

Audited Financial Statements and  
Other Financial Information

**Town of Mercer, Maine**

December 31, 2023



*Proven Expertise & Integrity*

TOWN OF MERCER, MAINE

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## INDEPENDENT AUDITOR'S REPORT

Selectboard  
Town of Mercer  
Mercer, 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 Mercer, Maine, as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Town of Mercer, 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 the Town of Mercer, Maine as of December 31, 2023 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 Mercer, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Mercer, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Mercer, Maine's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Mercer, 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 and budgetary comparison on pages 5 through 11 and 37 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 Mercer, Maine's basic financial statements. The 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 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 September 9, 2024, on our consideration of the Town of Mercer, 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 Mercer 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 Mercer, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
September 9, 2024

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Mercer, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Mercer'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 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 position 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 have one column for the Town's type of activity. The type of activity presented for the Town of Mercer is:

- *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, health and welfare, recreation and culture, education, public works, community service, welfare/charity, cemeteries 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 Mercer, 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 Mercer are categorized as 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 Mercer presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column of 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.

### **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 \$234,084 from \$1,924,674 to \$2,158,758.

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 - decreased by \$33,621 to a total balance of \$920,000 at the end of this year.

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

	<b>2023</b>	<b>2022 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 1,017,380	\$ 1,018,218
Noncurrent Assets-Capital Assets	1,176,419	928,375
Total Assets	2,193,799	1,946,593
<b>Liabilities:</b>		
Current Liabilities	15,341	5,201
Noncurrent Liabilities	1,187	797
Total Liabilities	16,528	5,998
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	3,467	957
Advance payment of LRAP funding	15,046	14,964
Total Deferred Inflows of Resources	18,513	15,921
<b>Net Position:</b>		
Net Investment in Capital Assets	1,176,419	928,375
Restricted	62,339	42,678
Unrestricted	920,000	953,621
Total Net Position	\$ 2,158,758	\$ 1,924,674

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

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 21,151	\$ 24,018
Operating grants and contributions	180,484	63,481
<i>General Revenues:</i>		
Taxes	1,378,194	1,309,742
Grants and contributions not restricted to specific programs	199,644	212,846
Miscellaneous	84,238	32,511
Total Revenues	<u>1,863,711</u>	<u>1,642,598</u>
<b>Expenses</b>		
General government	173,348	241,817
Public safety	30,370	35,346
Health and sanitation	82,492	91,474
Recreation and culture	700	620
Education	588,076	571,705
Public works	106,749	73,991
County tax	192,132	172,572
Community service	10,500	20,612
Shaw library	10,978	-
Overlay	3,600	2,711
Special assessments	300	1,000
Unclassified	241,372	89,563
Capital projects	201,456	-
Total Expenses	<u>1,642,073</u>	<u>1,301,411</u>
Equity transfer	12,446	-
Change in Net Position	234,084	341,187
Net Position - January 1, Restated	<u>1,924,674</u>	<u>1,583,487</u>
Net Position - December 31	<u>\$ 2,158,758</u>	<u>\$ 1,924,674</u>

### Revenues and Expenses

Revenues for the Town's governmental activities increased by 13.46%, while total expenses increased by 26.18%. The increase in revenues was primarily due to operating grants and contributions. The increase in expenses was primarily due to unclassified and capital projects.

## 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 Mercer, Maine**  
**Fund Balances - Governmental Funds**  
**December 31,**

	2023	2022 (Restated)	Increase/ (Decrease)
Major Fund:			
General Fund:			
Nonspendable	\$ 42,450	\$ 42,450	\$ -
Restricted	34,324	14,964	19,360
Committed	120,325	126,525	(6,200)
Unassigned	565,365	509,044	56,321
Total Major Fund	\$ 762,464	\$ 692,983	\$ 69,481
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ 13,405	\$ -	\$ 13,405
Committed	177,149	160,239	16,910
Assigned	1,070	743	327
Unassigned (deficit)	(116,145)	(2,562)	(113,583)
Permanent Funds:			
Nonspendable	11,992	11,992	-
Restricted	16,023	16,113	(90)
Total Nonmajor Funds	\$ 103,494	\$ 186,525	\$ (83,031)

The changes to total fund balances for the general fund and the aggregate nonmajor funds occurred due to the regular activity of operations.

### Budgetary Highlights

The general fund actual revenues were under budgeted amounts by \$40,526. This was the result of all revenue categories were under budget except for excise taxes, intergovernmental - state revenue sharing, intergovernmental - local road assistance, intergovernmental - other income, charges for services, interest income, interest/fees on taxes and transfers from other funds.

The general fund actual expenditures were under budgeted amounts by \$110,007. All expenditure categories were within or under budget.

## Capital Asset and Debt Administration

### Capital Assets

As of December 31, 2023, the net book value of capital assets recorded by the Town increased by \$248,044. This was the result of capital additions of \$301,344 less current year depreciation of \$53,300.

