

Audited Financial Statements  
and Other Financial Information

**Town of Houlton, Maine**

December 31, 2024



*Proven Expertise & Integrity*

TOWN OF HOULTON, MAINE

DECEMBER 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

Town Council  
Town of Houlton  
Houlton, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Houlton, Maine, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Town of Houlton, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Town of Houlton, Maine as of December 31, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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## Responsibilities of Management for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Houlton, Maine's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Houlton, Maine's ability to continue as a going concern for a reasonable period of time.

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 5 through 12 and 67 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Houlton, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2025, on our consideration of the Town of Houlton, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Houlton, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Houlton, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
August 22, 2025



**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Houlton, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Houlton, Maine 's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net assets changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements include a column for the following activities:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, protection, public services, employee benefits, health and culture, parks and recreation, airport, education and unclassified.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Houlton, Maine, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Houlton, Maine are governmental funds.

*Governmental funds:* All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

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

The Town of Houlton, Maine presents six columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town has five major governmental funds: the general fund, the tax increment financing fund, the airport projects fund, the cemetery fund and the public service projects fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Proportionate Share of the Net OPEB Liability - Group Life, Schedule of Changes in Net OPEB Liability - Health Plan, Schedule of Changes in Net OPEB Liability and Related Ratios - Health Plan, Schedule of Contributions - OPEB - Group Life, Schedule of Contributions - OPEB - Health Plan and Notes to Required Supplementary Information.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position increased by \$897,167 from \$22,523,261 to \$23,420,428.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$2,286,878 at the end of this year.

**Table 1**  
**Town of Houlton, Maine**  
**Net Position**  
**December 31,**

	<b>2024</b>	<b>2023 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 9,837,073	\$ 9,281,989
Noncurrent Assets - Capital Assets	18,034,654	17,725,925
Total Assets	<u>27,871,727</u>	<u>27,007,914</u>
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to Pensions	818,691	474,730
Deferred Outflows Related to OPEB	125,663	72,673
Total Deferred Outflows of Resources	<u>944,354</u>	<u>547,403</u>
<b>Liabilities:</b>		
Current Liabilities	1,362,363	960,639
Noncurrent Liabilities	3,434,069	3,235,983
Total Liabilities	<u>4,796,432</u>	<u>4,196,622</u>
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	36,913	39,803
LRAP Funding	66,390	65,552
Deferred Revenue	-	180,238
Deferred Inflows Related to Pensions	170,940	198,798
Deferred Inflows Related to OPEB	324,978	351,043
Total Deferred Inflows of Resources	<u>599,221</u>	<u>835,434</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	16,314,086	15,671,652
Restricted	4,819,464	4,695,888
Unrestricted	2,286,878	2,155,721
Total Net Position	<u><u>\$ 23,420,428</u></u>	<u><u>\$ 22,523,261</u></u>

**Table 2**  
**Town of Houlton, Maine**  
**Changes in Net Position**  
**For the Years Ended December 31,**

	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
<i>Program revenues:</i>		
Charges for services	\$ 1,596,957	\$ 1,552,174
Operating grants and contributions	1,022,765	124,194
Capital grants and contributions	214,716	-
<i>General revenues:</i>		
Taxes:		
Property taxes, levied for general purposes	7,513,280	7,947,562
Excise taxes	1,181,801	1,129,697
Grants and contributions not restricted to specific programs	2,673,807	2,683,722
Interest	223,139	132,199
Other revenues	744,249	2,325,278
Total Revenues	<u>15,170,714</u>	<u>15,894,826</u>
<b>Expenses</b>		
General government	479,129	841,220
Protection	3,715,636	3,358,230
Public services	1,240,006	1,229,718
Employee benefits	1,797,304	1,246,507
Health and culture	294,080	332,585
Parks and recreation	768,396	781,915
Airport	672,564	432,187
Education	2,721,618	2,275,752
County tax	821,690	517,910
Unclassified	1,730,537	951,935
Capital outlay	-	588,860
Interest on long-term debt	32,587	33,822
Total Expenses	<u>14,273,547</u>	<u>12,590,641</u>
Change in Net Position	<u>897,167</u>	<u>3,304,185</u>
Net Position - January 1, As Previously Reported	22,670,584	19,366,399
Net Position Correction	<u>(147,323)</u>	<u>-</u>
Net Position - January 1, As Restated	<u>22,523,261</u>	<u>19,366,399</u>
Net Position - December 31	<u><u>\$ 23,420,428</u></u>	<u><u>\$ 22,670,584</u></u>

## Revenues and Expenses

Revenues for the Town's governmental activities decreased by 4.56%, while total expenses increased by 13.37%. The decrease in revenues was mainly the result of property taxes and other revenues. The increase in expenses was mainly due to increases in protection, employee benefits, airport, education, county tax and unclassified.

## Financial Analysis of the Town's Fund Statements

*Governmental funds:* The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

**Table 3**  
**Town of Houlton, Maine**  
**Fund Balances - Governmental Funds**  
**December 31,**

	<u>2024</u>	<u>2023 (Restated)</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 121,423	\$ 62,629	\$ 58,794
Assigned	-	400,000	(400,000)
Unassigned	2,857,394	2,428,965	428,429
Total General Fund	<u>\$ 2,978,817</u>	<u>\$ 2,891,594</u>	<u>\$ 87,223</u>
Tax Increment Financing Fund:			
Restricted	<u>\$ 3,370,617</u>	<u>\$ 3,479,561</u>	<u>\$ (108,944)</u>
Total Tax Increment Financing Fund	<u>\$ 3,370,617</u>	<u>\$ 3,479,561</u>	<u>\$ (108,944)</u>
Airport Projects Fund:			
Restricted	<u>\$ 377,961</u>	<u>\$ 292,191</u>	<u>\$ 85,770</u>
Total Airport Projects Fund	<u>\$ 377,961</u>	<u>\$ 292,191</u>	<u>\$ 85,770</u>
Cemetery Fund:			
Restricted	<u>\$ 544,648</u>	<u>\$ 542,497</u>	<u>\$ 2,151</u>
Total Cemetery Fund	<u>\$ 544,648</u>	<u>\$ 542,497</u>	<u>\$ 2,151</u>
Public Service Projects Fund:			
Restricted	<u>\$ 378,441</u>	<u>\$ 293,262</u>	<u>\$ 85,179</u>
Total Public Service Fund	<u>\$ 378,441</u>	<u>\$ 293,262</u>	<u>\$ 85,179</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 147,797	\$ 137,324	\$ 10,473
Assigned	65,136	8,701	56,435
Unassigned (deficits)	(55,401)	(55,401)	-
Capital Projects Funds:			
Committed	553,486	319,473	234,013
Total Nonmajor Funds	<u>\$ 711,018</u>	<u>\$ 410,097</u>	<u>\$ 300,921</u>

The changes to total fund balances for the general fund, tax increment financing fund, airport projects fund, cemetery fund, public service projects fund and the aggregate nonmajor funds occurred due to the regular activity of operations.

### **Budgetary Highlights**

There was no difference between the original and final budget for the general fund.

The general fund actual revenues were over budgeted amounts by \$383,120. All revenue categories were receipted in excess of budgeted amounts with the exception of other revenues.

The general fund actual expenditures were under budgeted amounts by \$433,817. All expenditure categories were within or under budgeted amounts with the exception of protection and unclassified.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

As of December 31, 2024, the net book value of capital assets recorded by the Town increased by \$308,729 over the prior year. This increase was the result of capital additions of \$1,429,934 less current year depreciation of \$1,121,205. Refer to Note 5 of Notes to Financial Statements for more detailed information.

**Table 4**  
**Town of Houlton, Maine**  
**Capital Assets (Net of Depreciation)**  
**December 31,**

	<b>2024</b>	<b>2023 (Restated)</b>
Land and construction in progress	\$ 1,655,938	\$ 1,469,058
Buildings and improvements	10,121,641	10,675,991
Equipment and vehicles	3,229,365	2,965,740
Infrastructure	2,859,141	2,446,567
Right of use lease assets	168,569	168,569
	<u>\$ 18,034,654</u>	<u>\$ 17,725,925</u>

## **Debt**

At December 31, 2024, the Town had \$1,720,568 in bonds, notes from direct borrowings payable and lease liabilities outstanding versus \$2,054,273 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

## **Currently Known Facts, Decisions or Conditions**

### **Economic Factors and Next Year's Budgets and Rates**

The Town is currently working towards maintaining a sufficient unassigned fund balance to sustain government operations for a period of approximately three months, but maintains reserve accounts for future capital and program needs.

