



In the opinion of Bernstein Shur Sawyer & Nelson, P.A., Bond Counsel, ("Bond Counsel") and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Series A Bonds (as defined below) is excludable from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals and corporations, although Bond Counsel observes that the federal alternative minimum tax on corporations is repealed for taxable years beginning on or after January 1, 2018 and therefore interest on the Series A Bonds is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income only for taxable years that began prior to January 1, 2018. Such interest will, however, be taken into account in the computation of certain other taxes that may be imposed with respect to corporations, including, without limitation, the foreign branch profits tax. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, the interest paid on the Series A Bonds and Series B Bonds is exempt from income tax within the State of Maine (the "State") under existing statutes, regulations and judicial decisions. **The Town will designate the Series A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The Town will not designate the Series B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS—TAX MATTERS" and "APPENDIX B" herein.

TOWN OF YARMOUTH, MAINE
\$3,000,000
2018 GENERAL OBLIGATION BONDS – SERIES A
Dated: May 1, 2018
Due: November 15, as shown below

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2022	\$250,000	3.00%	2.12	2028	\$250,000	5.00%	2.55
2023	250,000	3.00	2.20	2029	250,000	4.00	2.65 ^(†)
2024	250,000	3.00	2.30	2030	250,000	4.00	2.75 ^(†)
2025	250,000	5.00	2.39	2031	250,000	4.00	2.84 ^(†)
2026	250,000	5.00	2.46	2032	250,000	4.00	2.92 ^(†)
2027	250,000	5.00	2.52	2033	250,000	4.00	3.02 ^(†)

\$387,000^(*)
2018 GENERAL OBLIGATION BONDS – SERIES B (FEDERALLY TAXABLE)
Dated: May 1, 2018; 8.625%, @110.696; Due: November 15, 2033

The Town of Yarmouth, Maine 2018 General Obligation 2018 Series A Bonds and Series B Bonds (together, the "Bonds") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, and with one Series B Bond in the denomination of \$2,000. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on November 15, 2018 and semi-annually on each May 15 and November 15 thereafter until maturity, or, in the case of the Series A Bonds, redemption prior to maturity.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the Town of Yarmouth, Maine (the "Town") and, unless paid from other sources, are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied, without limit as to rate or amount upon all the property within the territorial limits of the Town and taxable by it (see "THE BONDS—SOURCE OF PAYMENTS AND REMEDIES - Limitation on Municipal Property Tax Levy" herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the Town establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds. See "TOWN FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein). Bonds issued for School Projects (as defined herein) are not subject to the property tax limit set forth in Section 5721-A. The Treasurer has certified that the Town has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, now exist. Bonds issued for school improvements included in the school budget are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. The opinion will indicate that the enforceability of the obligations of the Town, including the Bonds, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Series A Bonds maturing on and before November 15, 2028 are not subject to redemption prior to their stated dates of maturity. The Bonds maturing on and after November 15, 2029 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 15, 2028 as more fully set forth herein (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein). Series B Bonds are not subject to optional redemption prior to their stated date of maturity.

The Bonds are offered when, as and if issued, subject to the approval of legality by Bernstein Shur Sawyer & Nelson, P.A. of Portland, Maine, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about May 15, 2018.

Roosevelt & Cross, Incorporated And Associates

NOTE: ^(†) Priced at stated yield to the November 15, 2028 optional redemption date at a redemption price of 100% (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY"). ^(*) The Series B Term Bonds are subject to mandatory sinking fund redemption (see "THE BONDS—MANDATORY SINKING FUND REDEMPTION" herein).

No dealer, broker, salesman or other person has been authorized by the Town or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Town and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the Town. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the Town since the date hereof.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. Neither the Town nor the Underwriter makes any representation with respect to the accuracy of such CUSIP numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The Town is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Bonds or as set forth in this Official Statement. The CUSIP number for a specific maturity of the Bonds is subject to change after the issuance of the Bonds and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Bonds.

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**CERTIFICATE
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by the Town of Yarmouth, Maine with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the records of the Town and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by the Municipal Advisor, by Bernstein Shur Sawyer & Nelson, P.A., Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Treasurer of the Town this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, the Treasurer has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Treasurer and furnished at the closing.

This Official Statement is in a form “deemed final” by the issuer for purposes of Securities and Exchange Commission’s Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Nathaniel J. Tupper
Treasurer
Town of Yarmouth, Maine

**OFFICIAL STATEMENT
TOWN OF YARMOUTH, MAINE
\$3,000,000
2018 GENERAL OBLIGATION BONDS – SERIES A
and
\$387,000 2018 GENERAL OBLIGATION BONDS – SERIES B (FEDERALLY TAXABLE)**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Yarmouth, Maine (the “Town” or “Yarmouth”) in connection with the sale of its 2018 General Obligation Bonds – Series A (the “Series A Bonds”) and of its 2018 General Obligation Bonds – Series B (Federally Taxable) (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”).

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, and with one Series B Bond in the denomination of \$2,000. The Bonds will be dated May 1, 2018 and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months), payable on November 15, 2018, and semi-annually thereafter on May 15 and November 15 of each year until maturity or, in the case of the Series A Bonds, redemption prior to maturity. It is expected that the Bonds will be available for delivery at DTC on or about May 15, 2018. The Bonds will mature as follows:

Series A Bonds

<u>Amount</u>	<u>November 15,</u>	<u>CUSIP</u>	<u>Amount</u>	<u>November 15,</u>	<u>CUSIP</u>
\$250,000	2022	985046HJ3	\$250,000	2028	985046HQ7
250,000	2023	985046HK0	250,000	2029	985046HR5
250,000	2024	985046HL8	250,000	2030	985046HS3
250,000	2025	985046HM6	250,000	2031	985046HT1
250,000	2026	985046HN4	250,000	2032	985046HU8
250,000	2027	985046HP9	250,000	2033	985046HV6

Series B Bonds

\$387,000 Bonds Due: November 15, 2033; CUSIP: 985046 HW4

Principal of and interest on the Bonds will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Bonds by U.S. Bank National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein.

NOTE: ^(†) The Term Bonds are subject to mandatory sinking fund redemption. See also “THE BONDS - MANDATORY SINKING FUND REDEMPTION” herein.

OPTIONAL REDEMPTION PRIOR TO MATURITY

Series A Bonds maturing on or before November 15, 2028 are not subject to redemption prior to their stated dates of maturity. Series A Bonds maturing on and after November 15, 2029 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 15, 2028, as a whole or in part at any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

Series B Bonds are not subject to optional redemption prior to their stated date of maturity.

MANDATORY SINKING FUND REDEMPTION

Series B Bonds maturing on November 15, 2033 are subject to mandatory sinking fund redemption or mature on and after November 15, 2019 and November 15, 2032, respectively, at a price equal to the principal amount to be redeemed, plus accrued interest to the date of redemption thereof, and shall be redeemed on November 15 in the following years and principal amounts:

<u>Series B Term Bond due 2033</u>			
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2019	\$12,000	2027	\$25,000
2020	15,000	2028	30,000
2021	15,000	2029	30,000
2022	20,000	2030	35,000
2023	20,000	2031	35,000
2024	20,000	2032	40,000
2025	20,000	2033 ^(*)	45,000
2026	25,000		

NOTE: ^(*) Year of final maturity.

GENERAL PROVISIONS REGARDING REDEMPTION OF THE BONDS

Notice of Redemption

In the case of every optional redemption of the Bonds, the Town shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at such address as shall appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of the Town to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner.

Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof, and with one Series B Bond in the denomination of \$2,000) to be redeemed.

The Town shall notify the Securities Depository (see “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein) in the same manner as the Bondholders, with a request that the Securities Depository notify its Participants who in turn notify the beneficial owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from the Town, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption of such Bond.

Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue

On any redemption date, the principal amount of each Bond to be redeemed, together with the premium, if any, and accrued interest thereon to such date, shall become due and payable. Funds shall be deposited with the Paying Agent to pay, and the Paying Agent is authorized and directed to apply such funds to the payment of the Bonds called for redemption, together with accrued interest thereon to the redemption date and redemption premium, if any. After such redemption date, notice having been given in the manner described above, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given), the Bonds to be redeemed shall not be deemed to be outstanding.

Cancellation

All Bonds which have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the Town or returned to the Town at its request.

Partial Redemption of Bonds

Bonds or portions of Bonds to be redeemed in part shall be selected when held by a Securities Depository by lot and when not held by a Securities Depository by the Town by lot or in such other manner, as the Town in its discretion may deem appropriate.

RECORD DATE; PAYMENT

The principal of the Bonds is payable upon surrender thereof at the principal Corporate Trust Office of the Paying Agent. Payment of the interest on the Bonds will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the last day of the month preceding each interest payment date for the Bonds, and if such day is not a regular business day of the Paying Agent the next day preceding which is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person’s address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

AUTHORIZATION AND PURPOSE

The Series A Bonds

The Series A Bonds are issued under the authority of Title 30-A, Section 5772 of the Maine Revised Statutes, as amended; Resolve Item No. 79 adopted by the Town Council at a meeting held on April 6, 2017; Article VIII, Section 2 of the Town’s Charter (as defined herein); and referendum election held on June 13, 2017 (the “Series A Bonds Authorization”). The Series A Bonds Authorization allows bonds to

be issued, in an aggregate principal amount not to exceed \$2,000,000, to provide funds to finance the Hillside Street project plus an additional aggregate principal sum not to exceed \$2,000,000 for other Town Roads' for a total not to exceed \$4,000,000 (the "Roads Projects"). The proceeds from the Series A Bonds, in an amount of \$3,000,000, will be used to provide funds to finance a portion of the Roads Projects).