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

	<u>2023</u>	<u>2022</u>
Land	\$ 850	\$ 850
Buildings and improvements	217,081	179,449
Machinery and equipment	2,514	3,143
Infrastructure	955,974	744,933
Total	<u>\$ 1,176,419</u>	<u>\$ 928,375</u>

### Debt

At December 31, 2023, the Town had no outstanding debt.

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

The Town continues to maintain a sufficient unassigned fund balance to sustain government operations for a period of approximately three months, while also maintaining reserve accounts for future capital and program needs.

### Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, 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 Town Treasurer at 1015 Beech Hill Road, Suite A, Mercer, Maine 04957.

TOWN OF MERCER, MAINE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 312,357
Investments	405,644
Accounts receivable (net of allowance for uncollectibles):	
Taxes	113,178
Liens	19,836
Other	110,510
Inventory	55,855
Total current assets	1,017,380
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	850
Depreciable assets, net of accumulated depreciation	1,175,569
Total noncurrent assets	1,176,419
<b>TOTAL ASSETS</b>	<b>\$ 2,193,799</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 6,134
Due to other governments	9,145
Current portion of long-term obligations	62
Total current liabilities	15,341
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	1,187
Total noncurrent liabilities	1,187
<b>TOTAL LIABILITIES</b>	<b>16,528</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	3,467
Advance payment of LRAP funding	15,046
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>18,513</b>
<b>NET POSITION</b>	
Net investment in capital assets	1,176,419
Restricted	62,339
Unrestricted	920,000
<b>TOTAL NET POSITION</b>	<b>2,158,758</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 2,193,799</b>

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

TOWN OF MERCER, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
				Revenue and Changes in Net Position
				Total Governmental Activities
Governmental activities:				
General government	\$ 173,348	\$ 21,151	\$ -	\$ -
Protection	30,370	-	-	-
Health and welfare	82,492	-	-	-
Recreation and culture	700	-	-	-
Education	588,076	-	-	-
Public works	106,749	-	34,242	-
County tax	192,132	-	-	-
Community service	10,500	-	-	-
Shaw library	10,978	-	-	-
Overlay	3,600	-	-	-
Welfare/charity	300	-	-	-
Unclassified	241,372	-	146,242	-
Capital projects	201,456	-	-	-
Total government	<u>\$ 1,642,073</u>	<u>\$ 21,151</u>	<u>\$ 180,484</u>	<u>\$ -</u>
				<u>(1,440,438)</u>



STATEMENT B (CONTINUED)  
TOWN OF MERCER, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(1,440,438)
General revenues:	
Property taxes, levied for general purposes	1,208,634
Excise taxes	169,560
Grants and contributions not restricted to specific programs	199,644
Miscellaneous	84,238
Total general revenues	1,662,076
Equity transfer	12,446
Change in net position	234,084
NET POSITION - JANUARY 1, RESTATED	1,924,674
NET POSITION - DECEMBER 31	\$ 2,158,758

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

## TOWN OF MERCER, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 250,418	\$ 61,939	\$ 312,357
Investments	313,660	91,984	405,644
Accounts receivable (net of allowance for uncollectibles):			
Taxes	113,178	-	113,178
Liens	19,836	-	19,836
Other	110,043	467	110,510
Inventory	42,450	13,405	55,855
Due from other funds	116,145	51,864	168,009
<b>TOTAL ASSETS</b>	<b>\$ 965,730</b>	<b>\$ 219,659</b>	<b>\$ 1,185,389</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,114	\$ 20	\$ 6,134
Due to other governments	9,145	-	9,145
Due to other funds	51,864	116,145	168,009
<b>TOTAL LIABILITIES</b>	<b>67,123</b>	<b>116,165</b>	<b>183,288</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	3,467	-	3,467
Advance payment of LRAP funding	15,046	-	15,046
Deferred tax revenues	117,630	-	117,630
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>136,143</b>	<b>-</b>	<b>136,143</b>
<b>FUND BALANCES</b>			
Nonspendable	42,450	25,397	67,847
Restricted	34,324	16,023	50,347
Committed	120,325	177,149	297,474
Assigned	-	1,070	1,070
Unassigned (deficit)	565,365	(116,145)	449,220
<b>TOTAL FUND BALANCES</b>	<b>762,464</b>	<b>103,494</b>	<b>865,958</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 965,730</b>	<b>\$ 219,659</b>	<b>\$ 1,185,389</b>

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

## TOWN OF MERCER, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2023

	Total Governmental Funds
Total Fund Balances	\$ 865,958
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	1,176,419
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	117,630
Accrued compensated absences	(1,249)
Net position of governmental activities	\$ 2,158,758