## **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at 21 Water Street, Houlton, Maine 04730.



## TOWN OF HOULTON, MAINE

STATEMENT OF NET POSITION  
DECEMBER 31, 2024

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,397,656
Investments	1,606,286
Accounts receivable (net of allowance for uncollectibles):	
Taxes	636,253
Liens	166,297
Other	899,924
Due from other governments	9,234
Tax acquired property	106,586
Inventory	14,837
Total current assets	<u>9,837,073</u>
Noncurrent assets:	
Capital assets:	
Land, construction in progress and other assets not being depreciated	1,655,938
Buildings, vehicles, equipment and other assets, net of accumulated depreciation	16,252,656
Right of use lease assets	126,060
Total noncurrent assets	<u>18,034,654</u>
TOTAL ASSETS	<u>27,871,727</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	818,691
Deferred outflows related to OPEB	125,663
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>944,354</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 28,816,081</u>

STATEMENT A (CONTINUED)  
TOWN OF HOULTON, MAINE

STATEMENT OF NET POSITION  
DECEMBER 31, 2024

	Governmental Activities
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 560,519
Accrued payroll	181,975
Due to other governments	8,538
Current portion of long-term obligations	611,331
Total current liabilities	<u>1,362,363</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	826,127
Notes from direct borrowings payable	332,866
Lease liabilities	12,151
Accrued compensated absences	185,720
Net pension liability	1,644,060
Net OPEB liability	433,145
Total noncurrent liabilities	<u>3,434,069</u>
<b>TOTAL LIABILITIES</b>	<u>4,796,432</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	36,913
LRAP funding	66,390
Deferred inflows related to pensions	170,940
Deferred inflows related to OPEB	324,978
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>599,221</u>
<b>NET POSITION</b>	
Net investment in capital assets	16,314,086
Restricted	4,819,464
Unrestricted	2,286,878
<b>TOTAL NET POSITION</b>	<u>23,420,428</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 28,816,081</u></u>

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

## STATEMENT B

## TOWN OF HOULTON, MAINE

STATEMENT OF ACTIVITIES  
DECEMBER 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services/ Other	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 479,129	\$ 85,883	\$ -	\$ -	\$ (393,246)
Protection	3,715,636	1,262,193	-	-	(2,453,443)
Public services	1,240,006	1,421	131,942	-	(1,106,643)
Employee benefits	1,797,304	-	-	-	(1,797,304)
Health and culture	294,080	13,253	-	-	(280,827)
Parks and recreation	768,396	94,741	-	-	(673,655)
Airport	672,564	139,466	89,601	-	(443,497)
Education	2,721,618	-	-	-	(2,721,618)
County tax	821,690	-	-	-	(821,690)
Unclassified	1,730,537	-	801,222	-	(929,315)
Capital outlay	-	-	-	214,716	214,716
Interest on long-term debt	32,587	-	-	-	(32,587)
Total governmental activities	<u>\$ 14,273,547</u>	<u>\$ 1,596,957</u>	<u>\$ 1,022,765</u>	<u>\$ 214,716</u>	<u>(11,439,109)</u>

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

STATEMENT B (CONTINUED)

TOWN OF HOULTON, MAINE

STATEMENT OF ACTIVITIES  
DECEMBER 31, 2024

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(11,439,109)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	7,513,280
Excise taxes	1,181,801
Grants and contributions not restricted to specific programs	2,673,807
Interest	223,139
Other revenues	744,249
Total general revenues	<u>12,336,276</u>
Change in net position	<u>897,167</u>
Net Position - January 1, As Previously Reported	22,670,584
Net Position Correction	<u>(147,323)</u>
Net Position - January 1, As Restated	<u>22,523,261</u>
Net Position - December 31	<u><u>\$ 23,420,428</u></u>

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

## TOWN OF HOULTON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2024

	General Fund	Tax Increment Financing	Airport Projects	Cemetery Fund	Formerly Nonmajor Fund Public Service Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,231,669	\$ 2,135,294	\$ -	\$ 13,055	\$ 5,531	\$ 12,107	\$ 6,397,656
Investments	79,441	1,000,000	-	526,845	-	-	1,606,286
Accounts receivable (net of allowance for uncollectibles):							
Taxes	636,253	-	-	-	-	-	636,253
Liens	166,297	-	-	-	-	-	166,297
Other	562,728	-	-	-	337,196	-	899,924
Due from other governments		-	-	-	-	9,234	9,234
Tax acquired property	106,586	-	-	-	-	-	106,586
Inventory	14,837	-	-	-	-	-	14,837
Due from other funds	65,887	235,323	377,961	4,748	372,912	805,564	1,862,395
<b>TOTAL ASSETS</b>	<b>\$ 5,863,698</b>	<b>\$ 3,370,617</b>	<b>\$ 377,961</b>	<b>\$ 544,648</b>	<b>\$ 715,639</b>	<b>\$ 826,905</b>	<b>\$ 11,699,468</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 173,321	\$ -	\$ -	\$ -	\$ 337,198	\$ 50,000	\$ 560,519
Accrued payroll	181,975	-	-	-	-	-	181,975
Due to other governments	8,538	-	-	-	-	-	8,538
Due to other funds	1,796,508	-	-	-	-	65,887	1,862,395
<b>TOTAL LIABILITIES</b>	<b>2,160,342</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337,198</b>	<b>115,887</b>	<b>2,613,427</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Prepaid taxes	36,913	-	-	-	-	-	36,913
LRAP funding	66,390	-	-	-	-	-	66,390
Deferred taxes	621,236	-	-	-	-	-	621,236
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>724,539</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>724,539</b>
<b>FUND BALANCES</b>							
Nonspendable	121,423	-	-	-	-	-	121,423
Restricted	-	3,370,617	377,961	544,648	378,441	147,797	4,819,464
Committed	-	-	-	-	-	553,486	553,486
Assigned	-	-	-	-	-	65,136	65,136
Unassigned (deficit)	2,857,394	-	-	-	-	(55,401)	2,801,993
<b>TOTAL FUND BALANCES</b>	<b>2,978,817</b>	<b>3,370,617</b>	<b>377,961</b>	<b>544,648</b>	<b>378,441</b>	<b>711,018</b>	<b>8,361,502</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,863,698</b>	<b>\$ 3,370,617</b>	<b>\$ 377,961</b>	<b>\$ 544,648</b>	<b>\$ 715,639</b>	<b>\$ 826,905</b>	<b>\$ 11,699,468</b>

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

## TOWN OF HOULTON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2024

	Total Governmental Funds
Total Fund Balances	\$ 8,361,502
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	18,034,654
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	621,236
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pensions	818,691
OPEB	125,663
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(948,704)
Notes from direct borrowings payable	(723,567)
Lease liabilities	(48,297)
Accrued compensated absences	(247,627)
Net pension liability	(1,644,060)
Net OPEB liability	(433,145)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pensions	(170,940)
OPEB	(324,978)
Net position of governmental activities	<u>\$ 23,420,428</u>

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

## STATEMENT E

## TOWN OF HOULTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Tax Increment Financing	Airport Projects	Cemetery Fund	Formerly Nonmajor Fund Public Service Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property taxes	\$ 7,655,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,655,914
Excise taxes	1,181,801	-	-	-	-	-	1,181,801
Intergovernmental revenue	2,895,350	-	89,601	-	711,621	214,716	3,911,288
Interest	189,672	32,452	-	451	-	564	223,139
Charges for services	1,596,957	-	-	-	-	-	1,596,957
Other revenues	226,042	24,199	146,431	1,700	5,180	340,697	744,249
TOTAL REVENUES	13,745,736	56,651	236,032	2,151	716,801	555,977	15,313,348
EXPENDITURES							
Current:							
General government	726,422	-	-	-	-	-	726,422
Protection	3,535,387	-	-	-	-	-	3,535,387
Public services	1,105,271	-	-	-	-	-	1,105,271
Employee benefits	1,742,371	-	-	-	-	-	1,742,371
Health and culture	294,080	-	-	-	-	-	294,080
Parks and recreation	669,704	-	-	-	-	-	669,704
Airport	122,248	-	-	-	-	-	122,248
Education	2,721,618	-	-	-	-	-	2,721,618
County tax	821,690	-	-	-	-	-	821,690
Unclassified	684,577	-	-	-	736,522	268,240	1,689,339
Capital outlay	-	423,775	150,262	-	-	586,966	1,161,003
Debt service:							
Principal	484,328	-	-	-	-	-	484,328
Interest	32,587	-	-	-	-	-	32,587
TOTAL EXPENDITURES	12,940,283	423,775	150,262	-	736,522	855,206	15,106,048
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	805,453	(367,124)	85,770	2,151	(19,721)	(299,229)	207,300
OTHER FINANCING SOURCES (USES)							
Proceeds from debt issuance	-	-	-	-	-	245,000	245,000
Transfers in	-	258,180	-	-	104,900	355,150	718,230
Transfers (out)	(718,230)	-	-	-	-	-	(718,230)
TOTAL OTHER FINANCING SOURCES (USES)	(718,230)	258,180	-	-	104,900	600,150	245,000
NET CHANGE IN FUND BALANCES	87,223	(108,944)	85,770	2,151	85,179	300,921	452,300
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	2,874,991	3,723,876	292,191	542,497	-	688,985	8,122,540
FUND BALANCE CORRECTION	16,603	(244,315)	-	-	-	14,374	(213,338)
CHANGE IN REPORTING ENTITY	-	-	-	-	293,262	(293,262)	-
FUND BALANCES - JANUARY 1, AS RESTATED	2,891,594	3,479,561	292,191	542,497	293,262	410,097	7,909,202
FUND BALANCES - DECEMBER 31	\$ 2,978,817	\$ 3,370,617	\$ 377,961	\$ 544,648	\$ 378,441	\$ 711,018	\$ 8,361,502

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

## TOWN OF HOULTON, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 452,300</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,429,934
Depreciation expense	<u>(1,121,205)</u>
	<u>308,729</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(142,634)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	343,961
OPEB	<u>52,990</u>
	<u>396,951</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position.	<u>(245,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>578,705</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	27,858
OPEB	<u>26,065</u>
	<u>53,923</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(15,064)
Net pension liability	(472,553)
Net OPEB liability	<u>(18,190)</u>
	<u>(505,807)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 897,167</u>

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



TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Houlton, Maine was incorporated under the laws of the State of Maine. The Town operates under the town council-manager form of government and provides the following services: general government, protection, public services, employee benefits, health and culture, parks and recreation, airport, education and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended December 31, 2024, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 "Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined that there was an impact to the financial statements due to this Statement.