The Series B Bonds

At a Town Council meeting, held on September 20, 2012 and referendum election held on November 6, 2012 the Town authorized the issuance of bonds, in an amount not to exceed \$2,880,000, to provide funds to finance the costs related to the Town's Public Works Garage (the "Project"). A portion of the bonds to finance the Project, eligible for tax-exempt status and in the amount of \$2,493,000, were financed through a portion of the Town's \$5,493,000 2013 General Obligation Bonds – Series A, dated October 1, 2013; a further portion of the bonds to finance the Project not eligible for tax-exempt status and in the amount of \$387,000, were financed through the Town's \$387,000 2013 General Obligation Bonds - Series B (Federally Taxable), dated October 12, 2013 (the "2013 Series B Bonds"). The 2013 and 2018 Series B Bonds (collectively the "Series B Authorizations") are issued under the authority of Title 30-A, Section 5772 of the Maine Revised Statutes, as amended; orders adopted by the Town Council Article VIII, Section 2 of the Town's Charter; and referendum election of the Town's voters (the "2018 Series B Bonds Authorization").

A real estate portion of the Project, which the Town did not foresee using forever or entirely for the Public Works Garage, was intended to potentially be sold and was financed by the 2013 Series B Bonds. To-date, this real estate has not been sold. The 2013 Series B Bonds were issued such that all of the principal payments would occur on November 15, 2018, without redemption prior that date. The proceeds of the 2018 Series B Bonds will be used to refund the Town's 2013 Series B Bonds through annual mandatory sinking fund payments (see "THE BONDS - MANDATORY SINKING FUND REDEMPTION" herein).

SOURCE OF PAYMENT AND REMEDIES

General

The Bonds are general obligations of the Town and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the "State") have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, in which case the Town has the power to levy such ad valorem taxes without limit as to rate or amount upon all the taxable property within its territorial limits (see "THE BONDS – SOURCE OF PAYMENT AND REMEDIES – Limitation on Municipal Property Tax Levy" herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the Town establishes or has established development districts as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see "TOWN FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein). Bonds issued for school improvements included in the school budget are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended. The Treasurer has certified that no tax base sharing agreement now exists. The Town has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in these districts to pay costs of the development project within the districts. Within the limits established by statute, the Town has the right to

designate additional development districts pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on the Bonds. The Maine statutes provide that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, the Maine statutes provide that the personal property of the residents and the real estate within the boundaries of any town may be taken to pay any debt of the town. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon. There has been no judicial determination as to whether statutory remedies available against towns are applicable to cities and Bond Counsel expresses no opinion thereon.

Funds to meet Town expenses, including debt service, are not included in the tax levy to the extent they are expected to be met with other non-tax revenues. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal of or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. The Bonds are not guaranteed by the State.

Limitation on Municipal Property Tax Levy

Effective July 1, 2005, the Legislature enacted LD 1, codified in part as Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, which, subject to certain procedural overrides, establishes a limit on municipal property tax levies. This limit is referred to as the “Property Tax Levy Limit”. With certain exceptions, a municipality may not adopt a property tax levy that exceeds its Property Tax Levy Limit from one year to the next by more than a specified growth limitation factor. Therefore, in cases where the amount of the prior year’s Property Tax Levy Limit exceeds the amount of the Town’s actual property tax levy, the Town may carry-forward that difference in establishing its future years’ property tax levy. See “TOWN FINANCES - Property Tax Levy Limit” herein.

The growth limitation factor is the average personal income growth as defined by Title 5, Section 1531 of the Maine Revised Statutes, as amended, plus the property growth factor. The property growth factor is a percentage equivalent to a fraction established by a municipality whose denominator is the total valuation of the municipality, and whose numerator is the amount of increase in the assessed value of any real or personal property in the municipality that become subject to taxation for the first time, or taxes as a separate parcel for the first time for the most recent property tax year for which information is available, or that has had an increase in its assessed valuation over the prior year's valuation as a result of improvements to or expansion of the property. For municipalities that qualify as a result of a relatively larger percentage of personal property, personal property can be incorporated into the property growth factor calculation. In addition, a municipality is required to lower its Property Tax Levy in any year by an amount equal to net new funds provided by the State for existing services funded in whole or in part by the property tax levy.

The Town may increase the Property Tax Levy Limit by a majority vote of the Town Meeting on a separate article that specifically identifies the intent to exceed the Property Tax Levy Limit. Pursuant to Title 30-A, Section 5721-A(7)(B) of the Maine Revised Statutes, as amended, this action, however, is subject to

override by initiative upon a petition signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality submitted within 30 days of the Board's vote.

In lieu of increasing the Property Tax Levy Limit, the Town Council may vote to exceed the Property Tax Levy Limit for extraordinary circumstances. Exceeding the Property Tax Levy Limit permits the property tax levy to exceed the Property Tax Levy Limit only for the year in which the extraordinary circumstance occurs and does not increase the base for purposes of calculating the Property Tax Levy Limit for future years. Extraordinary circumstances are circumstances outside the control of the Town Council and include:

- (1) Catastrophic events such as natural disaster, terrorism, fire, war or riot;
- (2) Unfunded or underfunded state or federal mandates;
- (3) Citizens' initiatives or other referenda;
- (4) Court orders or decrees; or
- (5) Loss of state or federal funding.

Extraordinary circumstances do not include changes in economic conditions, revenue shortfalls, increases in salaries or benefits, new programs or program expansions that go beyond existing program criteria and operation.

The Town does not expect that the Property Tax Levy Limit will have a material adverse effect on the Town's financial condition or on the ability of the Town to pay the principal of, and premiums, if any, and interest on the Bonds when due.

TAX MATTERS

The Series A Bonds

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Series A Bonds in order that interest on the Series A Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the Town to comply with such requirements may cause interest on the Series A Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Series A Bonds, regardless of when such noncompliance occurs or is ascertained.

The Town will make certain representations with respect to the use of the proceeds of the Series A Bonds and the Projects and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Series A Bonds and (ii) not to take any action or permit any action that would cause the interest paid on the Series A Bonds to be included in gross income for purposes of federal income taxation pursuant to section 103 of the Code.

In the opinion of Bond Counsel and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Series A Bonds is excludable from the gross income of the owners of the Series A Bonds for purposes of federal income taxation pursuant to Section 103 of the Code. Interest on the Series A Bonds is not an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals and corporations, although Bond Counsel observes that the federal alternative minimum tax on corporations is repealed for taxable years beginning on or after January 1, 2018 and therefore interest on the Series A Bonds is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income only for taxable years that began prior

to January 1, 2018. Such interest will, however, be taken into account in the computation of certain other taxes that may be imposed with respect to corporations, including, without limitation, the foreign branch profits tax. In rendering its opinion, Bond Counsel will rely upon the Town's representations made with respect to the use of the proceeds of the Series A Bonds and the Projects and the Town's covenant that it will comply with the Code.

Exemption of Interest on the Bonds from Taxation Within the State of Maine

In the opinion of Bond Counsel, interest paid on the Series A Bonds and Series B Bonds is exempt from income taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. See "PROPOSED FORM OF LEGAL OPINIONS" in APPENDIX B herein.

Designated as Qualified Tax-Exempt Obligations

The Town *will designate* the Series A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The Town *will not designate* the Series B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

Certain maturities of the Bonds (the "Discount Bonds") may be sold at an initial offering price less than the principal amount payable on the Discount Bonds at maturity. The difference between the initial public offering price at which a substantial amount of each of the Discount Bonds is sold and the principal amount payable at maturity of each of the Discount Bonds constitutes original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Pursuant to Section 1288 of the Code, original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued discount. Prospective purchasers of the Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds (the "Premium Bonds") may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Prospective purchasers of the Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as

having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Additional Federal Income Tax Consequences

In the case of certain corporate holders of the Bonds, interest on the Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Bonds in “adjusted current earnings” of certain corporations.

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Bonds will be audited. If an audit is commenced, under current IRS procedures holders of the Bonds may not be permitted to participate in the audit process and the value and liquidity of the Bonds may be adversely affected.

Changes in Tax Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their tax and financial advisors regarding such matters.

Extent of Opinions

Bond Counsel expresses no opinion regarding any tax consequences of holding the Series A Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Series A Bonds not constituting an item of tax preference pursuant to Section 57 of the Code, although Bond Counsel observes that the federal alternative minimum tax on corporations is repealed for taxable years beginning on or after January 1, 2018 and therefore interest on the Series A Bonds is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income only for taxable years that began prior to January 1, 2018, and (c) the exemption of interest on the Series A Bonds and Series B Bonds from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC’s records. The ownership interest of each actual purchaser of each security deposited with DTC (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC’s records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be

governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners. The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

RATINGS

The Bonds are rated "Aa2" by Moody's Investors Service ("Moody's") and "AA+" by Standard & Poor's, Public Finance Ratings ("S&P"). The Town has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently.

Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX C and referred to under "THE BONDS – CONTINUING DISCLOSURE" herein, the Town has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in, or withdrawal of, any rating of the Bonds or to oppose any such change or withdrawal.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the Town provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MUNICIPAL ADVISOR

Moors & Cabot, Inc. is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the Town with respect to the issuance of the Bonds pursuant to MSRB Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Bonds.