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

## TOWN OF MERCER, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 1,208,634	\$ -	\$ 1,208,634
Excise taxes	169,560	-	169,560
Intergovernmental revenues	233,886	146,242	380,128
Charges for services	21,151	-	21,151
Miscellaneous revenues	45,422	38,816	84,238
<b>TOTAL REVENUES</b>	<b>1,678,653</b>	<b>185,058</b>	<b>1,863,711</b>
<b>EXPENDITURES</b>			
Current:			
General government	209,941	-	209,941
Sanitation	30,370	-	30,370
Public works	328,781	-	328,781
Recreation	700	-	700
Community programs	10,500	-	10,500
Shaw library	10,978	-	10,978
Public safety	71,501	-	71,501
County tax	192,132	-	192,132
Overlay	3,600	-	3,600
Public education	588,076	-	588,076
Welfare/charity	300	-	300
Unclassified	-	241,372	241,372
Capital projects	201,456	-	201,456
<b>TOTAL EXPENDITURES</b>	<b>1,648,335</b>	<b>241,372</b>	<b>1,889,707</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>30,318</b>	<b>(56,314)</b>	<b>(25,996)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Equity transfer	-	12,446	12,446
Transfers in	51,163	12,000	63,163
Transfers (out)	(12,000)	(51,163)	(63,163)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>39,163</b>	<b>(26,717)</b>	<b>12,446</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>69,481</b>	<b>(83,031)</b>	<b>(13,550)</b>
<b>FUND BALANCES - JANUARY 1, RESTATED</b>	<b>692,983</b>	<b>186,525</b>	<b>879,508</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 762,464</b>	<b>\$ 103,494</b>	<b>\$ 865,958</b>

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

TOWN OF MERCER, 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, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (13,550)</u>
<p>Amounts reported for governmental activities in the Statement of                  Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while                  governmental activities report depreciation expense allocated to                  those expenditures over the life of the assets:</p>	
Capital asset acquisitions	301,344
Depreciation expense	<u>(53,300)</u>
	<u>248,044</u>
<p>Revenues in the Statement of Activities that do not provide current                  financial resources are not reported as revenues in the funds:</p>	
Accrued compensated absences	<u>(410)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 234,084</u></u>

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Mercer was incorporated under the laws of the State of Maine. The Town operates under the Selectboard-Treasurer form of government and provides the following services: general government, protection, health and welfare, recreation and culture, education, public works, community service, cemeteries, welfare/charity 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, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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 governmental. The Town categorizes all activities of the Town as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is 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, public safety, 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 self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The



TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Fund

- 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.

Nonmajor Funds

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

The emphasis in fund financial statements is on the major funds in governmental activities categories. 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

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of Mercer'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.

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

1. Early in the second half of the prior fiscal year the Town prepared a budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings on the budget were held.
3. The proposed budget was then approved by a majority of the Town citizens.

**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.

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Mercer has no formal investment policy but instead follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due from governmental agencies. 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, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$110,510 for the year ended December 31, 2023.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**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).

**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

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The Town does not have any long-term obligations.

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

**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 Balance**

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.

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 inhabitants of the Town

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

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 given annually by vote of the taxpayers and is expressed by the Selectboard.

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 the Town meeting 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 no deferred outflows.

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. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and advance payment of LRAP funding qualify for reporting in this category. These items are reported in both the statements of net position and the governmental funds balance sheet. All items in this category are deferred and recognized as inflows of resources in the period that the amounts become available.

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town's property tax for the current year was levied July 13, 2023 on the assessed value listed as of April 1, 2023, for all real and personal property located in the Town. Taxes were due on August 14, 2023. Interest on unpaid taxes commenced on August 15, 2023 at 8% 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 \$46,996 for the year ended December 31, 2023.

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.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town follows state statutes for the investment of funds, which 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. These 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, 2023, the Town's cash balance of \$312,357 was comprised of bank deposits amounting to \$251,949. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of this amount \$250,000 was insured by federal depository insurance and consequently was

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

not exposed to custodial credit risk. The remaining bank deposits of \$1,949 were covered by an irrevocable standby letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	<u>\$ 251,949</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 \$405,644 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, 2023, the Town had \$405,644 in certificates of deposit. These investments were fully covered by federal depository insurance and consequently were not exposed to custodial credit risk.

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 savings accounts and various certificates of deposit.



TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 116,145	\$ 51,864
Nonmajor special revenue funds	51,864	116,145
	<u>\$ 168,009</u>	<u>\$ 168,009</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of 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, 2023 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 12,000	\$ -
Nonmajor special revenue funds	-	12,000
	<u>\$ 12,000</u>	<u>\$ 12,000</u>

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

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2023:

	Balance, 1/1/23	Additions	Disposals	Balance, 12/31/23
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 850	\$ -	\$ -	\$ 850
	<u>850</u>	<u>-</u>	<u>-</u>	<u>850</u>
Depreciated assets:				
Buildings and improvements	537,981	55,055	-	593,036
Machinery and equipment	4,400	-	-	4,400
Infrastructure	922,710	246,289	-	1,168,999
	<u>1,465,091</u>	<u>301,344</u>	<u>-</u>	<u>1,766,435</u>
Less: accumulated depreciation	(537,566)	(53,300)	-	(590,866)
	<u>927,525</u>	<u>248,044</u>	<u>-</u>	<u>1,175,569</u>
Net capital assets	<u>\$ 928,375</u>	<u>\$ 248,044</u>	<u>\$ -</u>	<u>\$ 1,176,419</u>
<u>Current year depreciation</u>				
General government				\$ 18,052
Public works				35,248
Total depreciation expense				<u>\$ 53,300</u>