Statement No. 101 "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management has determined that there was an impact to the financial statements due to this Statement.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Government-Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, the governmental type activities column is (a) presented on a consolidated basis by column and (b) reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, protection, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Tax Increment Financing Fund is a special revenue fund used to account for the proceeds and expenditures from the tax increment financing districts. The primary source of revenue for this fund is taxes.
- c. The Airport Projects Fund is a capital projects fund used to account for the financial resources used for the acquisition or construction of airport facilities and equipment. The primary source of revenue for this fund is intergovernmental.
- d. The Cemetery Fund is a permanent fund used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.
- e. The Public Service Projects Fund is a capital account used to account for the financial resources used for public service projects. The primary source of revenue for this fund is intergovernmental.

Nonmajor Funds

- f. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- g. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Budget**

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Town Council was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the Town Council.

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Houlton, Maine has a formal investment policy which follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of December 31, 2024. Accounts receivable netted with allowances for uncollectible accounts were \$909,158 for the year ended December 31, 2024.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). In the general fund, inventory consists of diesel fuel.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A right of use lease asset is required to be reported at the present value of payments expected to be made during the lease term including and any/all other required financial lease obligations in accordance with the terms of the lease and excluding interest. A lease asset will be amortized in a straight-line basis over the lease term or the useful life of the underlying asset (whichever is shorter).

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

**Long-term Obligations**

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

All long-term obligations to be repaid from governmental resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, lease liabilities, accrued compensated absences, net pension liability and net OPEB liability.

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

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the Town's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.



TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The Town Council is the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through Town Council vote or citizen referendum.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is provided by the terms of the Town Charter and is expressed by the Town Council.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless a Town Council vote has provided otherwise in its commitment or assignment actions.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has two types of this item, deferred outflows related to pensions and OPEB. These items are reported in the statement of net position.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred taxes, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and LRAP funding also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions and OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied September 19, 2024 on the assessed value listed as of April 1, 2024, for all real and personal property located in the Town. Taxes were due October 15, 2024. Interest on unpaid taxes commenced on October 16, 2024 at 8.50% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$29,607 for the year ended December 31, 2024. The town issued \$0 in property tax abatements in FY 2024.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At December 31, 2024, the Town's cash balances amounting to \$6,397,656 comprised of bank deposits of \$7,053,828. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of these deposits, \$5,029,802 were fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining deposits of \$2,024,026 were collateralized with securities held by the financial institution in the Town's name.

# TOWN OF HOULTON, MAINE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

### NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	\$ 343,279
Sweep accounts	4,574,003
ICS accounts	1,252
Money market accounts	2,135,294
	<u>\$ 7,053,828</u>

#### Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$1,556,286 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value. At December 31, 2024 the Town has the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Capital stocks	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2024, the Town's investment in capital stocks of \$50,000 are comprised of certificates held by the Town to serve as evidence of ownership and therefore there is no exposure to custodial credit risk. Of the remaining investments in certificates of deposit totaling \$1,556,286, \$250,000 were insured by federal depository insurance and consequently were not exposed to custodial credit risk. The remaining deposits of \$1,306,286 were collateralized with securities held by the financial institution in the Town's name.

#### Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Certificates of deposit held with Katadhin Trust Company for \$1,556,286 are excluded from the fair value hierarchy

# TOWN OF HOULTON, MAINE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

### NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

as these investments are considered held to maturity and are therefore not measured at fair value. The Town has the following recurring fair value measurements as of December 31, 2024:

	Total December 31, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Capital stock	\$ 50,000	\$ -	\$ -	\$ 50,000
Total investments by fair value level	\$ 50,000	\$ -	\$ -	\$ 50,000

Equity securities classified in Level III of the fair value hierarchy were valued by the Issuer at the rate set for each non-assessable capital stock, in this case, \$25 per share. The fair value of the capital stock recorded by the Town is determined from the financial statements received by the Town from the Issuer. The financial statements of the Issuer are audited by independent accountants annually. The Town has no Level I or Level II investments.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in money market accounts and various certificates of deposit.

### NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2024 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 65,887	\$ 1,796,508
Tax Increment Financing Fund	235,323	-
Airport Projects Fund	377,961	-
Cemetery Fund	4,748	-
Public Service Projects Fund	372,912	
Nonmajor Special Revenue Funds	212,933	65,887
Nonmajor Capital Projects Funds	592,631	-
	<u>\$ 1,862,395</u>	<u>\$ 1,862,395</u>

# TOWN OF HOULTON, MAINE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

### NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

### NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at December 31, 2024 consisted of the following:

	Transfers To	Transfers From
General Fund	\$ -	\$ 718,230
Tax Increment Financing Fund	258,180	-
Public Service Projects Fund	104,900	-
Nonmajor Capital Projects Funds	355,150	-
	<u>\$ 718,230</u>	<u>\$ 718,230</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

### NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2024:

	Balance, 1/1/24 (Restated)	Additions	Disposals	Balance, 12/31/24
Non-depreciated assets:				
Land	\$ 1,392,358	\$ -	\$ -	\$ 1,392,358
Construction in progress	76,700	186,880	-	263,580
	<u>1,469,058</u>	<u>186,880</u>	<u>-</u>	<u>1,655,938</u>
Depreciated assets:				
Land improvements	12,231,421	19,725	-	12,251,146
Buildings	4,342,239	-	-	4,342,239
Building improvements	875,015	34,530	-	909,545
Equipment/vehicles	9,166,692	692,245	-	9,858,937
Infrastructure	3,297,214	496,554	-	3,793,768
Right of use lease assets	168,569	-	-	168,569
	<u>30,081,150</u>	<u>1,243,054</u>	<u>-</u>	<u>31,324,204</u>
Less: accumulated depreciation	<u>(13,824,283)</u>	<u>(1,121,205)</u>	<u>-</u>	<u>(14,945,488)</u>
	<u>16,256,867</u>	<u>121,849</u>	<u>-</u>	<u>16,378,716</u>
Net capital assets	<u>\$ 17,725,925</u>	<u>\$ 308,729</u>	<u>\$ -</u>	<u>\$ 18,034,654</u>

# TOWN OF HOULTON, MAINE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

### NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

General government	\$ 21,638
Police department	17,582
Fire department	162,667
Public works	229,112
Parks and recreation	98,692
Airport	550,316
Town-wide	41,198
Total depreciation expenses	<u>\$ 1,121,205</u>

### NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2024:

	Balance, 1/1/24	Additions	Reductions	Balance, 12/31/24	Current Portion
Bonds payable	\$ 1,070,144	\$ -	\$ (121,440)	\$ 948,704	\$ 122,577
Notes from direct borrowings payable	893,323	245,000	(414,756)	723,567	390,701
Lease liabilities	90,806	-	(42,509)	48,297	36,146
Total	<u>\$ 2,054,273</u>	<u>\$ 245,000</u>	<u>\$ (578,705)</u>	<u>\$ 1,720,568</u>	<u>\$ 549,424</u>

The following is a summary of the outstanding bonds, notes from direct borrowings payable and lease liabilities:

Bonds payable:

\$1,000,000 2009 road bond payable dated May 28, 2009, due in November of 2029, with annual principal payments of \$50,000. Interest is charged at a fixed annual rate varying from 2.080% to 5.580% per annum.	\$ 250,000
\$647,250 2012 bond payable dated October 25, 2012, due in November of 2032, with estimated annual principal payments varying from \$25,674 to \$41,972. Interest is charged at a fixed annual rate varying from 2.086% to 3.706% per annum.	299,951
\$780,000 2014 clean water state revolving fund bond dated August 18, 2014, due in November of 2034, with estimated annual principal and interest payments of \$40,869. Interest is charged at a fixed annual rate of 0.450% per annum.	<u>398,753</u>
Total bonds payable	<u>948,704</u>

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Notes from direct borrowings payable:

\$260,700 note payable for ambulance dated November 3, 2020, due in November 2025, with annual principal and interest payments of \$55,227. Interest is charged at a fixed rate of 1.90% per annum.	54,223
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\$260,700 note payable for ambulance dated November 3, 2020, due in November 2025, with annual principal and interest payments of \$55,227. Interest is charged at a fixed rate of 1.90% per annum.	54,223
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\$260,700 note payable for ambulance dated November 3, 2020, due in November 2025, with annual principal and interest payments of \$55,227. Interest is charged at a fixed rate of 1.90% per annum.	54,223
---	--------