STATUTORY REFERENCES

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

CONTINUING DISCLOSURE

Undertaking and Obligation

In order to assist the underwriter of the Bonds in complying with the Securities Exchange Commission's ("SEC") Rule 15c2-12 (the "Rule"), the Town will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material, which material events are more specifically described in the Agreement. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"). The covenants will be contained in a "Continuing Disclosure Agreement" (the "Agreement"), the proposed form of which is provided in APPENDIX C. The Agreement will be executed by the Treasurer of the Town, and incorporated by reference in the Bonds.

Except as described below, the Town has never failed to comply in all material respects with any previous undertakings to provide Financial Information or Notices of Material Events in accordance with the Rule. EMMA reports that the Town filed its fiscal year 2013 financial data on November 20, 2014, greater than 270 days following the fiscal year's end (see "THE BONDS – CONTINUING DISCLOSURE - Fiscal Year 2013 Filing" below); and the Town failed to file Operating Data "... *for the preceding fiscal year of the type presented in the Town's Official Statements prepared in connection with the sale of its Bonds*" for the fiscal years June 30, 2009 through 2013. The Town recognizes its obligation in this undertaking and on November 20, 2014 filed operating data for the fiscal years June 30, 2009 through 2013 followed that day by filing a material event *Notice of Failure to File Operating Data*. The Town has since incorporated procedures to ensure Operating Data filings, in a timely manner, in conformance with the Rule on a going forward basis; and has registered with the EMMA reminder system to receive e-mail reminders to help ensure timely annual filing of required financial and operating data.

The following list summarizes the recent years' filings by the Town:

Financial Statements <u>FY ended June 30,</u>	Date <u>Filed</u>	Days after <u>Fiscal Period end</u>
2017	02/02/2018	217
2016	01/30/2017	214
2015	02/02/2016	217
2014	02/28/2015	243
2013	11/20/2014	See below
2012	01/08/2013	192

Fiscal Year 2013 Filing

The Town has a receipt from EMMA verifying that the Town published its fiscal year ended June 30, 2013 financial statements on January 6, 2014 (225 days from the fiscal period end). However, when the Town filed its operating data on November 20, 2014 (see above discussion) it entered “update”. Apparently this action replaced the initial filing date, complying with the Town’s obligation “...within 270 days ...” with the updated date. The Town will make the EMMA receipt available upon request.

Furthermore, as seen below, EMMA recognizes that the Town filed its 2013 financial data on January 6, 2014.

EMMA®
Electronic Municipal Market Access
A service of the MSRB

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Enter CUSIP or Name

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Home > Continuing Disclosure

Continuing Disclosure Details

EVENT FILING (CUSIP-9 BASED)
Rule 15c2-12 Disclosure
Failure to Provide Event Filing Information: Update to June 30, 2013; < 270 days after June 30, 2013, dated 11/20/2014

Total CUSIPs associated with this submission: 103

[+] CUSIP-6s YARMOUTH ME, ME (985046)

VIEW DOCUMENTS

Financial Operating Filing

- Yarmouth Financial Statements 6.30.13.pdf posted 01/06/2014 View
- Other Operating Data_FY13.pdf posted 11/20/2014 View

VIEW DOCUMENTS

Financial Operating Filing

- Yarmouth Financial Statements 6.30.13.pdf posted 01/06/2014 View
- Other Operating Data_FY13.pdf posted 11/20/2014 View

CONDITIONS PRECEDENT TO DELIVERY

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

No Litigation

Upon delivery of the Bonds, the Town shall deliver or cause to be delivered a certificate of the Treasurer, and attested to by the Town Clerk dated the date of delivery of the Bonds, to the effect that there is no litigation pending or, to the knowledge of such official, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the Town, nor the title of any of said officers to their respective offices, is being contested.

Approval of Legality

The legality of the Bonds will be approved by Bond Counsel. The unqualified approving opinion of such counsel with respect to the Bonds in substantially the form attached to this Official Statement as APPENDIX B will be delivered at the time of original delivery of the Bonds and a copy of the opinion will be provided to the original purchasers. Bond Counsel are not passing upon, and do not assume responsibility for, the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

Certification of the Bonds

The Bonds will be certified as to their genuineness by U.S. Bank National Association, Boston, Massachusetts, which certificate will appear on the Bonds.

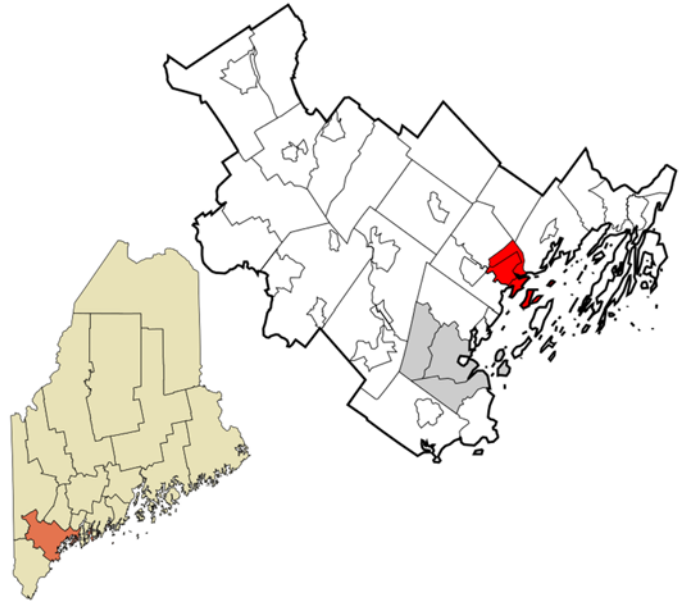
Certificate With Respect to Official Statement

At the time of the original delivery of, and payment for, the Bonds, the Town will deliver a certificate of the Treasurer to the effect that he has examined this Official Statement and the financial and other data contained therein and that, to the best of his knowledge and belief, both as of its date and as of the date of delivery of the Bonds, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe that such information is materially inaccurate or misleading.

TOWN OF YARMOUTH

GENERAL

The Town of Yarmouth is located on the southern coast of the State of Maine in the northeastern section of the County of Cumberland, the State's most populous county. The Town is approximately 11 miles northeast of Portland, the State's largest city. The Town's northeast border is formed by the towns of Freeport and Pownal, with North Yarmouth on the northwest and Cumberland on its southwest. The Atlantic Ocean establishes the Town's southeastern line. The Cousins River separates a portion of Yarmouth from Freeport and the Royal River flows through the center of the Town. Access to Yarmouth is provided by two exits of U.S. Interstate 295, by U.S. Route 1 and State Route 88, each intersecting from a north/south direction; and State Route 115, which intersects the Town from an east/west direction.



The area embracing Yarmouth, first settled in 1636, was abandoned twice before successful final settlement in 1713. In 1646, William Royall purchased a farm on the river that, since, has borne his name. John Cousins, a few years previous, occupied a neck of land between branches of a stream and owned an island, both now bearing his name. These settlements were established in the vicinity, called by the Wabanakis, as "Wescustogo". Yarmouth originally constituted the eastern portion of North Yarmouth, the "North" in the name intended to differentiate it from the Town of Yarmouth, Massachusetts in Cape Cod. North Yarmouth was chartered on September 22, 1680, encompassing the area of the present Town of North Yarmouth and the towns of Harpswell (separating off in 1750), Freeport (separating off in 1789), Pownal (separating off from Freeport in 1808), Cumberland (separating off in 1821), and Yarmouth (separating off in 1849). Settling originally on the ocean at Casco Bay, by 1830 the town center shifted upstream to the lower part of the Royal River. Yarmouth was incorporated as the Town on August 8, 1849.

Yarmouth is an affluent suburban coastal community beautifully situated on the Maine Coast. The Town exhibits above average wealth and housing levels, with per capita growth outpacing the State. Primarily a residential suburb of the greater Portland area, the Town enjoys commercial corridors containing both retail and commercial developments. Approximately 71% of the working residents of Yarmouth commute to workplaces outside of the Town; but, as a destination workplace, over 62% of the people that work in Yarmouth are transients. Yarmouth is the home of the North Yarmouth Academy, an independent college preparatory day school founded in 1814 that serves students from grades K through 12, and several Town-owned public parks and open space areas.

The Town has predominately single family, owner occupied dwellings. The land area of the Town is comprised of residential, local business, industrial, commercial and resource protection zones, as well as recreation, oceanfront, open space, farmland and woodlands encompassing an area of 12.51 square miles.

GOVERNMENT

There are two basic forms of local government in Maine: the “Direct” form, often referred to as town meeting government, in which the town meeting serves as the legislative body, passing laws, approving the spending of monies; and the “Representational” form, in which an elected council serves as the legislative body. There are five basic variations of these two forms. Variations of the Direct form are: *Selectmen/Town Meeting* form of government, the most common in Maine currently used by 169 municipalities in the state; *Selectmen/Town Meeting/Manager*, the second most common form of local government in Maine currently used by 141 towns; *Council/Town Meeting/Manager* (18 towns) variation of the town meeting form of government, where the legislative functions of government are shared between the town meeting and an elected council and *Selectmen/Town Meeting Administrative Assistant* or *Administrator* (a combined 80 towns). Variations of the Representational form are: *Council/Mayor/Administrator* (three cities), *Council/Mayor/Manager* (18 cities) and *Council/Manager* (26 towns).

The Town operates under a charter adopted in 1965 and amended most recently on June 13, 2000, (the “Charter” or the “Town’s Charter”), providing for a Council/Town Meeting/Manager form of government with a seven-member Town Council, all elected at-large for three-year staggered terms. The Charter grants to the Town Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the Town’s property, affairs and government, to preserve the public peace, health and safety, to establish personnel policies, giving effect to any vote of the Town authorizing the issuance of debt, and providing for an annual audit of the Town’s accounts. Town Meeting action is required for budget approval, appropriations of \$100,000 or more and for the issuance of debt. The Town Manager is the chief administrative officer of the Town.

