funds to purchase the used chipper.

*A show of hands favored the motion. There was no opposition.
Article 14 passes.*

Article 15: Shall the Town authorize the expenditure from Tax Incremental Financing (TIF) Revenues of up to \$20,000 to install the second lift of pavement on White Pine Drive extension?

Recommended by the Town Council

Anne Freeman moved to approve Article 15 as written. Tony Reynolds seconded the motion.

*A show of hands favored the motion. There was no opposition.
Article 15 passes.*

Article 16: Shall the Town authorize the expenditure from Tax Incremental Financing (TIF) Revenues of up to \$125,600 as the local match to a \$502,400 federal grant, project identification number (WIN) 19414.00 and Federal CFDA #20.205 for the construction of a sidewalk along Route 2 from the Billings intersection to the southeastern entrance to the Ellis Mall?

Recommended by the Town Council

Ed Marsh moved to approve Article 16 as written. Anne Freeman seconded the motion.

*A show of hands favored the motion. There was no opposition.
Article 16 passes.*

Article 17: Shall the Town authorize the transfer of funds from Tax Incremental Financing (TIF) Revenues to the municipal budget Account # 165 (TIF Revenues) to cover the cost of maintaining the Economic Development Office in the amount of \$85,315 (Account # 11-01-20-06) and TIF Credit Enhancement payouts (Account # 19-02-25-03) in the amount of \$78,000, totaling \$163,315.

Recommended by the Town Council

Lee Cliff moved to approve Article 17. John Snyder seconded the motion

*A show of hands favored the motion. There was no opposition.
Article 17 passes.*

Article 18: Shall the Town authorize funds be deposited in the Rural Fire Protection Reserve that are received as a result of the requirement established by the Fire Protection Ordinance that \$7,000 shall be paid to the Town and deposited in the Rural Fire Protection Reserve whenever a developer of a subdivision does not have to install a fire pond because of the proximity of a nearby pond that can adequately serve the proposed subdivision.

Recommended by the Town Council

Alden Brown moved to approve Article 18 as written. Anne Freeman seconded the motion.

A show of hands favored the motion. 2 voted in opposition.

Article 18 passes.

Article 19: Shall the Town authorize a transfer from Tax Incremental Financing (TIF) Revenues, such amount to be determined by the Town Council and not exceed \$197,886, to accounts #16-01-25-01 Water & Sewer Extension Debt (\$113,000), # 17-01-35-05 Fire Equipment Reserve (\$15,000), and #11-02-20-33 Hermon School/ Hermon Net \$50,000 and the appropriation from taxes to be reduced according to the amount to be transferred from TIF Revenues.

Recommended by the Town Council

Bob Duran moved to approve Article 19 as written. John Snyder seconded the motion.

A show of hands favored the motion. There was no opposition.

Article 19 passes.

Article 20: Shall the Town raise and appropriate for municipal purposes for Fiscal Year 2013-2014 for the period July 1, 2013 to June 30, 2014 for the following sums of money:

Appropriation by category:

General Government/Administration	\$721,260
Economic Development/Technology	\$172,095
Public Safety	\$736,188
Public Works	\$844,285
Solid Waste	\$519,379
Recreation/Social Service/Library	\$145,336
Debt Service	\$344,986
Reserves	\$357,000
Special Assessments	\$617,022
General Assistance	<u>\$ 15,000</u>

Sub-total Municipal Appropriation \$4,472,551

Recommended by the Town Council

Anne Freeman moved to approve Article 20 as written. Don Pelletier seconded the motion.

A show of hand favored the motion. There was no opposition.

Article 19 passes.

Article 21: Shall the Town set the Fiscal Year 2013-2014 Tax Commitment at:

Municipal Expenses:	\$4,472,551
Municipal Overlay:	\$ 60,000
Local contribution to School:	\$4,160,450
Total Expenses	\$8,693,001
Municipal Revenues	\$3,309,941

Commitment for Fiscal Year July 1, 2013 to June 30, 2014 is \$5,383,165

Recommended by the Town Council

Ed Marsh moved to approve Article 21 as written. Don Pelletier seconded the motion.

Town Manager Roger Raymond asked to correct the amount of the Commitment, which should state \$5,383,060. Moderator Friedman affirmed the Mr. Raymond's request was due to a simple typing error.

A show of hands favored the motion. There was no opposition.

Article 21 passes.

Article 22: Shall the Town appropriate from Overlay Account an amount not to exceed \$60,000 for tax abatements?

Recommended by the Town Council

Anne Freeman moved to approve Article 22 as written. Tony Reynolds seconded the motion.

A show of hands favored the motion. There was no opposition.

Article 22 passes.

Ed Marsh moved to adjourn the Annual Town Meeting at 6:57pm. Anne Freeman seconded the motion. With no objections the meeting was adjourned.

Respectfully Submitted,

Ruth A. Nickerson, CCM



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

December 3, 2013

The Management Discussion and Analysis ("MD&A") is a report of the Town of Hermon's fiscal activity for the year ending June 30, 2013. 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 Hermon 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 more fully understand the report.