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

A summary of changes in the other long-term obligations for the year ended December 31, 2023 is as follows:

	Balance, 1/1/23	Additions	Deletions	Balance, 12/31/23	Current Portion
Accrued compensated absences	839	410	-	1,249	62
	<u>\$ 839</u>	<u>\$ 410</u>	<u>\$ -</u>	<u>\$ 1,249</u>	<u>\$ 62</u>

See Note 7 for more detailed information regarding other long-term obligations.

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 7 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation but not 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, while the proprietary funds report the liability as it is incurred. As of December 31, 2023 the Town's liability for compensated absences is \$1,249.

NOTE 8 - LETTER OF CREDIT

At December 31, 2023, the Town has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD Bank. This letter of credit, which expires at the close of business on January 30, 2024, authorizes one draw only up to the amount of \$900,000. There were no draws for the year ended December 31, 2023.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at December 31, 2023:

Invested in capital assets	\$ 1,767,285
Accumulated depreciation	(590,866)
	<u>\$ 1,176,419</u>

NOTE 10 - RESTRICTED NET POSITION

At December 31, 2023, the Town had the following restricted net position and fund balances:

General fund:	
LRAP	\$ 34,324
Nonmajor permanent funds (Schedule F):	
Village cemetery - nonexpendable	980
Village cemetery - expendable	14,085
Pressey prize fund - nonexpendable	1,970
Pressey prize fund - expendable	40
Hampshire Hill Cemetery fund - expendable	1,538
TRUE prize fund - nonexpendable	1,756
TRUE prize fund - expendable	45
Ethel Springer trust - nonexpendable	6,048
Ethel Springer trust - expendable	314
New Village Cemetery trust - nonexpendable	1,238
New Village Cemetery trust - expendable	1
	<u>\$ 62,339</u>

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 11 - NONSPENDABLE FUND BALANCE

At December 31, 2023, the Town had the following nonspendable fund balance:

General fund:	
Inventory	\$ 42,450
Nonmajor special revenue funds (Schedule D):	13,405
Nonmajor permanent funds (Schedule F)	11,992
	<u>\$ 67,847</u>

NOTE 12 - RESTRICTED FUND BALANCES

At December 31, 2023, the Town had the following restricted fund balances:

General fund	\$ 34,324
Nonmajor permanent funds (Schedule F)	16,023
	<u>\$ 50,347</u>

NOTE 13 - COMMITTED FUND BALANCES

At December 31, 2023, the Town had the following committed fund balances:

General fund	
Reserve for 2024	\$ 120,325
Nonmajor special revenue funds (Schedule D)	177,149
	<u>\$ 297,474</u>

NOTE 14 - ASSIGNED FUND BALANCE

At December 31, 2023, the Town had the following assigned fund balance:

Nonmajor special revenue funds (Schedule D)	<u>\$ 1,070</u>
---------------------------------------------	-----------------

NOTE 15 - DEFICIT FUND BALANCE

At December 31, 2023, the Town had the following deficit fund balance:

Nonmajor special revenue funds (Schedule D)	
FEMA may day storm	\$ 110,353
FEMA winter storm	5,792
	<u>\$ 116,145</u>

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 16 - 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; injuries to employees; and natural disasters for which the Town carries commercial insurance.

Based on the coverage provided by the commercial insurance described above, the Town is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2023. Amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

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

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 condition precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The Town of Mercer currently does not have a municipal fire department. The Town has contracted with the Town of Norridgewock for full fire protection. The contract term is from January 1, 2024 to December 31, 2026. The Town of Mercer will pay a sum representing 17% of Norridgewock's total municipal fire department budget but not less than \$40,000 per year. For the year ending December 31, 2023 the town paid Norridgewock \$68,762 for fire services.

On May 12, 2022, The Town entered into a contract with R.J.D. Appraisal for the purpose of aiding the Town's assessors in placing an assessed value of all taxable real estate consisting of land, buildings, and all other structures considered to be real estate for the 2024 tax year. R.J.D. Appraisal is to be paid \$85,000 over the course of 5 payments of \$17,000 each for these services. For the year ending December 31, 2023 the town paid R.J.D Appraisal \$43,825 for appraisal services.

On February 21, 2019 The Town entered into a contract with Waste Management Disposal Services of Maine to collect solid waste from the town's transfer station and transport it to a landfill, separation facility or material recovery facility. The contract term is from July 1, 2019 to June 30, 2024. There are various fees charges based on services provided. For the year ending December 31, 2023 the town paid \$17,832 for these services.