MUNICIPAL SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, emergency medical services, solid waste disposal, maintenance of highways, sewers, streets, sidewalks, parks, recreation and coastal areas, and a library. Public education is provided by the Town’s School Department for grades Kindergarten (“K”) through 12.

The Town owns and maintains its own wastewater treatment system and is responsible for the costs of maintenance, improvements and expansion of the system. Water is provided by the Yarmouth Water District, a wholly separate quasi-municipal entity whose operation and obligations are not part of the Town.

Public Safety

The Yarmouth Police Department is staffed by 13 full-time employees which include a Chief, one Lieutenant, two Sergeants, one Detective and eight Patrol Officers. The Police Department roster also includes a seasonal Harbormaster/Shellfish Warden, two assistant Harbormaster/Shellfish Wardens, two Animal Control Officers and two School Crossing Guards. The Department maintains seven vehicles, which are in excellent repair. The majority of Yarmouth Police Officers have received basic training as Emergency Medical Technicians (“EMT”).

Yarmouth Fire Rescue is an ISO Class 4 Department that employs three full-time employees; the Fire Rescue Chief, Deputy Chief of Emergency Medical Services, and an Administrative Assistant who is also a Firefighter/Advanced EMT. There are a total of 20 Per Diem Firefighter/EMT’s, four College live-in students who are enrolled at Southern Maine Community College and 41 on-call volunteer members. The volunteer members are comprised of a Deputy Chief, Medical Director, three Captains, four Lieutenants, 32 Volunteer Firefighters/EMT’s, and six High School Explorer Scouts.

The department operates two Advanced Life Support ambulances, three Class A Fire Engines, one 95-foot Tower Ladder, four wheel drive brush trucks and two staff vehicles, operated by the Chief Officers. The Wyman Fire Brigade, located at Nextera/Florida Power Light on Cousins Island, is staffed by five members that assist on calls located on Cousins and Little John Islands.

Public Works

The Town's Public Works facility was constructed in 1960 and renovated and expanded in 2013. The Public Works Department, under the jurisdiction of the Public Works Director, is comprised of three divisions: Highway, Fleet Maintenance, and Sanitation (Transfer and Recycling Station). These divisions are staffed with a Public Works Director, three superintendents, 12 full-time and various part-time employees. The Department operates 22 vehicles, which are in excellent repair. The Department maintains a Public Works Garage, constructed in 1960 and a Transfer Station, established in 1989. The Public Works Department currently maintains 63.8 miles of roads, more than 1,220 catch basins and 23 miles of sidewalks.

The Town's solid waste is brought to the ecomaine's waste-to-energy plant in Portland by the private haulers as a condition of their license. Demolition debris is disposed at the Town's landfill, which is allowed to operate until it has reached capacity under an order from the State Department of Environmental Protection. ecomaine (formerly Regional Waste Systems, Inc.), a Maine Corporation with 27 member municipalities ("Member Municipalities"), including the Town, maintains a waste-to-energy resource recovery system ("RRS") for which the Member Municipalities are obligated severally to deliver certain of the solid waste produced within each such Member Municipality to ecomaine for processing. In 1991, six participating municipalities ("Participating Municipalities") entered into an agreement with ecomaine, along with its Member Municipalities, to establish a Material Recycling Facility ("MRF") at ecomaine's demolition debris and recycling facility in Gorham. See "INDEBTEDNESS – CONTINGENT DEBT – ecomaine" herein.

Engineering

The Town's Engineering Department is headed by the Town Engineer who is responsible for providing review, advisory and inspection services to the Planning and Codes Department, Parks and Public Works Departments and direct supervision of the Town's Water Pollution Control Facility ("WPCF"). In addition, the Town Engineer provides engineering support services to all municipal departments. The WPCF was originally constructed in 1967 with a design flow of 0.42 million gallons per day ("MGD"). From minor expansions and improvements in 1981, 1984, 1987 and an \$8.5 million major upgrade in 1993, the facility has a current dry weather design capacity of 1.31 MGD and a wet weather peak capacity of over 4.0 MGD.

PUBLIC EDUCATION

Supervision of Educational Programs

The Town operates its educational program for grades K through 12 under its own supervision. Article IV of the Town's Charter provides that the Department of Education for the Town be administered by a School Committee (the "School Board") comprised of seven members, who are elected by the voters of the Town at-large for three-year staggered terms. No member of the School Board is eligible for re-election for more than two consecutive terms. The School Board performs all duties and functions in regard to the care and management of the public schools of the Town. The School Board prepares and submits its budget to the Town Manager, who includes it in the budget process. See also "TOWN FINANCES - BUDGETARY PROCESS" section herein. The School's staff consists of a Superintendent, one Business Manager, one Director of Instructional Support, three full-time principals, one half-time principal, 243.6 full-time

equivalent teachers and various other professional and non-professional staff. The following are a list of the Town's schools, its approximate capacity and the most current enrollment for each and the Town's school enrollments over the last ten years:

<u>School</u>	<u>Grade</u>	<u>Estimated Capacity</u>	<u>Resident Enrollment</u>	<u>Non-Resident Enrollment</u>	<u>Attending Enrollment</u>
William H. Rowe	K - 1	230	192	6	198
Yarmouth Elementary	2 - 4	390	360	8	368
Frank H. Harrison Middle	5 - 8	450	511	25	536
Yarmouth High	9 - 12	600	475	26	501

School Enrollments

Oct. 1,	Resident Enrollment					Non-Resident Enrollment	Attending Enrollment
	K-1	2-4	5-8	9-12	Total		
2016	192	360	511	475	1,538	65	1,603
2015	183	332	485	512	1,512	65	1,577
2014	182	321	470	485	1,458	56	1,514
2013	178	315	454	488	1,435	29	1,464
2012	187	326	426	484	1,423	33	1,456
2011	191	305	442	448	1,386	27	1,413
2010	189	299	426	467	1,381	21	1,402
2009	183	286	448	463	1,380	15	1,395
2008	173	298	442	462	1,375	18	1,393
2007	172	292	432	498	1,394	14	1,408

SOURCE: State of Maine, Department of Education, "October 1 Census of Students Educated at Public Expense".

NOTE: ⁽¹⁾ **Resident Enrollment** is based on where the students live. They are counts of students who reside in each school district and are educated at public expense. Public school district resident counts include: (1) resident students from the local school unit attending schools in the local school unit, plus (2) resident students from the local unit who are tuitioned to other public school units or private schools and who are paid for with public funds.

⁽²⁾ **Attending Enrollment** is an attending student count, or a head count of students, based on where the students are educated. Public school district attending counts include: (1) students from the local school district attending schools in the local school district, plus (2) students from outside the school district who are tuitioned from other school districts.

Portland Arts and Technology High School

The programs may be offered via a center (a "Center"), a satellite program (a "Satellite Program") or a region (a "Region"). A Center is an administrative entity established to provide career and technical education to secondary students. Unless otherwise specifically provided for, a Center is governed, operated and administered by a single School Administrative Unit ("SAU"). A Center shall make its programs available to serve secondary students from SAUs with which it is affiliated. A Center may include within its administrative structure Satellite Programs operated by SAUs with which it is affiliated. A Satellite Program means a program providing career and technical education to secondary students that is operated by an SAU affiliated with a Center. A Center is governed by a single SAU, and its obligations are those of that SAU.

The law regarding the funding of Portland Arts and Technology High School (“PATHS”) the was changed by Chapter 226 of the Public Laws of Maine (1999) such that sending SAUs no longer pay per student tuition to Portland but paid for attendance through a cost sharing agreement among SAUs affiliated with the Center. Beginning in fiscal year 2018-2019, State subsidy for PATHS will be paid directly to the Portland School Department.

LABOR RELATIONS

The Town employs approximately 54 full-time employees and various part-time and seasonal employees. In addition, the School Department employs approximately 230 employees and various part-time employees. The following lists the various bargaining units that are represented by a union, and the status of its current contract. Town employees not included in the below table are not represented by unions. The various contracts for employees represented by unions are effective and expire as follows:

Union	Bargaining Unit	Date of Contract	
		Effective	Expiration
YWDEA	Wastewater Division Employees	July 1, 2015	June 30, 2018
YPPWEA	Parks & Public Works Employees	July 1, 2015	June 30, 2018
YPA	Police Officers & Sergeants	July 1, 2015	June 30, 2018
YEA (MEA)	Educational Technicians	July 1, 2018	June 30, 2021
YEA (MEA)	Teachers	September 1, 2016	August 31, 2019
YAA	School Administrators	July 1, 2017	June 30, 2020
AFSCME	Bus Drivers, Custodians & Nutrition	July 1, 2016	June 30, 2019

NOTE: “YWDEA” indicates Yarmouth Wastewater Division Employees Association; “YPPWEA” indicates Yarmouth Parks and Public Works Employees Association; “YPA” indicates Yarmouth Police Association, as separate bargaining units; “MEA” indicates the Maine Education Association of which the various components of the Yarmouth Education Association (“YEA”) are affiliated, as separate bargaining units; “YAA” indicates the Yarmouth Administrators Association; and: “AFSCME” indicates the American Federation of State, County and Municipal Employees, as Local 2010, Council 93.