\$260,700 note payable for ambulance dated November 3, 2020, due in November 2025, with annual principal and interest payments of \$55,227. Interest is charged at a fixed rate of 1.90% per annum.	54,223
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The Town leases a grader under a non-cancelable lease agreement. The term of the lease is for a five-year period expiring in January of 2024. Annual principal and interest payments are \$59,824. Interest is charged at a fixed annual rate of 4.7% per annum.	57,084
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\$245,000 note payable for a 2024 JD Wheel Loader dated March 20, 2024, with annual principal and interest payments of \$71,178.91 beginning November, 2025. Interest is charged at a fixed rate of 4.94% per annum.	245,000
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\$277,071 note payable for a 2020 Sweeper dated August 16, 2022, due in November 2027, with annual initial principal and interest payment of \$61,675.30 beginning November, 2023. Interest is charged at a fixed rate of 3.35% per annum.	173,455
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\$49,828 note payable for a 2022 Chevy Truck dated October 5, 2022, due in November 2027, with annual initial principal and interest payment of \$11,240.18 beginning November, 2023. Interest is charged at a fixed rate of 3.99% per annum.	31,136
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Total notes from direct borrowings payable	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">723,567</div>
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TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Lease liabilities:

In November 2020, the Town entered into a 5-year operating lease agreement with Autotronics, LLC for the lease and maintenance of ambulance units, both those belonging to the Town and those units loaned to it for operating use by Autotronics, LLC during the term of the agreement. The monthly amount due varies by year from \$2,500 to \$3,333. 33,333

In April 2022, the Town entered into a 5-year lease agreement with Xerox Financial Services for the lease of a printer. The monthly amount of payment is \$84. 2,364

In May 2012, the Town entered into a 20-year lease agreement with Dunn Furniture Co. for the lease of a plot used for signage. The yearly amount of lease is \$1,800. 12,600

Total lease liabilities 48,297

Total bonds, notes from direct borrowings payable and lease liabilities \$ 1,720,568

The right of use lease assets associated with these lease liabilities (including amortization/depreciation applicable to the same) are presented as a separate category of Capital Assets and are grouped accordingly on the Statement of Net Position.

The following is a summary of outstanding bond and notes from direct borrowings payable principal and interest requirements for the fiscal years ending December 31:

	Bonds Payable		Notes from Direct Borrowings Payable		Lease Liabilities		TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest	
2025	122,577	17,941	\$ 390,701	\$ 41,060	\$ 36,146	\$ -	\$ 608,425
2026	123,761	13,505	129,666	20,499	2,813	-	290,244
2027	124,994	9,403	135,381	10,966	2,138	-	282,882
2028	126,318	8,079	67,819	5,385	1,800	-	209,401
2029	127,709	6,687	-	-	1,800	-	136,196
2030-2034	323,345	11,583	-	-	3,600	-	338,528
	<u>\$ 948,704</u>	<u>\$ 67,198</u>	<u>\$ 723,567</u>	<u>\$ 77,910</u>	<u>\$ 48,297</u>	<u>\$ -</u>	<u>\$ 1,865,676</u>

All bonds, notes from direct borrowings payable and lease liabilities are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

# TOWN OF HOULTON, MAINE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

### NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended December 31, 2024:

	Balance, 1/1/24	Additions	Reductions	Balance, 12/31/24	Current Portion
Accrued compensated absences	\$ 232,563	\$ 15,064	\$ -	\$ 247,627	\$ 61,907
Net pension liability (asset)	1,171,507	472,553		1,644,060	-
Net OPEB liability	414,955	115,281	(97,091)	433,145	-
Total	<u>\$ 1,819,025</u>	<u>\$ 602,898</u>	<u>\$ (97,091)</u>	<u>\$ 2,324,832</u>	<u>\$ 61,907</u>

Please see Notes 8, 19, 20 and 21 for more detailed information on each of these other long-term obligations.

### NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. As of December 31, 2024, the Town's liability for compensated absences is \$247,627.

### NOTE 9 - OVERLAPPING DEBT

The Town is liable for its proportional share of any defaulted debt issued by entities in which it is a member. At December 31, 2024, the County of Aroostook had no outstanding debt. The Town's share of school debt was approximately:

	Outstanding Debt	Town's Percentage	Total Share
RSU #29	\$ 1,071,090	85.13%	<u>\$ 911,834</u>

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at December 31, 2024:

Invested in capital assets	\$ 32,980,142
Accumulated depreciation	(14,945,488)
Outstanding capital related debt	<u>(1,720,568)</u>
	<u>\$ 16,314,086</u>

NOTE 11 - NONSPENDABLE FUND BALANCE

The Town has the following nonspendable fund balance at December 31, 2024:

General fund:	
Tax acquired property	\$ 106,586
Inventory	<u>14,837</u>
	<u>\$ 121,423</u>

NOTE 12 - RESTRICTED NET POSITION AND FUND BALANCES

The Town has the following restricted net position and fund balances at December 31, 2024:

Tax increment financing fund	\$ 3,370,617
Airport projects	377,961
Cemetery fund	544,648
Public Service Projects Fund	378,441
Nonmajor special revenue funds (Schedule E):	
Community development reserve	14,960
Emergency management	20,055
Downtown center grant	55,509
Animal control	20,378
White building	1,427
Wellness grant	1,539
Fire donations	5,188
COVID-19	12,325
Efficiency	11,659
Civic election grant	4,249
Underage grant	<u>508</u>
	<u>\$ 4,819,464</u>

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 13 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at December 31, 2024:

Nonmajor capital projects funds (Schedule G)	<u>\$ 553,486</u>
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NOTE 14 - ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at December 31, 2024:

Nonmajor special revenue funds (Schedule E)	<u>\$ 65,136</u>
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NOTE 15 - OVERSPENT APPROPRIATIONS

Protection	\$ 37,599
Unclassified	<u>28,452</u>
	<u>\$ 66,051</u>

NOTE 16 - DEFICIT FUND BALANCES

The Town had the following deficit fund balances at December 31, 2024:

Nonmajor special revenue funds (Schedule E)	
Police Putnam	\$ 16,616
Fuel tank	<u>38,785</u>
	<u>\$ 55,401</u>

NOTE 17 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Houlton, Maine's landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero years. Federal and state laws require that certain post closure care be met. The Town estimates that on an annual basis, some immaterial costs will be incurred for post closure care. The annual amount will be paid for within the Town's annual operating budget.

NOTE 18 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town either carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal Association.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 18 - RISK MANAGEMENT (CONTINUED)

The Town is a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of December 31, 2024. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 19 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Plan Description**

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local Town (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with other PLD employers under applicable statutory provisions. As of June 30, 2023, there were 327 employers in the plan.

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

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's plan members are part of the PLD's "AC" or "3C" plans and are required to contribute either 7.70% or 9.30% for the AC plan of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate for the AC plan is 10.20% and 3C plan is 12.80% of covered payroll. Member contribution rates are defined by law or by the System's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended December 31, 2024 was \$427,725.

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2024, the Town reported a liability of \$1,644,060 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2023 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2023, the Town's proportion was 0.410757%, which was an increase of 0.043623% from its proportion measured as of June 30, 2023.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended December 31, 2024, the Town recognized net pension expense of \$100,734. At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 487,950	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	170,940
Changes in proportion and differences between contributions and proportionate share of contributions	107,641	-
Contributions subsequent to the measurement date	223,100	-
Total	<u>\$ 818,691</u>	<u>\$ 170,940</u>

\$223,100 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2025	\$ 36,199
2026	444,360
2027	(22,784)
2028	(33,124)
2029	-
Thereafter	-

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial Methods and Assumptions**

The respective collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2023, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal cost method is used to determine costs. Under this cost method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of the member's expected future salary. The normal cost for each employee is the product of the member's pay and their normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

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

*Investment Rate of Return* - 6.50% per annum for the year ended June 30, 2023 and for the year ended June 30, 2022, compounded annually.



TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Salary Increases, Merit and Inflation* - 2.75% -11.48%

*Mortality Rates* - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model.

*Cost of Living Benefit Increases* - 1.91%

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

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	5.6%
US Government	7.5%	2.2%
Private equity	15.0%	7.2%
Real assets:		
Real estate	10.0%	5.8%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.1%
Traditional Credit	7.5%	2.7%
Alternative Credit	5.0%	6.4%
Diversifiers	10.0%	4.8%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.50% for 2023 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually

# TOWN OF HOULTON, MAINE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

### NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2023 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
District's proportionate share of the net pension liability (asset)	\$ 4,107,917	\$ 1,644,060	\$ (385,875)

### Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2023 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2023 with the following exceptions.