TOWN OF MERCER, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 17 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Town leases office space in the Mercer Community Center in connection with the operation of Healthbanks Inc., a medical software business. The term of the new lease is January 1, 2024 to December 31, 2024. The rent is \$250 a month. For the year ending December 31, 2023, total payments to the town were \$2,400.

NOTE 18 - RESTATEMENTS

In 2023 the Town determined that certain transactions had been recorded incorrectly or omitted, therefore, restatements of the Town's special revenue beginning fund balance, general fund beginning fund balance, permanent funds beginning fund balance and governmental activities net position were necessary.

The special revenue beginning fund balance was restated to correct the prior year cash balances. As a result of these restatements, the special revenue beginning fund balance decreased by \$6,591 to \$158,420. The general fund beginning fund balance increased by \$6,200 to \$692,983 and the permanent beginning fund balance increased by \$3,000 to \$28,105. For 2023, the governmental activities beginning net position increased by \$2,609 from \$1,922,065 to \$1,924,674.

## 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

## TOWN OF MERCER, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1, Restated	\$ 692,983	\$ 692,983	\$ 692,983	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	1,312,942	1,312,942	1,208,634	(104,308)
Excise taxes	166,500	166,500	169,560	3,060
Intergovernmental revenues:				
State revenue sharing	110,000	110,000	117,482	7,482
Homestead exemption	75,000	75,000	57,794	(17,206)
Local road assistance	29,000	29,000	34,242	5,242
Other income	22,500	22,500	24,368	1,868
Charges for services	16,400	16,400	21,151	4,751
Interest income	-	-	16,950	16,950
Interest/fees on taxes	8,500	8,500	10,852	2,352
Miscellaneous revenues	19,500	19,500	17,620	(1,880)
Transfers from other funds	10,000	10,000	51,163	41,163
Amounts Available for Appropriation	2,463,325	2,463,325	2,422,799	(40,526)
Charges to Appropriations (Outflows):				
General government	236,681	236,681	209,941	26,740
Sanitation	39,835	39,835	30,370	9,465
Public works	343,000	343,000	328,781	14,219
Recreation	750	750	700	50
Community programs	10,500	10,500	10,500	-
Shaw library	10,997	10,997	10,978	19
Public safety	75,150	75,150	71,501	3,649
County tax	192,132	192,132	192,132	-
Overlay	46,996	46,996	3,600	43,396
Public education	588,301	588,301	588,076	225
Welfare/charity	3,000	3,000	300	2,700
Capital projects	211,000	211,000	201,456	9,544
Transfers to other funds	12,000	12,000	12,000	-
Total Charges to Appropriations	1,770,342	1,770,342	1,660,335	110,007
Budgetary Fund Balance, December 31	\$ 692,983	\$ 692,983	\$ 762,464	\$ 69,481

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.

- 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 Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF MERCER, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government -					
Town officers - wages, stipends and benefits	\$ 123,738	\$ -	\$ 123,738	\$ 117,556	\$ 6,182
Administration	89,343	-	89,343	79,005	10,338
Contingency	8,000	-	8,000	-	8,000
Assessing	9,170	-	9,170	9,170	-
Planning board	500	-	500	65	435
Special officers	2,330	-	2,330	1,376	954
Town cemeteries	3,600	-	3,600	2,769	831
	<u>236,681</u>	<u>-</u>	<u>236,681</u>	<u>209,941</u>	<u>26,740</u>
Sanitation -					
Recycling	8,025	-	8,025	10,826	(2,801)
Transfer station	5,060	-	5,060	1,712	3,348
Solid waste disposal	26,750	-	26,750	17,832	8,918
	<u>39,835</u>	<u>-</u>	<u>39,835</u>	<u>30,370</u>	<u>9,465</u>
Public Works -					
Summer roads	119,250	-	119,250	117,737	1,513
Sand/salt shed	750	-	750	994	(244)
Winter roads	223,000	-	223,000	210,050	12,950
	<u>343,000</u>	<u>-</u>	<u>343,000</u>	<u>328,781</u>	<u>14,219</u>
Recreation -					
Youth leagues	750	-	750	700	50
Community Programs -					
Historical society	2,500	-	2,500	2,500	-
Meeting house association	2,500	-	2,500	2,500	-
North pond association	3,500	-	3,500	3,500	-
7 Lakes alliance youth	2,000	-	2,000	2,000	-
	<u>10,500</u>	<u>-</u>	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Shaw library -	10,997	-	10,997	10,978	19