BUILDING PERMITS

Fiscal Year Ended June 30,	Commercial		Residential		Total	
	Number of Permits	Estimated Cost	Number of Permits	Estimated Cost	Number of Permits	Estimated Cost
2017	21	\$17,720,234	205	\$21,231,262	226	\$38,951,496
2016	33	20,270,084	203	14,258,516	236	34,528,600
2015	15	293,584	211	33,463,952	226	33,757,536
2014	40	5,664,730	215	13,469,228	255	19,133,958
2013	29	4,429,723	204	8,836,317	233	13,266,040
2012	11	1,868,100	202	8,561,983	214	10,430,083
2011	17	2,875,100	197	6,781,936	214	9,657,036
2010	14	1,271,150	223	11,284,350	237	11,411,500
2009	20	1,888,809	168	7,029,161	188	8,917,970
2008	15	1,432,709	218	11,050,609	233	12,483,318

MERRILL MEMORIAL LIBRARY

The Merrill Memorial Library was organized in 1904 and incorporated in January of 1905. Originally constructed in 1904, the library was expanded to its present 17,000 square feet facility in 1987. The Library

is governed by a seven-member Board of Trustees, as an unincorporated, not-for-profit organization. Under the Trustees' direction, but as a department of the Town, the library is managed by a Library Director, who is assisted eight full and part-time staff, including a Circulation/Assistant Librarian, a Technical services/Reference Librarian and a Children's Librarian. Approximately all of the Library's funding is derived by a yearly appropriation from the Town.

The Library's current collection consists of a sustained level of approximately 46,000 materials. The Library has an enrollment of over 7,900 borrowers and its annual circulation exceeds 120,000 items per year. The 2017 circulation included over 2,500 e-books and audio book downloads. The Library's facilities offer free and open wireless Internet access, public computers, print/scan/fax services, walk-in technology, art exhibits and two community meeting rooms.

ECONOMIC DEVELOPMENT

Former Portland Metropolitan Statistical Area

The Town is part of the former Portland Metropolitan Statistical Area ("Portland MSA"). The U.S. Department of Commerce, Bureau of the Census formerly defined a metropolitan statistical area ("MSA") as an area that includes at least one city with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 75,000 (in New England). An MSA was also considered a labor market area. The map displays the three cities and 19 towns that comprised the former Portland MSA.



Representative Employers

Representative Employer	Type of Business	Approximate # Employees ⁽¹⁾
Yarmouth School Department	Municipal Government	248
Tyler Technologies	Software Technology	200
Town of Yarmouth	Municipal Government	155
Hannaford Bros.	Grocery Store	100
DeLorme Mapping/Garmin	Map Publisher (Corp. Hq)	92
North Yarmouth Academy	Private Secondary School	84
Patriot Insurance	Insurance	78
NextEra	Electric Utility	72

NOTE: ⁽¹⁾ Includes both full and part-time employees.

Retail Trade

Retail Sales by Product Group and Consumer Sales (\$/000)

	Business/ Operating	Building Supply	Food Store	General Mdse.	Other Retail	Auto/ Transp.	Rest. & Lodging	Group Total	Consumer Sales
2017	4,559.3	27,877.9	26,527.3	3,759.6	13,437.6	46,377.9	22,523.7	145,063.2	140,504.0
2016	5,105.1	25,107.0	25,815.1	3,580.3	12,971.9	42,684.5	20,833.5	136,097.4	130,992.3
2015	5,413.0	21,714.9	18,647.6	3,139.3	12,221.7	40,544.7	18,565.6	120,246.8	114,833.8
2014	6,189.4	20,033.0	17,251.4	2,795.2	11,668.7	34,330.7	17,624.2	109,892.7	103,703.3
2013	6,889.7	18,763.2	15,536.1	2,241.2	11,689.9	30,539.1	16,966.4	102,625.6	95,735.9
2012	7,000.9	16,278.4	15,420.8	2,059.8	11,585.0	28,971.2	16,130.2	97,446.3	90,445.4
2011	9,610.9	12,762.3	15,283.8	2,208.4	11,290.3	24,474.7	15,012.5	90,642.9	81,032.0
2010	6,713.0	12,883.1	15,457.5	3,299.7	13,057.9	22,492.5	15,103.4	89,007.1	82,294.1
2009	7,257.0	15,252.2	15,623.6	3,211.4	13,104.3	22,067.8	14,889.8	91,406.1	84,149.1

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

Commuter Trends

The following table displays the residential component of the Town's workforce, the respective component of its workers as a percentage of their local (i.e., home) workforce; and the geographic place of employment for the Town's residents:

People who commute to Yarmouth but live in:	Number of Workers	% Yarmouth Workforce	People who live in Yarmouth, but commute to:	Number of Workers	% Yarmouth Workers
Yarmouth	1,148	32.11%	Yarmouth	1,148	25.78%
Portland	365	10.21	Portland	1,123	25.22
Freeport	227	6.35	Freeport	303	6.80
Gray	162	4.53	South Portland	295	6.62
Falmouth	144	4.03	Westbrook	225	5.05
Brunswick	141	3.94	Brunswick	199	4.47
North Yarmouth	138	3.86	Augusta	106	2.38
Cumberland	110	3.08	Scarborough	103	2.31
Windham	107	2.99	Falmouth	92	2.07
Pownal	79	2.21	Gorham	84	1.89
Bath	79	2.21	Lewiston	63	1.41
Scarborough	75	2.10	Bath	55	1.24
Westbrook	58	1.62	Topsham	53	1.19
Durham	56	1.57	Saco	51	1.15
Cape Elizabeth	56	1.57	Cumberland	46	1.03
South Portland	56	1.57	NYC NY	38	0.85
Topsham	46	1.29	New Gloucester	35	0.79
Lisbon	43	1.20	Standish	35	0.79
Gorham	31	0.87	Windham	34	0.76
All other	454	12.70	All other	365	8.20
	3,575	100.00%		4,453	100.00%

SOURCE: State of Maine, Department of Labor, Labor Market Information Services; U.S. Department of Commerce, Bureau of Census - 2010 data.

ECONOMIC CHARACTERISTICS

Population	-----% Change-----			
	Town of Yarmouth	Town	State	USA
1970	4,854	38.0%	2.4%	13.4%
1980	6,585	35.7	13.4	11.4
1990	7,862	19.4	9.2	9.8
2000	8,360	6.3	3.8	13.2
2010	8,349	(0.1)	4.2	8.9

Population Characteristics	Town of Yarmouth	Cumberland County	State of Maine	USA
Median age (years)	45.9	41.0	42.7	37.2
% school age	18.6%	15.7%	18.2%	20.4%
% working age	60.5%	64.8%	63.4%	62.9%
% 65 and over	16.7%	14.3%	15.9%	13.0%
Persons/household	2.34	2.32	2.32	2.58

Income	Town of Yarmouth	Cumberland County	State of Maine	USA
Median family income	\$91,632	\$71,335	\$58,185	\$62,982
% below poverty level	4.4%	10.5%	12.6%	13.8%
Per capita income	\$46,090	\$31,041	\$25,385	\$27,334

Housing	Town of Yarmouth	Cumberland County	State of Maine	USA
% owner occupied	71.5%	68.5%	73.1%	66.6%
% Built before 1939	23.5%	29.0%	28.1%	14.1%
% Built since 2000	4.1%	10.8%	8.9%	12.8%
Owner occupied med. value	\$359,900	\$248,400	\$176,200	\$188,400
Median gross rent	\$937	\$868	\$707	\$841
Occupied housing units	3,471	116,616	551,125	-

SOURCE: 2010 Census, U.S. Department of Commerce, Bureau of the Census.

Unemployment	Town of Yarmouth	Cumberland County	State of Maine	USA
2017	2.4%	2.5%	3.3%	4.4%
2016	2.8	2.9	3.9	4.9
2015	2.8	3.4	4.4	5.3
2014	3.9	4.4	5.7	6.2
2013	4.5	5.3	6.7	7.4
2012	4.7	5.8	7.3	8.1
2011	5.1	6.0	7.5	8.9
2010	5.2	6.3	7.9	9.6
2009	5.3	6.4	8.0	9.3
2008	3.4	4.0	5.4	5.8

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research.

TOWN FINANCES

BUDGETARY PROCESS

Article V of the Town's Charter provides for a budget process. The fiscal year (or "budget year") of the Town begins on the first day of July and ends on the thirtieth day of June of the following year. The Charter provides that the Town Manager submit a budget to the Council at least 35 days prior to the beginning of each budget year. The budget contains (1) a statement of the financial condition of the Town, (2) a statement of appropriations recommended for current expenses and permanent improvements, (3) a statement of estimated revenue from all sources other than taxation and of taxes required and (4) such other information as required by the Council which has the prerogative to modify the expenditures of the proposed budget. The Town budget is published and a public hearing is held; the Council reviews the budget; and recommends it with or without change to the annual Town Meeting which is held not more than 45 days prior to the beginning of the budget year. The budget becomes effective only after it is adopted at the Town Meeting by a majority vote of the voters at the Town Meeting. The Annual Town Meeting, in its vote of each article, approves or declines the items which form the Town's budget. Pursuant to State law, if the Appropriation Resolve increases the property tax levy from the prior year by more than a specified Growth Limitation factor then the excess of the appropriation must be approved by a majority of the Town Meeting voters. The school budget is subject to referendum by the voters of the Town through a Budget Validation process. Upon adoption of the budget, a property tax levy is then established and filed with the Town Assessor.