The financial information of the Town includes all Town departments. All Town departments include municipal departments (Public Works, Public Safety, Administration, and others) and the School Department. The School Department and all other municipal departments combined are what comprise the Town.

BIOGRAPHICAL INFORMATION

The Town of Hermon is primarily a residential community with a portion of the Town that has multiple business parks, along the Bangor border on Route 2 and Coldbrook roads. The growth of Hermon's business district has led to the utilization of resources available from Bangor. Specifically Hermon's water and sewer service is Town owned and maintained, but the service for these utilities is provided through Bangor.

The residential portions of Hermon are a suburb to the Bangor Region and strive to maintain a rural character. Hermon is one of the more quickly growing communities in the State, and this growth created a population increase of approximately 25% from 1990 to 2000 and this trend has not changed since 2000. The growth, both commercial & residential, in Hermon has created a continual increase to the Town value and allowed the Town to maintain a mil rate below surrounding communities. Hermon is also one of the largest truck towns in the State of Maine. The Town heavily relies on excise tax from commercial vehicles to also keep the mil rate lower than other neighboring communities. However, the council and administration are well aware that the continued growth puts larger demands on services and efforts from the Town are to make sure the community is prepared for long-term success.

The goal of the community is to continue the success and growth of our business parks while maintaining separation for our residential community. Hermon's residential area continues its dedication to serve Bangor as a bedroom community that allows for country, family living. Some business is encouraged in the village area to serve the residents. We have seen the growth over the last 5 years of the shopping center compliment the community very well, which includes a hometown grocery store, pizza shop, sandwich shop, dentist, insurance agents, and a hardware store. These businesses are very important to the community, but the bulk of services continue to be available by traveling to Bangor.

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FINANCIAL INFORMATION

The Town Administration is responsible for the accounting structure of the community. This structure includes the establishment of financial internal 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. All services are reviewed using a cost benefit analysis that considers the need and demand for the service provided balanced against the cost to the community as a whole.

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

- As shown on Statement 1, the total net position for Governmental Activities, excluding business-type activities, of the Town of Hermon were \$18,757,664, an increase of \$1,450,294 when compared to the beginning net position figure for year ending June 30, 2012 of \$17,307,370. Overall, even the small increase of 8.4% is excellent because the Town-wide assets were up by \$309,218, only 1.3% from the prior year. However, Town-wide liabilities were down by \$1,141,076, which allowed for the increase in net position.
- The Town's unamortized bond debt decreased by \$1,098,508 for a total outstanding debt of \$4,332,448. No new bond debt was issued in this fiscal year. The Billings Road bond debt will be paid in full in July 2014, leaving the Sewer extension Bond as the sole debt of the Town. The Sewer Bond will be paid in full in November 2018. As of June 30, 2013, the outstanding balance of the Sewer Bond was \$539,400. The remaining \$3,511,260 of outstanding Bond debt as of June 30, 2013 belongs to the School Department.
- In the fiscal year ending June 30, 2011, the Town adopted Government Accounting Standards Board Statement No. 54 (GASB 54). This has reclassified how fund balance is reported. In years past, Government units reported fund balance as designated or undesignated. With the implementation of GASB 54, fund balance is now classified as non-spendable, restricted, committed, assigned, and unassigned. As of June 30, 2013, as reported in the Town's balance sheet for the General Fund (Exhibit A-1), the Town has assigned for future use \$975,660 in funds, restricted TIF funds of \$535,538, and unassigned fund balance of \$2,667,354 for a total fund balance of \$4,178,552 (excluding amounts restricted for education). This is an increase of \$555,208 from the previous year.

The School Department wanted to highlight the following information for the fiscal year:

- The Hermon School Department Fund Balance before teacher summer salaries was \$3,446,913 for the year ended June 30, 2013. Teacher summer salaries were \$795,583. The remaining School Fund Balance has been restricted/assigned for the following: School Tax Rate Stabilization Fund for Middle School debt service \$565,598; School Unemployment Fund \$37,746; used as Revenues in the 2013-2014 Budget \$736,325 for a total of \$1,339,669 that results in \$2,107,244 unassigned School Fund Balance excluding teacher summer salaries.
- On September 12, 2013, the Town taxpayers voted to transfer \$200,000 of the unassigned School Fund Balance to a School Fuel Reserve. After this transfer and teacher summer salaries, the unassigned School Fund Balance is \$1,111,661.

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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 are also made and other supplementary information supplied 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 finance's 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 include land, buildings, inventory, and other capital assets. These are then reduced by the liabilities which include total bonds and leases due over their entire lives as well as accrued compensated absences. 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 through use fees or user-based revenue with no tax dollars being the key separation from governmental activities. It then follows that governmental activities are those that are primarily funded through taxes and governmental fees. At this time, the only business-type activity in Hermon is the recreation enterprise.

Fund Financial Statements

The Town segregates accounts into three basic fund categories. Each category 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 three fund categories for the Town are General Fund (Primary Fund), major capital projects funds, and other governmental funds (non-major special revenue, capital projects and permanent funds).

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 statement (Statement 6) is provided to show budgeted amounts as compared to the actual activity. This information is useful to determine future budgets and community planning.