TOWN OF MERCER, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public Safety -					
Fire protection	69,600	-	69,600	68,142	1,458
Traffic light	600	-	600	620	(20)
Street light	450	-	450	375	75
Rescue	4,500	-	4,500	2,364	2,136
	<u>75,150</u>	<u>-</u>	<u>75,150</u>	<u>71,501</u>	<u>3,649</u>
County Tax	<u>192,132</u>	<u>-</u>	<u>192,132</u>	<u>192,132</u>	<u>-</u>
Overlay	<u>46,996</u>	<u>-</u>	<u>46,996</u>	<u>3,600</u>	<u>43,396</u>
Public Education -					
MSAD 54	587,876	-	587,876	587,876	-
Scholarships	425	-	425	200	225
	<u>588,301</u>	<u>-</u>	<u>588,301</u>	<u>588,076</u>	<u>225</u>
Welfare/Charity -					
Community projects	1,000	-	1,000	300	700
General assistance	2,000	-	2,000	-	2,000
	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>300</u>	<u>2,700</u>
Capital Projects -					
Revaluation	34,000	-	34,000	34,000	-
Tax map updates	6,000	-	6,000	6,000	-
Ditching	20,000	-	20,000	20,000	-
Roads	20,000	-	20,000	10,456	9,544
Paving and LRAP projects	76,000	-	76,000	76,000	-
Buildings	55,000	-	55,000	55,000	-
	<u>211,000</u>	<u>-</u>	<u>211,000</u>	<u>201,456</u>	<u>9,544</u>
Transfers to Other Funds -					
Special revenue	12,000	-	12,000	12,000	-
	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
<b>TOTAL DEPARTMENTAL OPERATIONS</b>	<u><u>\$ 1,770,342</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,770,342</u></u>	<u><u>\$ 1,660,335</u></u>	<u><u>\$ 110,007</u></u>

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

TOWN OF MERCER, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2023

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 49,961	\$ 11,978	\$ 61,939
Investments	76,414	15,570	91,984
Accounts receivable (net of allowance for uncollectibles)	-	467	467
Inventory	13,405	-	13,405
Due from other funds	51,864	-	51,864
<b>TOTAL ASSETS</b>	<u>\$ 191,644</u>	<u>\$ 28,015</u>	<u>\$ 219,659</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 20	\$ -	\$ 20
Due to other funds	116,145	-	116,145
<b>TOTAL LIABILITIES</b>	<u>116,165</u>	<u>-</u>	<u>116,165</u>
<b>FUND BALANCES</b>			
Nonspendable	13,405	11,992	25,397
Restricted	-	16,023	16,023
Committed	177,149	-	177,149
Assigned	1,070	-	1,070
Unassigned (deficit)	(116,145)	-	(116,145)
<b>TOTAL FUND BALANCES</b>	<u>75,479</u>	<u>28,015</u>	<u>103,494</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 191,644</u>	<u>\$ 28,015</u>	<u>\$ 219,659</u>

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

## TOWN OF MERCER, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 146,242	\$ -	\$ 146,242
Investment income, net of unrealized gains/(losses)	-	910	910
Interest income	6,049	-	6,049
Other	25,016	6,841	31,857
TOTAL REVENUES	<u>177,307</u>	<u>7,751</u>	<u>185,058</u>
EXPENDITURES			
Other	234,694	6,678	241,372
TOTAL EXPENDITURES	<u>234,694</u>	<u>6,678</u>	<u>241,372</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(57,387)</u>	<u>1,073</u>	<u>(56,314)</u>
OTHER FINANCING SOURCES (USES)			
Equity transfer	12,446	-	12,446
Transfers in	12,000	-	12,000
Transfers (out)	(50,000)	(1,163)	(51,163)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,554)</u>	<u>(1,163)</u>	<u>(26,717)</u>
NET CHANGE IN FUND BALANCES	(82,941)	(90)	(83,031)
FUND BALANCES - JANUARY 1, RESTATED	<u>158,420</u>	<u>28,105</u>	<u>186,525</u>
FUND BALANCES - DECEMBER 31	<u>\$ 75,479</u>	<u>\$ 28,015</u>	<u>\$ 103,494</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.

SCHEDULE D

TOWN OF MERCER, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2023

	Mercer Community Center Maint	Road Maintenance	Town Forest	Assessing Revaluation	Community	FEMA May Day Storm	FEMA Winter Storm	Library Remote Workspace
<b>ASSETS</b>								
Cash and cash equivalents	\$ 4,195	\$ 2,565	\$ 6	\$ 4,533	\$ -	\$ -	\$ -	\$ -
Investments	11,752	25,949	-	36,635	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from other funds	7,437	-	-	-	1,070	-	-	35,931
<b>TOTAL ASSETS</b>	<b>\$ 23,384</b>	<b>\$ 28,514</b>	<b>\$ 6</b>	<b>\$ 41,168</b>	<b>\$ 1,070</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,931</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	110,353	5,792	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,353</b>	<b>5,792</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	23,384	28,514	6	41,168	-	-	-	35,931
Assigned	-	-	-	-	1,070	-	-	-
Unassigned	-	-	-	-	-	(110,353)	(5,792)	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>23,384</b>	<b>28,514</b>	<b>6</b>	<b>41,168</b>	<b>1,070</b>	<b>(110,353)</b>	<b>(5,792)</b>	<b>35,931</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 23,384</b>	<b>\$ 28,514</b>	<b>\$ 6</b>	<b>\$ 41,168</b>	<b>\$ 1,070</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,931</b>