### *Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors is recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2023 through 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 19 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Differences between Expected and Actual Investment Earnings*

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the *Actuarial Methods and Assumptions* section for information relating to the use of assumptions.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2023 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Plan Description**

Town employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS)), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. As of June 30, 2024, there were 156 employers participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

**Contributions**

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. The Town's contribution to the Plan for the year ended December 31, 2024 was \$7,503.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

**Proportionate Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2024, the Town reported a liability of \$55,417 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2024 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liabilities were based on a projection of the Town's long-term share of contributions to the Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2024, the Town's proportion was 0.500963%, which was a decrease of 0.006863% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Town recognized net OPEB revenue of \$11,340. At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 607	\$ 3,341
Changes of assumptions	2,356	7,552
Net difference between projected and actual earnings on pension plan investments	-	4,257
Changes in proportion and differences between contributions and proportionate share of contributions	2,611	7,585
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 5,574</u>	<u>\$ 22,735</u>

\$0 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN (CONTINUED)

	<u>PLD Life Insurance</u>
Plan year ended June 30:	
2024	\$ (9,854)
2025	238
2026	(4,186)
2027	(2,681)
2028	(678)
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2024, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., actual decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

Investments are reported at fair value.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN (CONTINUED)

*Amortization*

The net OPEB liability of the Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2024, there were 6 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2024 actuarial valuation was based on the results of an actuarial experience study conducted for the period of July, 1, 2015 to June 30, 2020.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2024 are as follows:

*Investment Rate of Return* - For the PLD Plan, 6.50% per annum, compounded annually.

*Inflation Rate* - 2.75%

*Annual Salary Increases including Inflation* - For the PLD Plan, 2.75% to 11.48% per year.

*Mortality Rates* - For active members and non-disabled retirees of the Plan, the 2010 Public Plan General Benefits - Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model is used.

*Participation Rate for Future Retirees* - 100% of those currently enrolled.

*Conversion Charges* - Apply to the cost of active group life insurance, not retiree group life insurance.

*Form of Benefit Payment* - Lump sum

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table. Assets for the defined benefit plan are pooled for investment purposes.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	5.60%
Traditional credit	15.00%	2.70%
US Government securities	15.00%	2.20%
Total	100.00%	

*Discount Rate*

The discount rate used to measure the collective total OPEB liability was 6.50% for 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined.

The following table shows how the collective net OPEB liability as of June 30, 2024 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance: Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net OPEB benefits liability	\$ 82,052	\$ 55,417	\$ 33,988



TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN (CONTINUED)

**Changes in Net OPEB Liability**

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2024 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2024 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There were no differences between expected and actual experience as of June 30, 2024.

*Differences between Projected and Actual Investment Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 20 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2024.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2024 Annual Comprehensive Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

**Plan Description**

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

**Employees Covered by Benefit Terms**

At January 1, 2024, the following employees were covered by the benefit terms:

Active members	38
Retirees and spouses	<u>2</u>
Total	<u><u>40</u></u>

**Contributions**

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

**Retiree Premium Amounts**

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS 200	\$1,183	\$2,654
POS C	\$1,243	\$2,788
PPO 1500	\$1,056	\$2,368
<u>Medicare</u>		
Medicare-Eligible Retirees	\$659	\$1,319

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

**Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources  
and Deferred Inflows of Resources Related to OPEB**

At December 31, 2024, the Town reported a liability of \$377,728 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2024 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended December 31, 2024, the Town recognized OPEB revenue of \$49,525. At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 257,989
Changes of assumptions	109,296	44,254
Contributions subsequent to the measurement date	10,793	-
Total	<u>\$ 120,089</u>	<u>\$ 302,243</u>

\$10,793 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2024	\$ (59,578)
2025	(59,579)
2026	(21,024)
2027	(25,016)
2028	(25,019)
Thereafter	(2,731)

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2024. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.26% per annum for June 30, 2024 was based upon a measurement date of December 28, 2023. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	2.26%	3.26%	4.26%
Total OPEB liability	\$ 435,280	\$ 377,728	\$ 330,206
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 435,280</u>	<u>\$ 377,728</u>	<u>\$ 330,206</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 323,974	\$ 377,728	\$ 445,665
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 323,974</u>	<u>\$ 377,728</u>	<u>\$ 445,665</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2024, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2021. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

*Assumptions*

The actuarial assumptions used in the January 1, 2024 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2022 and based on the experience study covering the period from June 30, 2016 through June 30, 2021. As of January 1, 2024, they are as follows:

Discount Rate - 3.26% per annum for year end 2024 reporting. 3.72% per annum for year end 2023 reporting.

*Trend Assumptions:*

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2024\_1b was used for this valuation. The following assumptions were input into this model:

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.38%
Rate of Growth in Real Income/GDP per capital 2031+	1.40%
Extra Trend due to Taste/Technology 2031+	1.10%
Expected Health Share of GDP 2031	19.80%
Health Share of GDP Resistance Point	18.00%
Year for Limiting Cost Growth to GDP Growth	2044

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

The trends selected from 2024 to 2027 were based on plan design, population weighting, renewal projections and market analysis. For years 2028 to 2032, these are interpolated from 2027 to 2033 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense: 3% per annum

Future plan changes: It is assumed that the current Plan and cost-sharing structure remains in place for all future years.

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2021.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality:

Healthy Annuitant- Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC\_2020 model, with an ultimate rate of 1.00% for ages 80 and under grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC\_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC\_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.



TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended December 31, 2024 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The net difference between expected and actual experience as of January 1, 2024 was (\$257,989).

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2024 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 21 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

*Differences between Projected and Actual Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 21 Water Street, Houlton, Maine 04730.

NOTE 22 - TAX INCREMENT FINANCING AGREEMENTS

The Town has established eight tax increment financing districts under the terms of applicable state laws.

The Town may provide financial assistance to local economic development projects by using the new property taxes that result from the commercial investment and corresponding increase in taxable property valuation. This is accomplished by utilizing municipal tax increment financing district (TIF) in accordance with Chapter 260 of MRSA Title 30-A. The Town Council is authorized by statute to establish a Municipal Tax Increment Financing District and establish the Development Plan subject to the approval by the Commissioner of the Maine Department of Economic and Community Development.

Tax Increment Financing Districts allow the Town to “shelter” the increased property valuation from the computation of its State subsidies (General Purpose Aid to Education and Municipal Revenue Sharing) and Aroostook County tax assessments.

The Development Plan may authorize the Town to enter into a Credit Enhancement Agreement (C.E.A.). The C.E.A. is a mechanism to assist the development project by using all or a portion of the incremental property tax revenues generated by the new investment to pay certain authorized project cost directly to the developer.

The Town had eight approved Tax Increment Financing Districts as of December 31, 2024. The following table shows the tax increment financing districts approved by the Town Council and the State of Maine’s Department of Economic and Community Development.

# TOWN OF HOULTON, MAINE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

### NOTE 22 - TAX INCREMENT FINANCING AGREEMENTS (CONTINUED)

TIF District	Term	Years	Captured Value	Acreage
Airport	3/30/2006 - 3/29/2026	20	\$ 3,502,100	166.61
Aroostook Water Care	4/1/2016 - 3/31/2026	10	3,600	0.13
Brenda Brown	4/1/2018 - 3/31/2028	10	378,000	0.82
Downtown Omnibus	4/1/2009 - 3/30/2029	20	8,472,300	35.22
Maple Grove	4/1/2015 - 3/30/2025	10	12,000	0.16
North Street	3/30/2006 - 3/29/2026	20	11,329,700	634.71
Houlton Rental Center	3/1/2021 - 3/1/2026	5	70,300	0
Tate and Lyle	3/30/2006 - 3/29/2026	20	2,209,600	53.15

For FY 2024, the Town captured \$258,180 in TIF tax revenues and disbursed \$64,062 in C.E.A. payments to 5 developers. The remaining \$194,118 was applied toward eligible local expenditures.

### NOTE 23 - CONTINGENCIES

In the normal course of operations, the Town receives grant funds from Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

### NOTE 24 - RESTATEMENT

During fiscal year 2024, the Town determined that a change within the financial reporting entity to reclassify the public service projects fund from being presented as a nonmajor fund to being presented as a major fund was required. Additionally, fund balance corrections were required to the general fund, tax increment financing fund and nonmajor governmental funds were required. The fund balance corrections impacted the beginning net position for the governmental activities. Certain other corrections related to capital assets were required which impacted governmental activities. These changes within the financial reporting entity and fund balance corrections resulted in adjustments to and restatements of net position and fund balance as follows:

TOWN OF HOULTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 24 - RESTATEMENT (CONTINUED)

	6/30/23 As Previously Reported	Change from Nonmajor Fund to Major Fund	Fund Balance/ Net Position Corrections	6/30/23 As Restated
Government-Wide Activities	<u>\$ 22,670,584</u>	<u>\$ -</u>	<u>\$ (147,323)</u>	<u>\$ 22,523,261</u>
Major Funds:				
General Fund	\$ 2,874,991	\$ -	\$ 16,603	\$ 2,891,594
Tax Increment Financing	3,723,876	-	(244,315)	3,479,561
Airport Projects	292,191	-	-	292,191
Cemetery Fund	542,497	-	-	542,497
Public Service Projects	-	293,262	-	293,262
Other Governmental Funds	688,985	(293,262)	14,374	410,097
	<u>\$ 8,122,540</u>	<u>\$ -</u>	<u>\$ (213,338)</u>	<u>\$ 7,909,202</u>

### Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability (Asset)
- Schedule of Contributions - Pension
- Schedule of Proportionate Share of the Net OPEB Liability - Group Life
- Schedule of Changes in Net OPEB Liability - Health Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - Health Plan
- Schedule of Contributions - OPEB - Group Life and Health Plan
- Notes to Required Supplementary Information