Major Capital Projects Fund

Major capital project funds represent investment of reserve funds that are designated for different purposes. They represent long term planning and projects that are not feasible to budget within a single year. The purpose is to spread the cost out over a specified time to reduce the overall financial burden on the Town.

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Other Governmental Funds

Other Governmental Funds are comprised of non-major special revenue, capital projects, and permanent funds. These funds were each individually determined to be non-major and are required to be categorized and grouped into other governmental funds. A separate schedule is provided in the other supplemental information.

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 26-40.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning financial performance.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes.

GOVERNMENT-WIDE ANALYSIS

Net position may serve over time as a useful indicator of a government's financial health. In the case of the Town, assets exceeded liabilities by \$18,757,664 as of June 30, 2013. This figure is comprised of net capital assets, restricted fund balance for education, special revenues, and permanent funds, and unrestricted fund balance.

Net Position for the Period Ending June 30, 2013

The current year's financial statements show a change in asset classes, with a decrease of liabilities that net an 8.4% increase to total net position. The overall reasons for the percentage increase in net position are having more cash/investments on hand, payment of significant bond debt, and an increase in total fund balance due to higher than anticipated revenues while keeping most expenses below budgeted figures.

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The following is a summary of the Statement of Net Position.

	<u>Governmental Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
ASSETS				
Cash & cash equivalents	\$ 1,479,735	1,277,518	202,217	15.8%
Investments	7,908,569	7,228,679	679,890	9.4%
Other assets	949,641	1,030,491	(80,850)	-7.8%
Capital assets, net	13,970,423	14,462,462	(492,039)	-3.4%
Total Assets	24,308,368	23,999,150	309,218	1.3%
LIABILITIES				
Long-term debt due within one year	1,147,325	1,149,166	(1,841)	-0.2%
Long-term debt due in more than one year	3,239,316	4,386,642	(1,147,326)	-26.2%
Other liabilities	1,164,063	1,155,972	8,091	0.7%
Total Liabilities	5,550,704	6,691,780	(1,141,076)	-17.1%
NET POSITION				
Net investment in capital assets	9,583,782	9,040,142	543,640	6.0%
Restricted for:				
Expendable Permanent Funds	7,785	7,785	-	-
Nonexpendable trust principal	142	102	40	39.2%
General Fund	3,186,868	2,459,575	727,293	29.6%
Special Revenue Fund	73,270	57,207	16,063	28.1%
Unrestricted	5,905,817	5,742,559	163,258	2.8%
Total Net Position	\$ 18,757,664	17,307,370	1,450,294	8.4%

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The following table presents a summary of the Statement of Activities for the fiscal year ended June 30, 2013.

<u>Governmental Activities</u>				
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>Percent Change</u>
Revenues				
Program Revenues				
Charges for services	\$ 2,065,483	\$ 2,352,171	(286,688)	-12.2%
Operating grants & contributions	7,457,273	7,262,108	195,165	2.7%
Capital grants & contributions	61,379	26,757	34,622	129.4%
General revenues				
Property taxes	5,139,021	5,111,814	27,207	0.5%
Tax Increment Financing Revenue	162,911	-	162,911	-
Excise taxes	2,370,745	2,195,670	175,075	8.0%
Interest and costs on taxes	30,875	47,733	(16,858)	-35.3%
Grants and contributions not restricted				
State Revenue Sharing	253,502	228,899	24,603	10.7%
Homestead exemption	100,717	92,907	7,810	8.4%
Other Intergovernmental revenues	188,706	210,564	(21,858)	-10.4%
Unrestricted Investment earnings	28,340	33,205	(4,865)	-14.7%
Loss on disposal of assets	(4,143)	-	(4,143)	-
Miscellaneous	72,064	88,921	(16,857)	-19.0%
Total revenues:	17,926,873	17,650,749	276,124	1.6%
Expenses				
General government	681,580	735,582	(54,002)	-7.3%
Public safety	712,958	742,534	(29,576)	-4.0%
Public works	815,841	1,770,511	(954,670)	-53.9%
Solid waste	484,742	476,553	8,189	1.7%
Recreational and social services	135,653	148,996	(13,343)	-9.0%
Education	11,844,385	11,502,510	341,875	3.0%
Unclassified	896,761	967,448	(70,687)	-7.3%
Grants and other special uses	841,015	929,338	(88,323)	-9.5%
Interest on debt	33,076	42,714	(9,638)	-22.6%
Capital maintenance expenses	30,568	146,944	(116,376)	-79.2%
Total expenses:	16,476,579	17,463,130	(986,551)	-5.6%
Change in net position:	\$ 1,450,294	\$ 187,619	\$ 1,262,675	673.0%

Comparatives of revenues identify a couple key changes. First, overall revenues have increased by \$276,124 from the previous year. Second, excise taxes had a considerable increase in revenue, while we have continued to see a decrease in investment earnings due to market conditions and interest rates. There was a \$175,075 increase alone for excise taxes from 2012 to 2013. We have seen an upward trend over the last few years of excise tax revenue as the economy starts to stabilize. Property tax revenue is variable due to mil-rates, other revenues, values of homes, new construction, School Department needs of local contribution from property taxes, and the commercial district growth. 75% of property taxes raised in Hermon go to the School Department. Details of revenues can be found in Exhibit A-2.