TOWN OF MERCER, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2023

	Winter Road Contract Bond	Rescue Fund	Summer Road Improvement	Shaw Library	Heating	Legal Expense Reserve	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 25,529	\$ 249	\$ 417	\$ 12,467	\$ -	\$ -	\$ 49,961
Investments	-	2,078	-	-	-	-	76,414
Inventory	-	-	-	13,405	-	-	13,405
Due from other funds	-	688	-	-	516	6,222	51,864
<b>TOTAL ASSETS</b>	<u>\$ 25,529</u>	<u>\$ 3,015</u>	<u>\$ 417</u>	<u>\$ 25,872</u>	<u>\$ 516</u>	<u>\$ 6,222</u>	<u>\$ 191,644</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ 20
Due to other funds	-	-	-	-	-	-	116,145
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,165</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	13,405	-	-	13,405
Restricted	-	-	-	-	-	-	-
Committed	25,529	2,995	417	12,467	516	6,222	177,149
Assigned	-	-	-	-	-	-	1,070
Unassigned	-	-	-	-	-	-	(116,145)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>25,529</u>	<u>2,995</u>	<u>417</u>	<u>25,872</u>	<u>516</u>	<u>6,222</u>	<u>75,479</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 25,529</u>	<u>\$ 3,015</u>	<u>\$ 417</u>	<u>\$ 25,872</u>	<u>\$ 516</u>	<u>\$ 6,222</u>	<u>\$ 191,644</u>

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



TOWN OF MERCER, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Mercer Community Center Maint	Road Maintenance	Town Forest	Assessing Revaluation	Community	FEMA May Day Storm	FEMA Winter Storm	Library Remote Workspace
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,043	\$ 36,199
Interest income	1,990	1,223	-	2,089	-	-	-	-
Other	7,958	-	-	-	1,223	-	-	-
TOTAL REVENUES	<u>9,948</u>	<u>1,223</u>	<u>-</u>	<u>2,089</u>	<u>1,223</u>	<u>-</u>	<u>110,043</u>	<u>36,199</u>
EXPENDITURES								
Other	521	-	-	-	896	110,353	115,835	268
TOTAL EXPENDITURES	<u>521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>896</u>	<u>110,353</u>	<u>115,835</u>	<u>268</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>9,427</u>	<u>1,223</u>	<u>-</u>	<u>2,089</u>	<u>327</u>	<u>(110,353)</u>	<u>(5,792)</u>	<u>35,931</u>
OTHER FINANCING SOURCES (USES)								
Equity transfer	-	-	-	-	-	-	-	-
Transfers in	-	2,000	-	-	-	-	-	-
Transfers (out)	(40,000)	-	-	(10,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(40,000)</u>	<u>2,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(30,573)	3,223	-	(7,911)	327	(110,353)	(5,792)	35,931
FUND BALANCES (DEFICITS) - JANUARY 1, RESTATED	<u>53,957</u>	<u>25,291</u>	<u>6</u>	<u>49,079</u>	<u>743</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 23,384</u>	<u>\$ 28,514</u>	<u>\$ 6</u>	<u>\$ 41,168</u>	<u>\$ 1,070</u>	<u>\$ (110,353)</u>	<u>\$ (5,792)</u>	<u>\$ 35,931</u>

SCHEDULE E (CONTINUED)

TOWN OF MERCER, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Winter Road Contract Bond	Rescue Fund	Summer Road Improvement	Shaw Library	Heating	Legal Expense Reserve	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,242
Interest income	400	101	7	239	-	-	6,049
Other	-	689	-	13,792	1,354	-	25,016
TOTAL REVENUES	<u>400</u>	<u>790</u>	<u>7</u>	<u>14,031</u>	<u>1,354</u>	<u>-</u>	<u>177,307</u>
EXPENDITURES							
Other	-	-	-	605	2,000	4,216	234,694
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>605</u>	<u>2,000</u>	<u>4,216</u>	<u>234,694</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>400</u>	<u>790</u>	<u>7</u>	<u>13,426</u>	<u>(646)</u>	<u>(4,216)</u>	<u>(57,387)</u>
OTHER FINANCING SOURCES (USES)							
Equity transfer	-	-	-	12,446	-	-	12,446
Transfers in	-	-	-	-	-	10,000	12,000
Transfers (out)	-	-	-	-	-	-	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,446</u>	<u>-</u>	<u>10,000</u>	<u>(25,554)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	400	790	7	25,872	(646)	5,784	(82,941)
FUND BALANCES (DEFICITS) - JANUARY 1, RESTATED	<u>25,129</u>	<u>2,205</u>	<u>410</u>	<u>-</u>	<u>1,162</u>	<u>438</u>	<u>158,420</u>
FUND BALANCES (DEFICITS) - DECEMBER 31	<u>\$ 25,529</u>	<u>\$ 2,995</u>	<u>\$ 417</u>	<u>\$ 25,872</u>	<u>\$ 516</u>	<u>\$ 6,222</u>	<u>\$ 75,479</u>

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

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Mercer, Maine 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. These funds have been established for various purposes including the provision and/or maintenance of cemeteries and scholarships.