## TOWN OF HOULTON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1, Restated	\$ 2,891,595	\$ 2,891,595	\$ 2,891,595	\$ -
Resources (Inflows):				
Property taxes	7,507,357	7,507,357	7,655,914	148,557
Excise taxes	1,099,800	1,099,800	1,181,801	82,001
Intergovernmental	2,827,039	2,827,039	2,895,350	68,311
Interest income	107,000	107,000	189,672	82,672
Charges for services	1,593,032	1,593,032	1,596,957	3,925
Other revenues	228,388	228,388	226,042	(2,346)
Amounts Available for Appropriation	16,254,211	16,254,211	16,637,331	383,120
Charges to Appropriations (Outflows):				
General government	860,998	860,998	726,422	134,576
Protection	3,497,788	3,497,788	3,535,387	(37,599)
Public services	1,260,264	1,260,264	1,105,271	154,993
Employee benefits	1,775,579	1,775,579	1,742,371	33,208
Health and culture	351,878	351,878	294,080	57,798
Parks and recreation	688,841	688,841	669,704	19,137
Airport	208,753	208,753	122,248	86,505
Education	2,721,618	2,721,618	2,721,618	-
County tax	821,690	821,690	821,690	-
Unclassified	656,125	656,125	684,577	(28,452)
Debt service:				
Principal	492,979	492,979	484,328	8,651
Interest	32,587	32,587	32,587	-
Transfers to other funds	723,230	723,230	718,230	5,000
Total Charges to Appropriation	14,092,330	14,092,330	13,658,513	433,817
Budgetary Fund Balance - December 31	\$ 2,161,881	\$ 2,161,881	\$ 2,978,818	\$ 816,937
Utilization of Unassigned Fund Balance	\$ 729,714	\$ 729,714	\$ -	\$ (729,714)

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

## TOWN OF HOULTON, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>										
Proportion of the net pension liability (asset)	0.41%	0.37%	0.35%	0.34%	0.34%	0.33%	0.33%	0.32%	0.30%	0.29%
Proportionate share of the net pension liability (asset)	\$ 1,644,060	\$ 1,171,507	\$ 928,472	\$ (107,667)	\$ 1,367,992	\$ 1,020,176	\$ 916,206	\$ 1,301,641	\$ 1,609,698	\$ 913,070
Covered payroll	\$ 3,636,788	\$ 3,395,353	\$ 2,575,124	\$ 2,180,440	\$ 2,197,653	\$ 2,109,339	\$ 2,023,198	\$ 1,861,765	\$ 1,701,938	\$ 1,537,348
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	45.21%	34.50%	36.06%	-4.94%	62.25%	48.36%	45.29%	69.91%	94.58%	59.39%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.06%	82.95%	93.26%	100.86%	88.35%	90.62%	91.14%	86.40%	81.61%	88.30%

\* The amounts presented for each fiscal year were determined as of June 30.

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

## TOWN OF HOULTON, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION  
LAST 10 FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>										
Contractually required contribution	\$ 427,725	\$ 396,495	\$ 325,343	\$ 224,591	\$ 214,495	\$ 202,572	\$ 196,153	\$ 165,198	\$ 156,124	\$ 116,196
Contributions in relation to the contractually required contribution	<u>(427,725)</u>	<u>(396,495)</u>	<u>(325,343)</u>	<u>(224,591)</u>	<u>(214,495)</u>	<u>(202,572)</u>	<u>(196,153)</u>	<u>(165,198)</u>	<u>(156,124)</u>	<u>(116,196)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,803,970	\$ 3,553,521	\$ 3,102,276	\$ 2,202,106	\$ 2,233,671	\$ 2,139,250	\$ 2,114,314	\$ 1,859,493	\$ 1,840,980	\$ 1,537,348
Contributions as a percentage of covered payroll	11.24%	11.16%	10.49%	10.20%	9.60%	9.47%	9.28%	8.88%	8.48%	7.56%

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



## TOWN OF HOULTON, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - GROUP LIFE  
LAST 10 FISCAL YEARS\*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>PLD Life Insurance:</u>									
Proportion of the net OPEB liability	0.50%	0.51%	0.53%	0.52%	0.56%	0.54%	0.56%	0.51%	0.57%
Town's proportionate share of the net OPEB liability	\$ 55,417	\$ 69,291	\$ 77,476	\$ 53,350	\$ 74,067	\$ 115,539	\$ 113,374	\$ 114,817	\$ 95,041
Total	<u>\$ 55,417</u>	<u>\$ 69,291</u>	<u>\$ 77,476</u>	<u>\$ 53,350</u>	<u>\$ 74,067</u>	<u>\$ 115,539</u>	<u>\$ 113,374</u>	<u>\$ 114,817</u>	<u>\$ 95,041</u>
Covered payroll	\$ 3,636,788	\$ 3,395,353	\$ 2,575,124	\$ 2,180,440	\$ 2,197,653	\$ 2,109,339	\$ 2,023,198	\$ 1,861,765	\$ 1,701,938
Proportionate share of the net OPEB liability as a percentage of its covered payroll	1.52%	2.04%	3.01%	2.45%	3.37%	5.48%	5.60%	6.17%	5.58%
Plan fiduciary net position as a percentage of the total OPEB liability	67.88%	59.71%	55.88%	55.40%	43.18%	43.92%	47.42%	0.00%	0.00%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

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

## TOWN OF HOULTON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - HEALTH PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/23 (Reporting December 31, 2023)	\$ 345,664	\$ -	\$ 345,664
Changes for the year:			
Service cost	18,513	-	18,513
Interest	13,373	-	13,373
Changes of benefits	-	-	-
Differences between expected and actual experience	(73,741)	-	(73,741)
Changes of assumptions	83,395	-	83,395
Contributions - employer	-	9,476	(9,476)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(9,476)	(9,476)	-
Administrative expense	-	-	-
Net changes	32,064	-	32,064
Balances at 1/1/24 (Reporting December 31, 2024)	<u>\$ 377,728</u>	<u>\$ -</u>	<u>\$ 377,728</u>

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

## TOWN OF HOULTON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS HEALTH PLAN  
LAST 10 FISCAL YEARS\*

	2024	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>							
Service cost (BOY)	\$ 18,513	\$ 22,585	\$ 28,352	\$ 24,485	\$ 20,215	\$ 22,959	\$ 15,896
Interest (includes interest on service cost)	13,373	7,894	11,198	12,898	29,314	26,165	28,093
Changes of benefit terms	-	-	-	-	(9,168)	-	-
Differences between expected and actual experience	(73,741)	-	(147,211)	-	(355,108)	-	(48,012)
Changes of assumptions	83,395	(41,178)	(21,392)	27,944	85,229	(66,257)	38,966
Benefit payments, including refunds of member contributions	(9,476)	(8,428)	(11,952)	(11,492)	(26,287)	(25,276)	(23,943)
Net change in total OPEB liability	\$ 32,064	\$ (19,127)	\$ (141,005)	\$ 53,835	\$ (255,805)	\$ (42,409)	\$ 11,000
Total OPEB liability - beginning	\$ 345,664	\$ 364,791	\$ 505,796	\$ 451,961	\$ 707,766	\$ 750,175	\$ 739,175
Total OPEB liability - ending	\$ 377,728	\$ 345,664	\$ 364,791	\$ 505,796	\$ 451,961	\$ 707,766	\$ 750,175
<u>Plan fiduciary net position</u>							
Contributions - employer	9,476	8,428	11,952	11,492	26,287	25,276	23,943
Contributions - member	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(9,476)	(8,428)	(11,952)	(11,492)	(26,287)	(25,276)	(23,943)
Administrative expense	-	-	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 377,728	\$ 345,664	\$ 364,791	\$ 505,796	\$ 451,961	\$ 707,766	\$ 750,175
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 2,031,726	\$ 2,013,730	\$ 2,013,730	\$ 2,022,391	\$ 2,022,391	\$ 1,894,674	\$ 1,894,674
Net OPEB liability as a percentage of covered payroll	18.6%	17.2%	18.1%	25.0%	22.3%	37.4%	39.6%

\* The amounts presented for each fiscal year are for those years for which information is available.

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

SCHEDULE 7

TOWN OF HOULTON, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB - GROUP LIFE AND HEALTH PLAN  
LAST 10 FISCAL YEARS\*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>PLD Life Insurance:</u>									
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,803,970	\$ 3,553,521	\$ 3,102,276	\$ 2,202,106	\$ 2,233,671	\$ 2,139,250	\$ 2,114,314	\$ 1,859,493	\$ 1,840,980
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* The amounts presented for each fiscal year are for those years for which information is available.

	2024	2023	2022	2020	2020	2019	2018
<u>MMEHT:</u>							
Employer contributions	\$ 9,476	\$ 8,428	\$ 11,952	\$ 11,492	\$ 26,287	\$ 25,276	\$ 23,943
Benefit payments	(9,476)	(8,428)	(11,952)	(11,492)	(26,287)	(25,276)	(23,943)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,031,726	\$ 2,013,730	\$ 2,013,730	\$ 2,022,391	\$ 2,022,391	\$ 1,894,674	\$ 1,894,674
Contributions as a percentage of covered payroll		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* The amounts presented for each fiscal year are for those years for which information is available.