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Expenses have decreased by \$986,551 from 2012 to 2013. The Public Works department was the largest decrease from the prior year. This is mainly due to the major overhaul of the Wing/Annis Road in the Public Works department that took place in the prior fiscal year. All classes listed above show a decrease in expenses, except Solid Waste and Education. Education expenses were \$341,875 more in 2013 than 2012, a 3% increase from the prior year's actual expenses.

Internally, the goal is to recognize efficiencies that mitigate the loss without increasing property taxes.

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.

Governmental funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. As the Town completed the year, total governmental funds reported a combined (Town and School) fund balance of \$8,943,840, \$914,960 higher than the previous year. As analysis of transactions affecting the change in the combined fund balance of the Town's governmental funds is as follows:

Revenues exceeded expenditures for the general fund alone by \$969,710 in the current fiscal year. Two of the largest components of the increase in fund balance are that Excise tax and property tax collected \$561,576 more than anticipated. The School Department also collected an additional \$151,407 more than anticipated in Other Revenues. Overall actual expenditures for the School Department were \$1,273,972 less than budgeted figures and the Town was \$325,027 less than budgeted figures for a total of \$1,598,999.

In the 2011-2012 fiscal year the overall fund balance for the Town and School had decreased by \$550,097, so a net increase over the two years of 364,863.

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General Fund

The following is a summary of General Fund expenditures and revenues by function, with comparison to 2012. The information is gathered from Exhibit A-2.

	<u>Actual Activity</u>			
	2013	2012	Change	Percent Change
Revenues				
Property taxes	\$ 5,148,721	\$ 5,229,614	\$ (80,893)	-1.5%
Tax Increment Financing Revenue	162,911	-	162,911	
Excise taxes	2,370,745	2,195,670	175,075	8.0%
Interest on taxes	30,875	47,733	(16,858)	-35.3%
State Revenue Sharing	253,502	228,899	24,603	10.7%
Homestead exemption	100,717	92,907	7,810	8.4%
State education subsidy	5,384,925	4,223,757	1,161,168	27.5%
Other intergovernmental revenues	319,983	980,486	(660,503)	-67.4%
Licenses and permits	46,475	57,956	(11,481)	-19.8%
Charges for services	1,787,211	2,063,080	(275,869)	-13.4%
Interest earned	11,645	18,913	(7,268)	-38.4%
Miscellaneous	586,637	867,407	(280,770)	-32.4%
Total revenues:	16,204,347	16,006,422	197,925	1.2%
Expenditures				
Current:				
General government	651,234	706,295	(55,061)	-7.8%
Public safety	629,708	665,509	(35,801)	-5.4%
Public works	807,783	1,767,483	(959,700)	-54.3%
Solid waste	484,742	476,553	8,189	1.7%
Recreational and social services	135,653	148,996	(13,343)	-9.0%
Unclassified	887,873	965,938	(78,065)	-8.1%
Education	11,204,404	11,052,873	151,531	1.4%
Capital expenditures	8,832	17,261	(8,429)	-48.8%
Debt service	348,286	352,176	(3,890)	-1.1%
Total expenditures:	15,158,515	16,153,084	(994,569)	-6.2%
Excess (deficiency) of revenues over				
(under) expenditures	\$ 1,045,832	\$ (146,662)	\$ 1,192,494	-813.1%

Overall, in 2013, revenues exceeded expenditures by \$1,045,832 in the General Fund. We have seen that excise tax revenue has started to increase over the past few years. This is excellent since the Town of Hermon relies heavily on excise tax revenue to help keep the mil-rate low while providing many services to the community. State education subsidy had the largest increase in revenues from the prior year by \$1,161,168. The large decrease in expenses from the prior year was Public Works department. To reiterate the prior explanation, Public Works expenses were much lower in 2013 due to the Wing/Annis project that was completed in 2012.

Please refer to Exhibit A-2 in the financial statements for more detailed revenue and expenditure breakdown.

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Capital Asset and Debt Administration

	Balance 6/30/2012	Additions	Deletions	Balance 6/30/2013
Governmental Activities				
Land	\$ 113,488	15,084	-	128,572
Construction in Progress	-	13,444	-	13,444
Total assets not being depreciated	113,488	28,528	-	142,016
Buildings and				
improvements	19,344,026	15,999	-	19,360,025
Equipment, furniture, and fixtures	2,196,884	12,348	(7,145)	2,202,087
Vehicles	1,967,838	76,248	(82,821)	1,961,265
Total assets being depreciated	23,508,748	104,595	(89,966)	23,523,377
Total depreciation	(9,046,284)	(734,509)	85,823	(9,694,970)
Total capital assets, net	\$ 14,575,952	(601,386)	(4,143)	13,970,423

Additional information on the Town's capital assets can be found in the notes to the financial statements on page 34.