TOWN OF MERCER, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2023

	Village Cemetery	Pressey Prize Fund	Hampshire Hill Cemetery Fund	TRUE Prize Fund	Ethel Springer Trust	New Village Cemetery Trust	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,685	\$ 2,010	\$ 1,071	\$ 1,801	\$ 1,172	\$ 1,239	\$ 11,978
Investments	10,380	-	-	-	5,190	-	15,570
Accounts receivable (net of allowance for uncollectibles)	-	-	467	-	-	-	467
<b>TOTAL ASSETS</b>	<b>\$ 15,065</b>	<b>\$ 2,010</b>	<b>\$ 1,538</b>	<b>\$ 1,801</b>	<b>\$ 6,362</b>	<b>\$ 1,239</b>	<b>\$ 28,015</b>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	980	1,970	-	1,756	6,048	1,238	11,992
Restricted	14,085	40	1,538	45	314	1	16,023
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>15,065</b>	<b>2,010</b>	<b>1,538</b>	<b>1,801</b>	<b>6,362</b>	<b>1,239</b>	<b>28,015</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 15,065</b>	<b>\$ 2,010</b>	<b>\$ 1,538</b>	<b>\$ 1,801</b>	<b>\$ 6,362</b>	<b>\$ 1,239</b>	<b>\$ 28,015</b>

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

TOWN OF MERCER, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Village Cemetery	Pressey Prize Fund	Hampshire Hill Cemetery Fund	TRUE Prize Fund	Ethel Springer Trust	New Village Cemetery Trust	Total
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 551	\$ 31	\$ 38	\$ 28	\$ 261	\$ 1	\$ 910
Other	500	-	6,341	-	-	-	6,841
TOTAL REVENUES	<u>1,051</u>	<u>31</u>	<u>6,379</u>	<u>28</u>	<u>261</u>	<u>1</u>	<u>7,751</u>
EXPENDITURES							
Other	-	-	6,678	-	-	-	6,678
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>6,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,678</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>1,051</u>	<u>31</u>	<u>(299)</u>	<u>28</u>	<u>261</u>	<u>1</u>	<u>1,073</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	(1,163)	-	-	-	(1,163)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(1,163)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,163)</u>
NET CHANGE IN FUND BALANCES	1,051	31	(1,462)	28	261	1	(90)
FUND BALANCES - JANUARY 1, RESTATED	<u>14,014</u>	<u>1,979</u>	<u>3,000</u>	<u>1,773</u>	<u>6,101</u>	<u>1,238</u>	<u>28,105</u>
FUND BALANCES - DECEMBER 31	<u>\$ 15,065</u>	<u>\$ 2,010</u>	<u>\$ 1,538</u>	<u>\$ 1,801</u>	<u>\$ 6,362</u>	<u>\$ 1,239</u>	<u>\$ 28,015</u>

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 MERCER, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
DECEMBER 31, 2023

	Land and Non-depreciable Assets	Buildings and Building Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General government	\$ 850	\$ 593,036	\$ 4,400	\$ -	\$ 598,286
Public works	-	-	-	1,168,999	1,168,999
Total General Capital Assets	850	593,036	4,400	1,168,999	1,767,285
Less: Accumulated Depreciation	-	(375,955)	(1,886)	(213,025)	(590,866)
Net General Capital Assets	<u>\$ 850</u>	<u>\$ 217,081</u>	<u>\$ 2,514</u>	<u>\$ 955,974</u>	<u>\$ 1,176,419</u>

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

## TOWN OF MERCER, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Capital Assets 1/1/23	Additions	Disposals	General Capital Assets 12/31/23
General government	\$ 543,231	\$ 55,055	\$ -	\$ 598,286
Public works	922,710	246,289	-	1,168,999
Total General Capital Assets	1,465,941	301,344	-	1,767,285
Less: Accumulated Depreciation	(537,566)	(53,300)	-	(590,866)
Net General Capital Assets	<u>\$ 928,375</u>	<u>\$ 248,044</u>	<u>\$ -</u>	<u>\$ 1,176,419</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*

Selectboard  
Town of Mercer  
Mercer, 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 of Mercer, Maine as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Town of Mercer, Maine's basic financial statements and have issued our report thereon dated September 9, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Mercer, Maine's internal control over financial reporting (internal control) to determine 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 Town of Mercer, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Mercer, Maine's internal control.

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

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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 may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Mercer, 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 Mercer, Maine in a separate letter dated August 28, 2024.

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
September 9, 2024