Annual Budget Fiscal Year Ending June 30,

	2014	2015	2016	2017	2018
Revenues					
Property taxes (Town)	\$8,271,944	\$8,929,869	\$8,892,857	\$8,994,119	\$8,505,525
Property taxes (School)	18,402,699	17,719,185	18,232,034	18,296,392	18,905,057
Excise taxes	1,525,000	1,724,400	1,804,400	1,804,400	1,804,400
Licenses & permits	118,700	151,350	180,650	197,200	194,400
Intergovernmental	3,371,785	3,772,501	4,173,090	5,135,188	6,225,023
Charges for services	506,000	1,023,000	1,190,000	1,258,300	1,328,900
Other	245,300	237,400	108,900	119,800	45,200
Total revenues	32,441,428	33,557,705	34,581,931	35,805,399	37,008,505
Expenditures					
General government	2,310,424	2,469,349	2,622,157	2,747,990	2,874,167
Public works	3,112,207	3,061,882	2,930,159	2,705,585	2,664,111
Public safety	2,286,448	2,368,298	2,515,945	2,579,060	2,759,452
Health & welfare	33,550	33,550	33,550	31,650	31,150
Public services	1,108,801	1,243,014	1,304,797	1,296,297	1,426,774
Debt Service (Town)	902,079	982,643	1,020,042	1,085,373	1,017,210
<i>Sub-total - Municipal</i>	<i>9,753,509</i>	<i>10,158,736</i>	<i>10,426,650</i>	<i>10,445,955</i>	<i>10,772,864</i>
TIF	106,638	91,710	89,078	0	0
County Tax	898,853	945,173	978,320	1,037,987	1,094,470
Overlay	142,713	358,049	204,065	441,924	131,471
Education	19,152,712	19,476,563	20,340,120	21,434,268	22,526,300
Debt Service (Education)	1,397,425	1,405,500	1,415,125	1,403,400	1,377,730
Total expenditures	31,451,850	32,435,731	33,453,358	34,763,534	35,902,835
Excess revenues	\$989,578	\$1,121,974	\$1,128,573	\$1,041,865	\$1,105,670

NOTE: Excess Revenue over expenditures represents CIP allocation and net budget adjustments for budgeted surplus transfers. Fiscal year ended June 30, 2018 is unaudited. Fiscal year-end adjustments are not reflected in the 2018 budget figures.

PROPERTY TAX LEVY LIMIT

As previously discussed, unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended the Town is limited to an increase in the Town's property tax levy from one year to the next of not more than its Property Tax Levy Limit (see "THE BONDS - SOURCE OF PAYMENT AND REMEDIES - Limitation on Municipal Property Tax Levy" herein). The Property Tax Limit for subsequent fiscal years is the Property Tax Levy Limit for the preceding year multiplied by the Growth Limitation Factor. Therefore, in cases where the amount of the prior year's Property Tax Levy Limit exceeds the amount of the Town's actual property tax levy ("Property Tax Levy"), the Town may carry-forward that difference in establishing its future years' property tax levy. The following table displays the Town's limitation on the Municipal Property Tax Levy:

Fiscal year:	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
State Personal Income Factor:	1.55%	1.09%	0.86%	2.67%	2.84%
Town Property Growth Factor:	<u>1.43%</u>	<u>1.73%</u>	<u>1.67%</u>	<u>1.93%</u>	<u>22.81%</u>
Growth Limitation Factor:	2.98%	2.82%	2.53%	4.60%	25.65%
Property Tax Levy Limit:	\$8,228,605	\$8,702,606	\$8,951,184	\$9,402,822	\$11,881,014
Property Tax Levy:	<u>7,067,500</u>	<u>7,141,555</u>	<u>7,534,938</u>	<u>7,621,394</u>	<u>7,514,207</u>
Over/(below) Property Tax Levy Limit:	(\$1,161,105)	(\$1,561,051)	(\$1,416,246)	(\$1,781,428)	(\$4,366,807)

CAPITAL IMPROVEMENT PROGRAM

Article V, Section 10 of the Town's Charter provides for a formal Capital Improvement Plan ("CIP"). The CIP includes a Capital Budget for the next five years that includes funds, and financing sources, necessary to acquire or improve buildings, lands, major equipment and other commodities that are of significant value and have a useful life of several years. The overall program is driven by a number of factors and may be revised and/or extended from year to year. Pursuant to Article VIII, Section 2 of the Town's Charter debt has to be adopted and then approved by a majority of the voters of the Town at a Town Meeting.

INVESTMENT POLICY

The Town Council has, and follows, an Investment Policy, adopted in 2002, that complies with applicable Maine law [Title 30-A, Section 5706 et seq. of the Maine Revised Statutes, as amended (the "Act")] such that all investments of the Town are to be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. Under its policy, the Town's investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The Town is invested principally in direct obligations of the United States government and its agencies. The Town is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

FUND BALANCE POLICY

The Town established, and follows, a formal policy that recognizes the importance of maintaining an appropriate level of unrestricted fund balance. On November 17, 2011 the Town amended its Fund Balance Policy, previously adopted in June 2002, to comply with Governmental Accounting Standards Board

(“GASB”) Statement 54 (“GASB 54”). The purpose of the policy is to establish a target level of fund balance for the General Fund and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. After evaluating the Town’s operating characteristics, property tax base, reliability of non-property tax revenue sources, working capital needs, state and local economic outlooks, emergency and disaster risks, and other contingent issues, the Town establishes goals regarding to the unrestricted fund balances of the General Fund of the Town.

The Town has instituted a formal Surplus Management Policy (“Fund Balance Policy”). In its policy, “surplus” is defined as the total of undesignated and unreserved General Fund balances as reflected on the balance sheet of the Town at its fiscal year end as reported in its audited financial statements. The Town’s management objective is to carry a surplus balance of approximately 8.3% (1/12th) of the total annual budget and includes schools, contributions to capital reserves and debt service. In its policy the Town identifies surplus balances of less than 5% to be cause for concern, barring unusual or deliberate circumstances; and surplus balances in excess of 10% to be considered excessive and should be applied to either capital projects or to reduce the annual tax requirements of the Town. The Town Council annually determines the amount of surplus to be applied to the subsequent year during its budget deliberations and with the Town Manager and Finance Director recommend an amount of surplus that may be applied to the budget proposal which allows a carried surplus balance consistent with its policy.

Fund Balance as % Operating Budget

	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
<u>Unrestricted General Fund Balance</u>					
Assigned & Unassigned Fund Balance	\$1,205,193	\$1,022,538	\$1,451,980	\$1,671,777	\$1,684,144
Committed Capital Reserves (Town)	1,927,848	2,128,841	2,695,460	2,893,327	3,139,385
Committed Capital Reserves (School)	<u>867,956</u>	<u>842,405</u>	<u>798,262</u>	<u>971,295</u>	<u>1,115,030</u>
Total Available Fund Balance	4,000,997	3,993,784	4,945,702	5,536,399	5,938,559
Total Budgeted Expenditures	30,317,182	31,451,850	32,435,731	33,453,358	34,763,534
Fund Balance as % of Budgeted Expenditures	13.20%	12.70%	15.25%	16.55%	17.08%
<u>Assigned & Unassigned General Fund Balance</u>					
Town Assigned & Unassigned Fund Balance	\$2,649,617	\$2,336,073	\$3,093,363	\$3,160,349	\$3,684,481
School Assigned & Unassigned Fund Balance ⁽¹⁾	<u>(1,444,424)</u>	<u>(1,313,535)</u>	<u>(1,641,383)</u>	<u>(1,488,572)</u>	<u>(2,000,337)</u>
Total Assigned & Unassigned Fund Balance	1,205,193	1,022,538	1,451,980	1,671,777	1,684,144
Total Budgeted Expenditures	30,317,182	31,451,850	32,435,731	33,453,358	34,763,534
Fund Balance as % of Budgeted Expenditures	3.98%	3.25%	4.48%	5.00%	4.84%
<u>Total Town Unassigned General Fund Balance</u>					
Total Town Unassigned General Fund Balance	\$2,485,833	\$2,202,837	\$2,903,669	\$2,583,010	\$2,909,400
Total Budgeted Expenditures	30,317,182	31,451,850	32,435,731	33,453,358	34,763,534
Fund Balance as % of Budgeted Expenditures	8.20%	7.00%	8.95%	7.72%	8.37%

NOTE: The Town implemented GASB 54 in FY 2011. Prior year amounts may have previously been reported as “Unreserved” or as “Undesignated”.

⁽¹⁾ Net Summer teacher pay accruals are outstanding obligations of the Town at June 30 to cover teacher contract payments that expire August 31. However, the Town annually covers a full contract obligation in each annual budgetary cycle, so the Town Council has determined that there will be greater public accountability and understanding if the timing difference between the fiscal year and teacher contracts is not included in most presentations.

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter 8 of the Maine Revised Statutes, as amended, and Article II, Section 3(VII) of the Town's Charter provide for independent annual audits of the Town's accounts and establishes procedures for such audits. The Town of Yarmouth, in conformance with this statute and its Charter, currently engages the services of Runyon Kersteen Ouellette, Certified Public Accountants, to conduct its audit.

The Town's fiscal year 2017 Annual Report, audited by Runyon Kersteen Ouellette, is presented as APPENDIX A to this Official Statement. The consent of Runyon Kersteen Ouellette for the incorporation of the Financial Statements included in APPENDIX A has not been requested by the Town, nor has it been received.

FUNDS

The accounts of the Town are organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. The Town has the following fund types:

Governmental Funds are used to account for most governmental functions of the Town. Governmental Funds include the following fund types:

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.