Debt Administration

The Town's debt consists of five bonds and several capital leases. A summary of the Town's debt activity for the year ended June 30, 2013 is as follows:

	Long-term Debt				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental Activities					
Bonds payable	\$ 5,430,956	-	(1,098,508)	4,332,448	1,095,155
Capital leases payable	104,852	-	(50,659)	54,193	52,170
Accrued compensated absences	55,700	5,624	-	61,324	-
Governmental activities long-term liabilities	\$ 5,591,508	5,624	(1,149,167)	4,447,965	1,147,325

Additional information on the Town's long-term debt can be found in the notes to the basic financial statements on page 37.

ECONOMIC FACTORS, TAX RATES, AND NEXT YEAR'S BUDGET

COMMITMENT:

Commitment is the most important number to analyze because no matter what the change is in any other category, this is the one that determines if property taxes are going up. It is the amount of money Hermon needs to raise to stay on to balance the budget and it comes from two sources - real estate and personal property taxes. For fiscal year ending June 30, 2013, total commitment was \$5,291,527 as compared to June 30, 2012; which was \$5,111,528. The mil rate for 2013 is 11.7. In the declining economy, many people feel that house values are dropping. However, local assessing information and sales analyses indicate fewer sales, but no decline in price. It may be that Hermon is not lowering prices as fast or that our real estate is more stable than the state as a whole, but for budget purposes the assessment of homes in Hermon remains stable.

BUDGET HIGHLIGHTS

The budget highlights identify changes in the 2013-14 budget from the 2012-13. These points are only the highlights and serve to summarize changes to the overall budget rather than to provide an explanation to every adjustment to the budget.

- General Government is facing a decrease of \$17,117 or 2.32%. There are miscellaneous changes throughout General Government, both increases and decreases within different sub-departments that balance out to a 2.32% overall decrease. The major decrease in General Government is to health insurance expenses. General Government is comprised of the Town Manager, Town Clerk, Deputy Clerks, Finance department, Assessor, Code Officer, Municipal building, supplies, Town Council, Town Boards, and miscellaneous expenses, administration expenses such as all insurances including health, tax bills, repairs, and audit & legal services.
- The Economic Development budget has decreased by 12.69% or \$25,004. This is due to a reduction in Economic Development Promo line item of \$15,000 and a reduction of \$10,000 for the Redzone contract that was terminated in April 2013.
- Public Safety, which encompasses Police, Fire, Animal Control, the public safety building, and traffic lights, is increasing by 4.8% or \$33,730. Similar to General Government there are many miscellaneous increases and decreases among line items, but the major portion to the increase is the cost for hiring an additional full time police officer.
- The Public Works Department is decreasing by 2.94% or \$25,541. This year the total decrease to Public Works budget is due to a cut in cold patch for the roads and a reduction in the snowplow contract. The two public works employees will be plowing more Town roads than in prior years.
- The Solid Waste budget is increasing by 2.95% or \$14,901. The increase is primarily due to Transfer station improvements and an increase in PERC tipping fees.
- Recreation and Social Services is decreasing by 1.06% or \$1,561. There are many miscellaneous increases and decreases in line items that make up this small difference from the prior fiscal year.
- Debt Service is down 1.14% or \$3,979. This is a result lower payment on the Water & Sewer Extension bond as the Town is paying less interest on the bond. The Billings Road Bond will be retired in July of 2014.

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- Reserves are being increased by \$87,967 or 32.70% from the prior year. Some of the increase in the current year will be spent for some capital projects. Over the past few years Reserves have been vulnerable to budget cuts, but we cannot sustain cuts to Reserves year after year. We expect to see small increases over the next few years to get funding levels back to approximately \$450,000.
- Special Assessments includes County Taxes, TIFs, and Adult Ed. There is a 3.33% increase for Special Assessments. This is mostly due to the County tax increase of \$17,668 and TIF payments to taxpayers in the TIF districts have increased by \$2,188.
- General Assistance is decreasing by \$15,000.00 or 50%.
- The local contribution from property taxes to the School Department is going from \$3,953,500 to \$4,160,449.

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 P.O. Box 6300 Hermon, Maine 04402-6300 or call (207) 848-1010 or www.hermon.net.

(207) 848-1010 (207) 848-3316 (fax)
<http://www.hermon.net>

TOWN OF HERMON, MAINE
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,479,735	-	1,479,735
Investments	7,908,569	-	7,908,569
Receivables:			
Taxes receivable - current year	303,226	-	303,226
Taxes receivable - prior year	94,941	-	94,941
Tax liens - prior years	76,366	-	76,366
Tax acquired property	4,579	-	4,579
Accounts receivable	547,566	-	547,566
Internal balances	(85,324)	85,324	-
Inventory	8,071	-	8,071
Prepaid expenses	216	-	216
Nondepreciable capital assets	142,016	-	142,016
Depreciable capital assets, net	13,828,407	-	13,828,407
Total assets	24,308,368	85,324	24,393,692
LIABILITIES			
Accounts payable	126,693	-	126,693
Accrued payroll	871,218	-	871,218
Accrued compensated absences	61,324	-	61,324
Prepaid taxes	14,776	-	14,776
Accrued interest	28,334	-	28,334
Other liabilities	61,718	-	61,718
Noncurrent liabilities:			
Due within one year	1,147,325	-	1,147,325
Due in more than one year	3,239,316	-	3,239,316
Total liabilities	5,550,704	-	5,550,704
NET POSITION			
Net investment in capital assets	9,583,782	-	9,583,782
Restricted for:			
General fund	3,186,868	-	3,186,868
Special revenue fund	73,270	-	73,270
Permanent funds:			
Expendable	7,785	-	7,785
Nonexpendable	142	-	142
Unrestricted	5,905,817	85,324	5,991,141
Total net position	\$ 18,757,664	85,324	18,842,988

See accompanying notes to financial statements.