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

TOWN OF HOULTON, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024

**Changes of Assumptions**

MEPERS PLD Pension Plan:

There were no changes to the actuarial assumptions.

MEPERS PLD OPEB Plan:

There were no changes to the actuarial assumptions.

MMEHT OPEB Plan:

There was a change in the discount rate from 3.72% to 3.26% per GASB 75 discount rate selection. Trends have been updated since the last valuation.

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

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

## TOWN OF HOULTON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 7,507,357	\$ 7,507,357	\$ 7,655,914	\$ 148,557
Excise taxes	1,099,800	1,099,800	1,181,801	82,001
Intergovernmental revenues:				
State revenue sharing	1,806,822	1,806,822	1,848,207	41,385
Homestead exemption	475,493	475,493	475,493	-
Local road assistance	105,613	105,613	131,942	26,329
Tree growth reimbursement	2,900	2,900	6,078	3,178
Veteran's reimbursement	5,800	5,800	4,556	(1,244)
BETE reimbursement	428,411	428,411	428,749	338
Snowmobile	2,000	2,000	325	(1,675)
Interest	107,000	107,000	189,672	82,672
Charges for services:				
Administration	38,300	38,300	53,737	15,437
Police department	43,200	43,200	40,255	(2,945)
Fire department	191,474	191,474	196,225	4,751
Ambulance	922,708	922,708	1,025,713	103,005
Health and social services	14,000	14,000	8,128	(5,872)
Code enforcement office	34,500	34,500	32,146	(2,354)
Cemeteries	8,500	8,500	5,125	(3,375)
Public service	3,000	3,000	120	(2,880)
Parks and recreation	53,000	53,000	94,741	41,741
Airport	283,800	283,800	139,466	(144,334)
Refuse	550	550	1,301	751
Other income:				
Parks and recreation arena	91,300	91,300	107,060	15,760
Parks and recreation building maintenance	5,000	5,000	11,386	6,386
Services	1,150	1,150	966	(184)
Miscellaneous	130,938	130,938	106,630	(24,308)
<b>TOTAL REVENUES</b>	<b>\$ 13,362,616</b>	<b>\$ 13,362,616</b>	<b>\$ 13,745,736</b>	<b>\$ 383,120</b>

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

## SCHEDULE B

## TOWN OF HOULTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Administration	\$ 621,067	\$ -	\$ 621,067	\$ 563,702	\$ 57,365
Assessing	105,754	-	105,754	103,094	2,660
Code enforcement	64,980	-	64,980	56,677	8,303
Community development	66,347	-	66,347	2,798	63,549
Planning board	2,850	-	2,850	151	2,699
Total	860,998	-	860,998	726,422	134,576
PROTECTION					
Protection	505,252	-	505,252	516,943	(11,691)
Police department	1,449,882	-	1,449,882	1,346,813	103,069
Fire department	665,359	-	665,359	683,983	(18,624)
Ambulance department	877,295	-	877,295	987,648	(110,353)
Total	3,497,788	-	3,497,788	3,535,387	(37,599)
PUBLIC SERVICES					
Public services	989,997	-	989,997	873,618	116,379
Road maintenance	270,267	-	270,267	231,653	38,614
Total	1,260,264	-	1,260,264	1,105,271	154,993
EMPLOYEE BENEFITS	1,775,579	-	1,775,579	1,742,371	33,208



## SCHEDULE B (CONTINUED)

## TOWN OF HOULTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
HEALTH AND CULTURE					
Health and social services	31,940	-	31,940	17,829	14,111
Outside agencies	215,069	-	215,069	174,727	40,342
Cemeteries	104,869	-	104,869	101,524	3,345
Total	351,878	-	351,878	294,080	57,798
PARKS AND RECREATION					
Administration	140,582	-	140,582	121,273	19,309
Youth	94,000	-	94,000	107,408	(13,408)
Maintenance	218,001	-	218,001	189,934	28,067
Arena	236,258	-	236,258	251,089	(14,831)
Total	688,841	-	688,841	669,704	19,137
AIRPORT					
Administration	208,753	-	208,753	122,248	86,505
Total	208,753	-	208,753	122,248	86,505
EDUCATION	2,721,618	-	2,721,618	2,721,618	-
COUNTY TAX	821,690	-	821,690	821,690	-
DEBT SERVICE					
Principal	492,979	-	492,979	484,328	8,651
Interest	32,587	-	32,587	32,587	-
Total	525,566	-	525,566	516,915	8,651

## SCHEDULE B (CONTINUED)

## TOWN OF HOULTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
UNCLASSIFIED					
Public buildings	36,926	-	36,926	30,536	6,390
White building	7,840	-	7,840	5,709	2,131
Capital plan projects	561,752	-	561,752	517,752	44,000
Abatements	20,000	-	20,000	130,580	(110,580)
Overlay	29,607	-	29,607	-	29,607
Total	656,125	-	656,125	684,577	(28,452)
TRANSFERS					
Capital projects funds	465,050	-	465,050	460,050	5,000
Tax increment financing	258,180	-	258,180	258,180	-
Total	723,230	-	723,230	718,230	5,000
TOTAL DEPARTMENTAL OPERATIONS	\$ 14,092,330	\$ -	\$ 14,092,330	\$ 13,658,513	\$ 433,817

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

## SCHEDULE C

## TOWN OF HOULTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2024

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,252	\$ 10,855	\$ 12,107
Due from other governments	9,234	-	9,234
Due from other funds	212,933	592,631	805,564
TOTAL ASSETS	<u>\$ 223,419</u>	<u>\$ 603,486</u>	<u>\$ 826,905</u>
LIABILITIES			
Due to other funds	\$ 65,887	\$ -	\$ 65,887
TOTAL LIABILITIES	<u>65,887</u>	<u>50,000</u>	<u>115,887</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	147,797	-	147,797
Committed	-	553,486	553,486
Assigned	65,136	-	65,136
Unassigned (deficit)	(55,401)	-	(55,401)
TOTAL FUND BALANCES	<u>157,532</u>	<u>553,486</u>	<u>711,018</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 223,419</u>	<u>\$ 603,486</u>	<u>\$ 826,905</u>

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

## TOWN OF HOULTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 5,000	\$ 209,716	\$ 214,716
Interest income	-	564	564
Other	201,843	138,854	340,697
TOTAL REVENUES	<u>206,843</u>	<u>349,134</u>	<u>555,977</u>
EXPENDITURES			
Capital outlay	-	586,966	586,966
Other	139,935	128,305	268,240
TOTAL EXPENDITURES	<u>139,935</u>	<u>715,271</u>	<u>855,206</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>66,908</u>	<u>(366,137)</u>	<u>(299,229)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from debt issuance	-	245,000	245,000
Transfers in	-	355,150	355,150
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>600,150</u>	<u>600,150</u>
NET CHANGE IN FUND BALANCES	<u>66,908</u>	<u>234,013</u>	<u>300,921</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	90,624	598,361	688,985
FUND BALANCE CORRECTION	-	14,374	14,374
CHANGE IN REPORTING ENTITY (NONMAJOR TO MAJOR FUND)	<u>-</u>	<u>(293,262)</u>	<u>(293,262)</u>
FUND BALANCES - JANUARY 1, AS RESTATED	<u>90,624</u>	<u>319,473</u>	<u>410,097</u>
FUND BALANCES - DECEMBER 31	<u>\$ 157,532</u>	<u>\$ 553,486</u>	<u>\$ 711,018</u>

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

### Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

## TOWN OF HOULTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2024

	Community Development Reserve	Emergency Management	Animal Control	ARPA	Downtown Center Grant	White Building	Wellness Grant	Fire Donations	Training Reimbursement
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,252	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	9,234	-	-	-	-	-
Due from other funds	14,960	20,055	20,378	-	55,509	1,427	1,539	5,188	3,000
TOTAL ASSETS	<u>\$ 14,960</u>	<u>\$ 20,055</u>	<u>\$ 20,378</u>	<u>\$ 10,486</u>	<u>\$ 55,509</u>	<u>\$ 1,427</u>	<u>\$ 1,539</u>	<u>\$ 5,188</u>	<u>\$ 3,000</u>
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ 10,486	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	14,960	20,055	20,378	-	55,509	1,427	1,539	5,188	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	3,000
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>14,960</u>	<u>20,055</u>	<u>20,378</u>	<u>-</u>	<u>55,509</u>	<u>1,427</u>	<u>1,539</u>	<u>5,188</u>	<u>3,000</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 14,960</u>	<u>\$ 20,055</u>	<u>\$ 20,378</u>	<u>\$ 10,486</u>	<u>\$ 55,509</u>	<u>\$ 1,427</u>	<u>\$ 1,539</u>	<u>\$ 5,188</u>	<u>\$ 3,000</u>