Special Revenue Funds account for revenue sources (not including expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

Capital Projects Fund is used to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust funds.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting governments' programs.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Town Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Fiduciary Funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's Fiduciary Funds include the following types:

Private Purpose Trust Funds are used to report any trust arrangements under which principal and income benefit individuals, private organizations, and other governments and that are not accounted for in other fiduciary funds.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are accounted for using the accrual basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity.

Town of Yarmouth
Comparative Balance Sheet
General Fund
(As of June 30,)

	2017	2016	2015	2014	2013
ASSETS					
Cash and equivalents	\$9,210,597	\$8,272,181	\$6,859,511	\$7,898,592	\$9,513,088
Receivables:					
Taxes (current year)	474,228	492,106	551,446	495,074	495,780
Taxes (prior years)	37,903	55,440	37,634	31,422	45,182
Tax liens	82,180	131,661	83,643	48,191	88,241
Accounts receivable	152,799	188,288	326,434	163,156	272,268
Sewer receivables	53,246	-	-	-	-
Due from other governments	47,442	49,556	154,289	287,484	51,513
Prepaid	4,597	7,489	89,296	87,754	42,448
Inventory	17,539	14,682	32,898	29,794	-
Inter-fund loans	-	-	-	-	343,159
TOTAL ASSETS	10,080,531	9,211,403	8,135,151	9,041,467	10,851,679
LIABILITIES					
Accounts payable	819,176	865,267	568,261	680,510	668,900
Accrued payroll (Town)	163,212	170,352	110,105	84,502	68,357
Accrued payroll (School)	1,919,708	1,763,813	1,758,074	1,741,141	1,444,833
Taxes paid in advance	10,023	82,184	11,217	10,129	13,631
Bond anticipation note	-	-	-	-	4,380,000
Inter-fund loans	870,895	296,254	312,467	2,166,655	-
TOTAL LIABILITIES	3,783,014	3,177,870	2,760,124	4,682,937	6,575,721
DEFERED INFLOWS					
Property taxes	336,822	474,963	307,131	247,197	275,370
FUND BALANCES					
Non-spendable	22,136	22,171	122,194	117,548	0
Restricted	0	0	0	0	0
Committed	4,254,415	3,864,622	3,493,722	2,971,246	2,795,395
Assigned	775,081	577,339	189,694	133,237	163,784
Unassigned:					
Teachers summer salaries	(2,000,814)	(1,851,298)	(1,841,716)	(1,671,535)	(1,444,833)
Other	2,909,877	2,945,736	3,104,002	2,560,837	2,486,242
TOTAL FUND BALANCES	5,960,695	5,558,570	5,067,896	4,111,333	4,000,588
TOTAL LIABILITIES AND FUND BALANCES	\$10,080,531	\$9,211,403	\$8,135,151	\$9,041,467	\$10,851,679

Prepared from Audited Financial Statements

NOTE: Summer teacher pay accruals are outstanding obligations of the Town at June 30 to cover teacher contract payments that expire August 31. However, the Town annually covers a full contract obligation in each annual budgetary cycle.

Town of Yarmouth
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
General Fund
(For the Years Ended June 30,)

	2017	2016	2015	2014	2013
REVENUES					
Taxes	\$29,290,264	\$28,760,984	\$28,329,365	\$28,399,859	\$28,084,225
Licenses and permits	273,941	238,235	196,498	208,104	97,794
Intergovernmental	6,632,226	6,092,551	5,684,712	5,073,259	4,128,273
Charges for services	2,181,193	2,245,065	1,762,924	1,054,911	-
Investment income	14,191	5,445	6,501	6,494	2,920
Other	406,900	535,315	637,387	72,602	852,375
Revenues from reserved	-	-	-	-	508,466
TOTAL REVENUES	38,798,715	37,877,595	36,617,387	34,815,229	33,674,053
EXPENDITURES					
Current:					
General government	2,918,201	3,099,759	2,720,172	2,437,697	2,200,268
Public works	2,577,846	3,670,771	3,314,887	3,091,409	2,756,218
Public safety	2,617,458	2,560,155	2,443,412	2,280,448	2,248,235
Health and welfare	45,850	57,853	39,721	38,352	24,134
Public services	1,329,195	1,376,480	1,178,284	1,121,154	1,061,420
Education	23,329,868	22,042,971	21,630,209	21,123,075	19,793,693
Unclassified	1,037,987	1,067,398	1,036,883	1,002,903	967,654
Capital outlay	2,020,972	917,854	2,541,631	1,202,418	-
Expenditures from reserved	-	-	-	-	3,058,293
Debt service	2,477,213	2,443,680	2,379,910	2,321,776	2,149,298
TOTAL EXPENDITURES	38,354,590	37,236,921	37,285,109	34,619,232	34,259,213
EXCESS OF REVENUES					
OVER EXPENDITURES	444,125	640,674	(667,722)	195,997	(585,160)
OTHER FINANCING					
SOURCES:					
Capital leases	53,000	0	1,772,290	140,000	0
Transfers from	55,000	0	21,995	0	150,000
Transfers to other	(150,000)	(150,000)	(170,000)	(225,252)	(239,000)
TOTAL OTHER	(42,000)	(150,000)	1,624,285	(85,252)	(89,000)
EXCESS OF REVENUES					
AND					
OTHER FINANCING					
SOURCES					
OVER EXPENDITURES	402,125	490,674	956,563	110,745	(674,160)
FUND BALANCE, JULY 1	\$5,558,570	\$5,067,896	\$4,111,333	\$4,000,588	\$4,674,748
FUND BALANCE, JUNE 30	\$5,960,695	\$5,558,570	\$5,067,896	\$4,111,333	\$4,000,588

Prepared from Audited Financial Statements

PROPERTY TAXATION

The principal tax of the Town is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The Town's Tax Collector receives the tax commitment from the Town Assessor, with assessed values as of April 1 of each year, after which time the tax bills are due in two installments. For fiscal year 2017/2018 the tax due dates are November 15, 2017 and May 2, 2018. All taxes paid after the due dates are subject to interest, established under Title 39, Section 186 of the Maine Revised Statutes, as amended, currently at the rate of 7.0% per annum.

Real Estate Taxes

Collection of real estate taxes is ordinarily enforced in the Town by the "tax lien" procedure as provided in the Maine Revised Statutes, as amended, to the collection of delinquent real estate taxes. Real Estate Tax Liens are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the Town.

Business Personal Property Taxes

In 2006 the Maine Legislature enacted LD 2056, codified as Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended, which exempts from taxation, beginning with the April 1, 2008 tax year, various types of tangible business personal property subject to an allowance for depreciation and some specialty types of real property improvements. The exemption does not apply to: Office furniture; Lamps and lighting fixtures used to provide general purpose office or worker lighting; Property owned or used by public utilities and persons providing certain television/telecommunications services; Telecommunications personal property subject to the tax imposed by section 457 of Title 36; Gambling machines or devices and associated equipment; Property located at a retail sales facility unless such facility is more than 100,000 square feet in size and owned by a business whose Maine-based operations derive less than 30% of their total annual revenue from sales in the State.

Through the Business Equipment Tax Exemption Program ("BETE") the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption through one of three formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town's tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".

3. Municipal Retention TIF Districts – Certain TIF districts that were enacted prior to April 1, 2008 entitle a municipality to receive reimbursement at a rate of up to 100% for exempt business equipment that is TIF exempt business equipment as defined in Title 36, Section 691(1)(G) of the Maine Revised Statutes, as amended. The increased reimbursement percentage is based on the tax increment percentage allocated to the municipality, as provided in Title 36, Section 694(2)(C) of the Maine Revised Statutes, as amended.

For the purposes of identifying the municipality's valuation for determining the local property tax rate, the value of all property made exempt by this legislation in the municipality must be considered part of that municipality's local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district.

The value of all property made exempt by this law in the Town will also be considered part of that municipality's equalized State Valuation to the extent the Town is being reimbursed for its lost property taxes by the state with an additional adjustment for property in a tax increment financing district. The law provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State's General Fund, rather than as an annual General Fund appropriation.

TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS

Chapter 206 and former 207 (now repealed) of Title 30-A of the Maine Revised Statutes, as amended, enable a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing ("TIF") district or an affordable housing development district (a "housing district") for a period of up to 30 years and adopts a development program (the "Development Program") stating the means and objectives for the development of that district. The municipality may designate, or "capture", all or a portion of the increase in assessed value resulting from development within the district and dedicate the increased property taxes it receives in future years generated by the "captured" assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of property of all TIF districts and the aggregate original assessed value of property of all housing districts within the municipality as of the April 1st preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing districts, approves the designation of any such district each cannot exceed 5% of the municipality's total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality's total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, Section 3403, Subsection 3 of the Maine Revised Statutes, as amended.

The increase in assessed value captured by the municipality is excluded from the municipality's equalized just value for each year's State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating

that municipality's share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended.

The Town has designated various tax increment financing districts and may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the Town's comprehensive plan for economic development, which includes tax increment financing as one of its aspects. In no event will the Town's districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

The future increased property tax receipts which have been and may, in the future, be "captured" for purposes of the Town's tax increment financing districts will not be available to pay debt service on the Bonds. The Town does not expect, however, that the use of such future increased property tax receipts for purposes of the Town's tax increment financing districts will have an adverse effect on the Town's ability to pay debt service on the Bonds.