Statement 2

TOWN OF HERMON, MAINE
Statement of Activities
For the year ended June 30, 2013

Functions/programs	Net (expense) revenue and changes				
	Program revenues		in net position		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government
					Governmental activities Business-type activities Total
Primary government:					
Governmental activities:					
General government	\$ 681,580	46,475	-	-	(635,105) - (635,105)
Public safety	712,958	13,158	-	-	(699,800) - (699,800)
Public works	815,841	2,655	-	-	(813,176) - (813,176)
Solid waste	484,742	220,502	-	-	(264,240) - (264,240)
Recreational and social services	235,653	-	-	-	(135,653) - (135,653)
Education	11,844,385	1,520,468	6,892,915	-	(3,431,002) - (3,431,002)
Unclassified	896,761	10,210	-	-	(886,551) - (886,551)
Grants and other special uses	841,015	252,005	564,358	61,379	36,727 - 36,727
Interest on debt	33,076	-	-	-	(33,076) - (33,076)
Capital maintenance expenses	30,568	-	-	-	(30,568) - (30,568)
Total governmental activities	16,476,579	2,085,483	7,457,273	61,379	(6,892,444) - (6,892,444)
Business-type activities:					
Recreation department	173,570	201,563	-	-	27,993 27,993 27,993
Total business-type activities	173,570	201,563	-	-	27,993 27,993 27,993
Total primary government	\$ 16,650,149	2,267,046	7,457,273	61,379	(6,892,444) 27,993 (6,864,451)
General revenues:					
Property taxes					5,139,021 - 5,139,021
Tax increment financing revenue					162,911 - 162,911
Excise taxes					2,370,745 - 2,370,745
Interest and costs on taxes					30,875 - 30,875
Grants and contributions not restricted to specific programs:					
State revenue sharing					253,502 - 253,502
Homestead exemption					100,717 - 100,717
Other intergovernmental revenues					188,706 - 188,706
Unrestricted investment earnings					28,340 - 28,340
Loss on disposal of assets					(4,143) - (4,143)
Miscellaneous revenues					72,064 - 72,064
Total general revenues					8,342,738 - 8,342,738
Change in net position					1,450,294 27,993 1,478,287
Net position - beginning					17,307,370 57,331 17,364,701
Net position - ending					18,757,664 85,324 18,842,988

See accompanying notes to financial statements.

TOWN OF HERMON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Budgetary Basis
For the year ended June 30, 2013

	2013		Variance positive (negative)
	Budget	Actual	
Revenues:			
Taxes:			
Property taxes	\$ 4,897,140	5,148,721	251,581
Tax Increment Financing revenue	189,911	162,911	(27,000)
Excise taxes	2,060,750	2,370,745	309,995
Interest on taxes	30,000	30,875	875
Total taxes	7,177,801	7,713,252	535,451
Intergovernmental:			
State education subsidy	5,462,197	5,384,925	(77,272)
State agency client	72,000	89,980	17,980
Homestead reimbursement	94,361	100,717	6,356
B&E reimbursement	114,479	114,672	193
Medicaid reimbursements	5,000	10,051	5,051
State revenue sharing	253,000	253,502	502
General assistance	15,000	5,649	(9,351)
Snowmobile reimbursement	3,000	1,801	(1,199)
URIP funds	65,196	66,584	1,388
Route 2 sidewalk grant	31,246	31,246	-
Total intergovernmental	6,115,479	6,059,127	(56,352)
Licenses and permits:			
Vehicle registration fees	28,000	28,828	828
Animal control fees	1,800	1,712	(88)
Planning/zoning fees	2,000	750	(1,250)
Plumbing fees	11,000	9,448	(1,552)
Building permits	11,000	5,737	(5,263)
Total licenses and permits	53,800	46,475	(7,325)

TOWN OF HERMON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Budgetary Basis, Continued

	2013		Variance positive (negative)
	Budget	Actual	
Revenues, continued:			
Charges for services:			
School tuition and fees	\$ 1,600,000	1,520,468	(79,532)
Solid waste and recycling	238,262	220,502	(17,760)
Public safety	3,800	13,158	9,358
Public works revenues	-	540	540
Recreation and social services	-	9	9
Wireless fees	9,000	10,210	1,210
Cable franchise	21,000	20,199	(801)
Cemetery maintenance	3,000	2,125	(875)
Sewer fees	2,000	-	(2,000)
Total charges for services	1,877,062	1,787,211	(89,851)
Interest earned	24,000	11,645	(12,355)
Total interest earned	24,000	11,645	(12,355)
Other revenues:			
School Department	390,000	541,407	151,407
Miscellaneous	28,940	45,230	16,290
Total other revenues	418,940	586,637	167,697
Total revenues	15,667,082	16,204,347	537,265