## SCHEDULE E (CONTINUED)

## TOWN OF HOULTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2024

	Police Putnam	Fuel Tank	Pierce Foundation	COVID 19	McGillicuddy	Efficiency	Easement Pay	Civic Election Grant	Underage Grant	Total
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,252
Due from other governments	-	-	-	-	-	-	-	-	-	9,234
Due from other funds	-	-	58,968	12,325	1,168	11,659	2,000	4,249	508	212,933
TOTAL ASSETS	-	-	58,968	12,325	1,168	11,659	2,000	4,249	508	223,419
LIABILITIES										
Due to other funds	\$ 16,616	\$ 38,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,887
TOTAL LIABILITIES	16,616	38,785	-	-	-	-	-	-	-	65,887
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	12,325	-	11,659	-	4,249	508	147,797
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	58,968	-	1,168	-	2,000	-	-	65,136
Unassigned	(16,616)	(38,785)	-	-	-	-	-	-	-	(55,401)
TOTAL FUND BALANCES (DEFICITS)	(16,616)	(38,785)	58,968	12,325	1,168	11,659	2,000	4,249	508	157,532
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ -	\$ 58,968	\$ 12,325	\$ 1,168	\$ 11,659	\$ 2,000	\$ 4,249	\$ 508	\$ 223,419

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

## TOWN OF HOULTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Community Development Reserve	Emergency Management	Animal Control	ARPA	Downtown Center Grant	White Building	Wellness Grant	Fire Donations	Training Reimbursement
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	3,343	120,800	12,512	-	-	5,188	-
TOTAL REVENUES	-	-	3,343	120,800	12,512	-	-	5,188	-
EXPENDITURES									
Capital outlay	-	-	-	-	-	-	-	-	-
Other	-	-	-	120,800	14,819	-	-	-	-
TOTAL EXPENDITURES	-	-	-	120,800	14,819	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	3,343	-	(2,307)	-	-	5,188	-
FUND BALANCES (DEFICITS) - JANUARY 1	14,960	20,055	17,035	-	57,816	1,427	1,539	-	3,000
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 14,960</u>	<u>\$ 20,055</u>	<u>\$ 20,378</u>	<u>\$ -</u>	<u>\$ 55,509</u>	<u>\$ 1,427</u>	<u>\$ 1,539</u>	<u>\$ 5,188</u>	<u>\$ 3,000</u>



## SCHEDULE F (CONTINUED)

## TOWN OF HOULTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Police Putnam	Fuel Tank	Pierce Foundation	COVID 19	McGillicuddy	Efficiency	Easement Pay	Civic Election Grant	Underage Grant	Total
REVENUES										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000
Other income	-	-	60,000	-	-	-	-	-	-	201,843
TOTAL REVENUES	-	-	60,000	-	-	-	-	5,000	-	206,843
EXPENDITURES										
Other	-	-	3,233	-	332	-	-	751	-	139,935
TOTAL EXPENDITURES	-	-	3,233	-	332	-	-	751	-	139,935
NET CHANGE IN FUND BALANCES	-	-	56,767	-	(332)	-	-	4,249	-	66,908
FUND BALANCES (DEFICITS) - JANUARY 1	(16,616)	(38,785)	2,201	12,325	1,500	11,659	2,000	-	508	90,624
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ (16,616)</u>	<u>\$ (38,785)</u>	<u>\$ 58,968</u>	<u>\$ 12,325</u>	<u>\$ 1,168</u>	<u>\$ 11,659</u>	<u>\$ 2,000</u>	<u>\$ 4,249</u>	<u>\$ 508</u>	<u>\$ 157,532</u>

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

### Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

## SCHEDULE G

## TOWN OF HOULTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2024

	Admin Projects	Protection Projects	Moved to Major Fund Public Service Projects	Parks and Recreation Projects	Shiretown Project	Amphi- theater	Capital Reserve	Boy and Boot	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 9,228	\$ 1,627	\$ -	\$ -	\$ 10,855
Due from other funds	11,650	209,011	-	128,230	8,787	33	234,849	71	592,631
<b>TOTAL ASSETS</b>	<b>\$ 11,650</b>	<b>\$ 209,011</b>	<b>\$ -</b>	<b>\$ 128,230</b>	<b>\$ 18,015</b>	<b>\$ 1,660</b>	<b>\$ 234,849</b>	<b>\$ 71</b>	<b>\$ 603,486</b>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	11,650	209,011	-	128,230	18,015	1,660	184,849	71	553,486
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>11,650</b>	<b>209,011</b>	<b>-</b>	<b>128,230</b>	<b>18,015</b>	<b>1,660</b>	<b>184,849</b>	<b>71</b>	<b>553,486</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 11,650</b>	<b>\$ 209,011</b>	<b>\$ -</b>	<b>\$ 128,230</b>	<b>\$ 18,015</b>	<b>\$ 1,660</b>	<b>\$ 234,849</b>	<b>\$ 71</b>	<b>\$ 603,486</b>

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

## SCHEDULE H

## TOWN OF HOULTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Admin Projects	Protection Projects	Moved to Major Fund Public Service Projects	Parks and Recreation Projects	Shiretown Project	Amphi- theater	Capital Reserve	Boy and Boot	Total
REVENUES									
Intergovernmental income	\$ -	\$ 209,716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,716
Interest income	-	190	-	-	318	56	-	-	564
Other income	-	42,144	-	96,710	-	-	-	-	138,854
TOTAL REVENUES	-	252,050	-	96,710	318	56	-	-	349,134
EXPENDITURES									
Capital outlay	-	197,255	-	-	1,871	-	387,840	-	586,966
Other	-	8,556	-	119,749	-	-	-	-	128,305
TOTAL EXPENDITURES	-	205,811	-	119,749	1,871	-	387,840	-	715,271
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	46,239	-	(23,039)	(1,553)	56	(387,840)	-	(366,137)
OTHER FINANCING SOURCES (USES)									
Proceeds from debt issuance	-	-	-	-	-	-	245,000	-	245,000
Transfers in	-	128,650	-	70,000	-	-	156,500	-	355,150
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	128,650	-	70,000	-	-	401,500	-	600,150
NET CHANGE IN FUND BALANCES (DEFICITS)	-	174,889	-	46,961	(1,553)	56	13,660	-	234,013
FUND BALANCES (DEFICITS) - JANUARY 1, AS PREVIOUSLY REPORTED	11,650	19,748	293,262	81,269	19,568	1,604	171,189	71	598,361
FUND BALANCE CORRECTION	-	14,374	-	-	-	-	-	-	14,374
CHANGE IN REPORTING ENTITY	-	-	(293,262)	-	-	-	-	-	(293,262)
FUND BALANCES (DEFICITS) - JANUARY 1, AS RESTATED	11,650	34,122	-	81,269	19,568	1,604	171,189	71	319,473
FUND BALANCES (DEFICITS) - DECEMBER 31	\$ 11,650	\$ 209,011	\$ -	\$ 128,230	\$ 18,015	\$ 1,660	\$ 184,849	\$ 71	\$ 553,486

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

### General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

## TOWN OF HOULTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
DECEMBER 31, 2024

	Land, Construction in Progress and Nondepreciable Assets	Buildings, Building and Land Improvements	Furniture Fixtures Equipment and Vehicles	Infrastructure	Total
General government	\$ 33,000	\$ 549,005	\$ 240,882	\$ -	\$ 822,887
Police department	-	42,789	661,157	-	703,946
Fire department	-	84,398	3,539,772	-	3,624,170
Public works	156,677	392,866	3,991,031	3,684,989	8,225,563
Parks and recreation	41,000	2,676,261	664,788	71,617	3,453,666
Airport	730,361	12,810,454	717,372	-	14,258,187
Town-wide	694,900	965,157	194,504	37,162	1,891,723
Total General Capital Assets	1,655,938	17,520,930	10,009,506	3,793,768	32,980,142
Less: Accumulated Depreciation	-	(7,399,289)	(6,611,572)	(934,627)	(14,945,488)
Net General Capital Assets	\$ 1,655,938	\$ 10,121,641	\$ 3,397,934	\$ 2,859,141	\$ 18,034,654

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

## TOWN OF HOULTON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Capital Assets 1/1/24 (Restated)	Additions	Deletions	General Capital Assets 12/31/24
General government	\$ 802,887	\$ 20,000	\$ -	\$ 822,887
Police department	638,450	65,496	-	703,946
Fire department	3,476,797	147,373	-	3,624,170
Public works	7,220,799	1,004,764	-	8,225,563
Parks and recreation	3,405,372	48,294	-	3,453,666
Airport	14,129,071	129,116	-	14,258,187
Town-wide	1,876,832	14,891	-	1,891,723
Total General Capital Assets	31,550,208	1,429,934	-	32,980,142
Less: Accumulated Depreciation	(13,824,283)	(1,121,205)	-	(14,945,488)
Net General Capital Assets	<u>\$ 17,725,925</u>	<u>\$ 308,729</u>	<u>\$ -</u>	<u>\$ 18,034,654</u>

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



*Proven Expertise & Integrity*

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Town Council  
Town of Houlton  
Houlton, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town Houlton, Maine as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Town of Houlton, Maine's basic financial statements and have issued our report thereon dated August 22, 2025.

Report on Internal Control Over Financial Reporting

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Houlton, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Houlton, Maine in a separate letter dated August 22, 2025.

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
August 22, 2025