TOWN OF HERMON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Budgetary Basis, Continued

	2013		Variance positive (negative)
	Budget	Actual	
Expenditures:			
Current:			
General government:			
Administration	\$ 257,272	197,241	60,031
Town manager	94,505	94,038	467
Town clerk	34,706	23,747	10,959
Finance	70,958	73,430	(2,472)
Assessor	57,439	55,874	1,565
Code enforcement	50,537	50,887	(350)
Assistant clerks	96,682	91,355	5,327
Municipal building	18,605	17,071	1,534
Town office	10,500	8,180	2,320
Town council	16,181	10,294	5,887
Town boards	8,892	3,180	5,712
Other expenses	22,100	25,937	(3,837)
Total general government	738,377	651,234	87,143
Public safety:			
Police department	329,628	294,125	35,503
Fire department	294,637	254,188	40,449
Utilities	84,193	81,395	2,798
Total public safety	708,458	629,708	78,750
Public works:			
General	173,967	169,670	4,297
Roads	618,136	545,067	73,069
Town garage	2,599	2,340	259
Trucks/tractor	42,435	48,683	(6,248)
Salt shed/storage	2,350	3,764	(1,414)
Cemetery	45,339	38,259	7,080
Total public works	884,826	807,783	77,043

TOWN OF HERMON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Budgetary Basis, Continued

	2013		Variance positive (negative)
	Budget	Actual	
Expenditures, continued			
Current, continued:			
Solid waste:			
Landfill	\$ 26,959	26,033	926
House waste	439,299	416,374	22,925
Sewer	38,220	42,335	(4,115)
Total solid waste	504,478	484,742	19,736
Recreation and social services:			
Recreation	122,021	115,982	6,039
Social services	13,800	13,800	-
Library	8,500	4,928	3,572
Jackson Beach	2,576	943	1,633
Total recreation and social services	146,897	135,653	11,244
Unclassified:			
Economic development	87,099	101,024	(13,925)
County tax	513,194	513,194	-
General assistance	30,000	9,666	20,334
Tax increment financing	134,058	122,747	11,311
Wireless	110,000	110,000	-
Municipal unemployment	2,500	451	2,049
Legal liability	-	110	(110)
Planning and maintenance	-	11,587	(11,587)
Credit reserve	-	39	(39)
Fire and rescue consolidation	-	11	(11)
2014 Bicentennial Celebration	15,000	1,001	13,999
Overlay/abatements	-	18,043	(18,043)
Total unclassified	891,851	887,873	3,978

TOWN OF HERMON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Budgetary Basis, Continued

	2013		Variance positive (negative)
	Budget	Actual	
Expenditures, continued:			
Education:			
Regular instruction	\$ 4,861,963	4,604,434	257,529
Special education instruction	1,612,110	1,467,797	144,313
Career and technical education	154,846	154,846	-
Other instruction	589,261	351,754	237,507
Student and staff support	1,221,646	1,076,575	145,071
System administration	339,827	323,366	16,461
School administration	616,850	598,181	18,669
Transportation	600,466	491,658	108,808
Facilities maintenance	1,543,798	1,198,185	345,613
Debt service	937,609	937,608	1
Total education	12,478,376	11,204,404	1,273,972
Capital expenditures:			
Police equipment	-	8,701	(8,701)
Fire equipment	53,286	113	53,173
Land acquisition	1,500	9	1,491
Technology	500	9	491
Total capital expenditures	55,286	8,832	46,454
Debt service - Town only:			
Principal	308,192	308,192	-
Interest	40,773	40,094	679
Total debt service - Town	348,965	348,286	679
Total expenditures	16,757,514	15,158,515	1,598,999
Excess (deficiency) of revenues over (under) expenditures	(1,090,432)	1,045,832	2,136,264

TOWN OF HERMON, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Budgetary Basis, Continued

	2013		Variance positive (negative)
	Budget	Actual	
Other financing sources (uses):			
Utilization of prior year surplus - School	\$ 1,023,729	-	(1,023,729)
Utilization of prior year surplus - Town	291,000	-	(291,000)
Transfers out:			
Transfer to capital project funds	(187,747)	(187,747)	-
Transfer to special revenue funds	(36,550)	(35,000)	1,550
Total other financing sources (uses)	1,090,432	(222,747)	(1,313,179)
Net change in fund balances, budgetary basis	-	823,085	823,085
Fund balance, beginning of year (budgetary basis)		6,802,380	
Fund balance, end of year (budgetary basis)		7,625,465	
Reconciliation to GAAP:			
Less accrued summer salaries		(795,583)	
Fund balance, end of year (GAAP basis)		\$ 6,829,882	

September 3, 2013

Town of Hermon
333 Billings Road
P.O. Box 6300
Hermon, ME 04402
Attention: Mr. Roger Raymond, Town Manager

Re: *Hermon Town, Maine, General Obligation*

Dear Mr. Raymond:

Standard & Poor's Ratings Services ("Ratings Services") hereby affirms its rating of "AA-" for the underlying rating (SPUR) on the above-listed obligations and stable outlook. A copy of the rationale supporting the rating and outlook is enclosed.

This letter constitutes Ratings Services' permission for you to disseminate the above rating to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, Standard & Poor's must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to pubfin_statelocalgovt@standardandpoors.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:

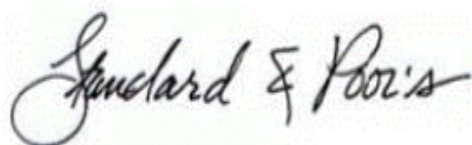
Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the

rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,



Standard & Poor's Ratings Services

**S T A N D A R D
& P O O R ' S**
RATINGS SERVICES

RatingsDirect®

Summary:

Hermon Town, Maine; General Obligation

Primary Credit Analyst:

Matthew T Reining, San Francisco (1) 415-371-5044; matthew.reining@standardandpoors.com

Secondary Contact:

Victor M Medeiros, Boston (1) 617-530-8305; victor.medeiros@standardandpoors.com

Table Of Contents

Rationale

Outlook

Related Criteria And Research

Summary:

Hermon Town, Maine; General Obligation

Credit Profile

Hermon Twn GO

Unenhanced Rating

AA-(SPUR)/Stable

Affirmed

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services affirmed its 'AA-' underlying rating (SPUR) on Hermon Town, Maine's general obligation bonds outstanding. The outlook is stable.

The rating reflects our view of the town's:

- Proximity to Bangor, Maine's employment opportunities,
- Sound financial position and historically very strong reserve levels, and
- Low to very low debt burden with a rapid amortization schedule.

The bonds are general obligations of the town of Hermon, payable from ad valorem taxes which, subject to certain procedural requirements under Title 30-A, may be levied without limit as to rate or amount upon all the property within the territorial limits of the town.

Hermon Town serves an estimated population of 5,500 in Penobscot County and is located about eight miles west of Bangor. The town, which has seen above-average population growth for Maine, serves as a suburb for Bangor but also has attracted companies to its business parks in recent years. Income levels in the town are strong, in our opinion, with median household effective buying income at 111% of the national level. Market value has grown by an average annual rate of 2.0% since fiscal 2009 to \$446.0 million in fiscal 2012, or \$80,354 per capita, which we consider very strong.

In our view, the town has managed well financially while maintaining very strong general fund reserves. Property tax revenues (the city's largest tax revenue stream) rose by 4.1%, and excise tax revenues (the second largest) grew by 8.5%, in 2012. Public works expenditures were up slightly due a road overhaul. The town ended fiscal 2012 with a \$208,000 use of reserves net of transfers (approximately 1% of its general fund budget), bringing the available general fund balance to \$3.6 million, or 21.1% of expenditures, which we consider very strong. Management indicates it expects a roughly \$400,000 general fund surplus for fiscal 2013 based on a slight decline in expenditures from the prior year. We understand that the town's fiscal 2014 projections include a modest uptick in revenues and an overall surplus of approximately \$500,000.

The town's management practices are considered "good" under Standard & Poor's financial management assessment (FMA) methodology. An FMA of "good" indicates that practices exist in most areas, although not all may be formalized

or regularly monitored by governance officials.

We consider the town's overall net debt burden to be very low on a per capita basis, at \$791, and low as a percent of market value, at 1.2%. Carrying charges are 2.0%, which we consider low. Debt amortization is rapid, with all debt retired within the next 10 years. Management said that town has no plans to issue additional debt during the next two years.

The town participates in Maine Public Employment program for retirement benefits for teachers. The Maine Department of Education contributed \$843,000 in fiscal 2012 for the employer share. For employees who do not participate in the Maine Public Employees Retirement System, the city offers a deferred compensation plan. The town does not offer other postemployment benefits.

Outlook

The stable outlook reflects our view of Hermon's very strong reserves and low to very low debt burden. We believe the town's current financial position provides it with the flexibility to maintain a sound financial position. We do not expect to change the rating within the next two years.

Related Criteria And Research

USPF Criteria: GO Debt, Oct. 12, 2006

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

Notes

**A special Thank You to our Town Office staff for their hard work,
dedication and service to the residents of Hermon.**



Donna Shorey

Kristen Cushman

Vicki Gonyea

Wendy Wiles-Scott

HERMON TOWN OFFICE HOURS

M-F 8:00am—5:00pm

HERMON TRANSFER STATION HOURS

The transfer station is open April through the Saturday before Thanksgiving.

Saturday 8:00am—4:00pm

HOLIDAYS OBSERVED by TOWN DEPARTMENTS

New Years Day Martin Luther King Day Presidents' Day Patriots Day

Memorial Day Independence Day Labor Day Columbus Day

Veteran's Day Thanksgiving (& following Friday) Christmas Day

FREQUENTLY REQUESTED PHONE NUMBERS

Penobscot County Dispatch..... 945-4636 (non-emergency)
Hermon Volunteer Rescue Squad..... 848-3427 (non-emergency)
Hermon School Department.....848-4000 (phone)
Hermon Town Office848-1010 (phone)
Hermon Town Office848-3316 (fax)
Hermon Fire Department..... 848-5986 (non-emergency phone)
Hermon Fire Department.....848-1990 (fax)

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