TAX COLLECTIONS

Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Levy (000)	Collections (after Supplements and Abatements)		
					Year End (000)	% of Levy	% of Levy A/O 8/31/2017
2018	\$1,635,900	\$1,651,526	\$17.16	\$28,340	----- In Process -----		
2017	1,575,000	1,630,234	17.06	27,812	27,338	98.29%	99.01%
2016	1,532,200	1,257,972	21.56	27,122	26,598	98.07	99.51
2015	1,438,950	1,233,752	21.60	26,649	26,097	97.93	99.90
2014	1,436,350	1,213,169	22.00	26,689	26,195	98.15	99.96
2013	1,426,850	1,249,830	21.20	26,496	26,000	98.13	99.98
2012	1,484,100	1,250,593	20.28	25,400	24,965	98.29	99.98
2011	1,567,950	1,262,376	19.80	24,995	24,548	98.21	99.98
2010	1,634,600	1,284,535	19.54	25,099	24,739	98.57	99.99
2009	1,670,600	1,290,811	19.17	24,745	24,362	98.45	99.98
2008	1,623,400	1,293,350	18.56	24,005	23,602	98.32	99.98

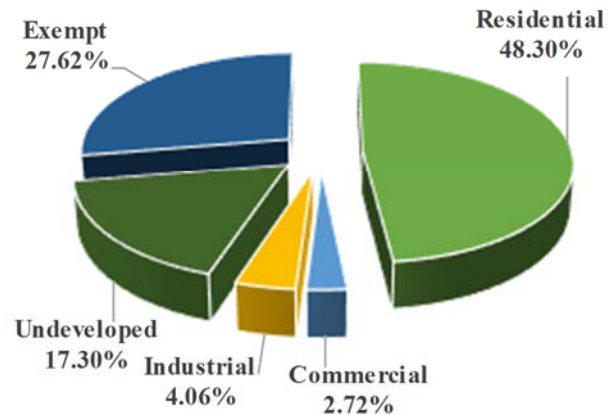
LARGEST TAXPAYERS

Taxpayer	As of April 1, 2017				
	Real Estate	Personal Property	Assessed Total	Property Tax	% of Levy
FPL Energy LLC	\$48,000,000	\$34,080,400	\$82,080,400	\$1,400,292	5.16%
Central Maine Power Company	25,856,800	7,700	25,864,500	441,248	1.63%
Tyler Technologies Inc	14,383,800	1,088,900	15,472,700	263,964	0.97%
Wallace W Gardner et al Trustees	13,207,800	0	13,207,800	225,325	0.83%
Taymil Junipers LLC	12,512,200	70,700	12,582,900	214,664	0.79%
Hannaford Bros Co	7,510,200	2,831,300	10,341,500	176,426	0.65%
Global Village (Delorme)	9,185,700	363,100	9,548,800	162,903	0.60%
Taymil Yarmouth Woods LLC	9,323,300	74,500	9,397,800	160,326	0.59%
27 Forest Falls Dr Yarmouth LLC	6,976,900	416,500	7,393,400	126,131	0.47%
Nest-Eggs LLC	5,437,600	10,200	5,447,800	92,939	0.34%
Total Top Ten Taxpayers				\$3,264,219	12.04%

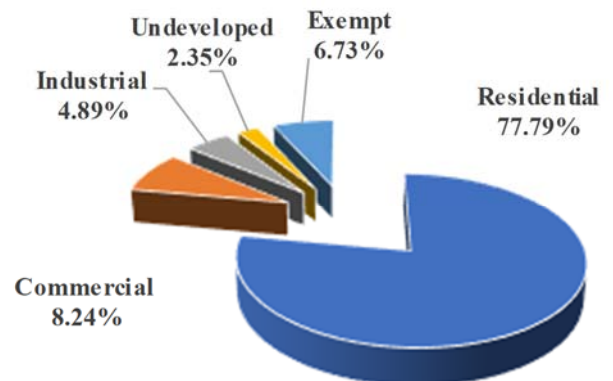
CURRENT TAX BASE AND TAX BASE GROWTH

The Town's land area is comprised of 13.35 square miles. The below table and chart displays the composition of land area available for tax base, and the potential for future tax base by the conversion of land from undeveloped to developed.

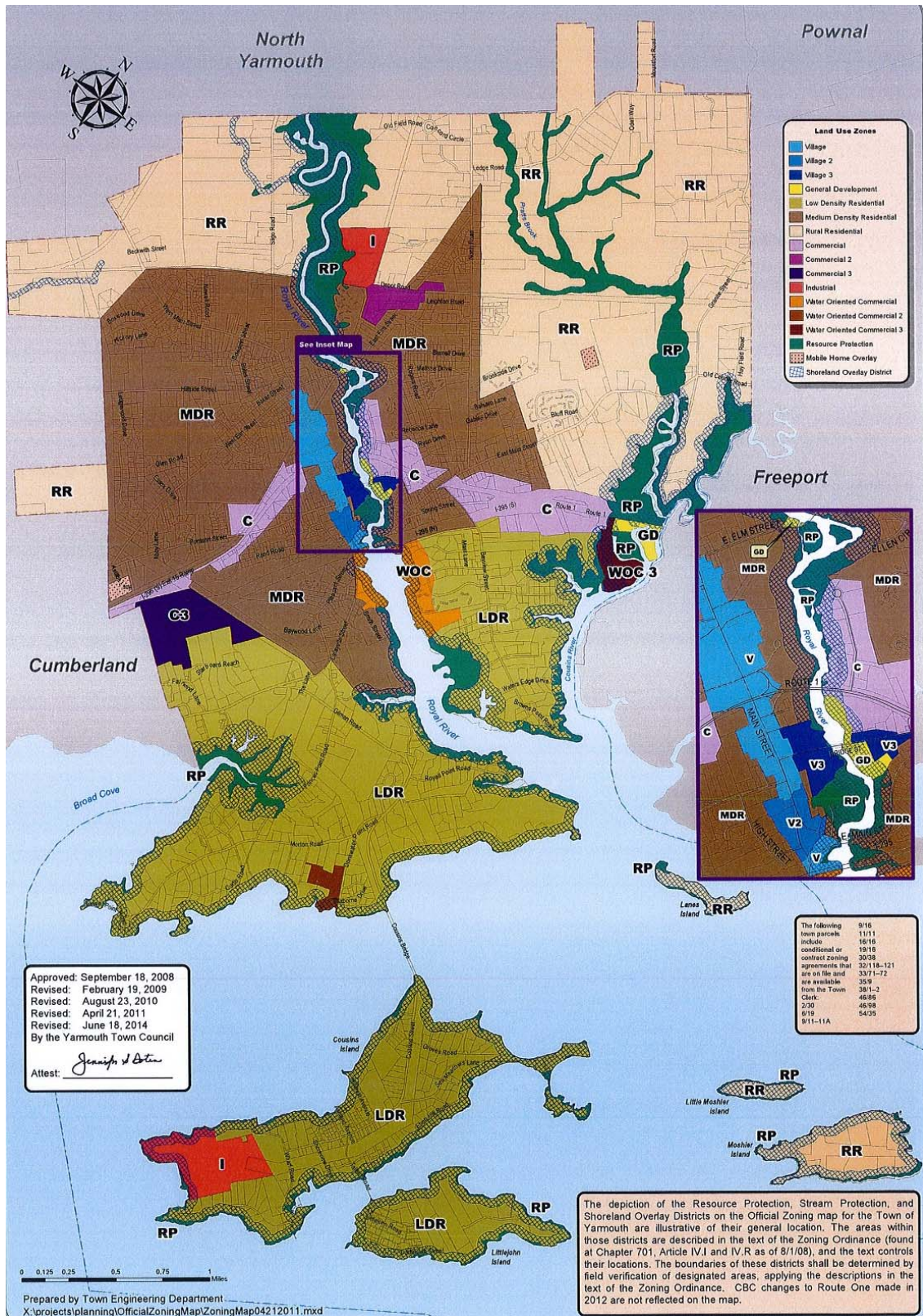
<u>By Land Area (Acres)</u>	<u>Acres</u>	<u>% Total</u>
Residential	4,127	48.30%
Commercial	232	2.72%
Industrial	347	4.06%
Undeveloped	1,478	17.30%
Exempt	<u>2,360</u>	<u>27.62%</u>
	8,544	100.00%



<u>By Value (\$)</u>	<u>Value</u>	<u>% Total</u>
Residential	\$1,362,377,500	77.79%
Commercial	\$144,347,300	8.24%
Industrial	\$85,575,900	4.89%
Undeveloped	\$41,226,000	2.35%
Exempt	<u>\$117,776,100</u>	<u>6.73%</u>
	\$1,751,302,800	100.00%



ZONING MAP



REVENUES FROM THE STATE

The State provides revenue to the Town in a number of areas including aid to the Town in a number of areas including education and road maintenance, reimbursement for general assistance, homestead exemption and BETE and revenue sharing. The amount of revenue in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State disbursements are governed by laws that may be changed by the State Legislature are subject to appropriation by the State Legislature in its budgetary process.

The State subsidizes most local school administrative units through the Essential Programs and Services (“EPS”) model of calculating and distributing state education aid. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for school administrative units are an annual item in the State’s budgetary process and are subject to legislative appropriation in that process. The following table displays State revenues received by the Town for the last five audited fiscal periods.

Fiscal Yr. End June 30,	State Revenue Sharing	School Aid	Reimbursements			Other State Aid	Total From State
			Homestead Exemption	General Assistance	BETE		
2017	\$458,199	\$4,144,201	\$224,721	\$13,893	\$94,726	\$96,750	\$5,032,490
2016	524,385	3,752,983	157,449	11,404	73,987	94,797	4,615,005
2015	489,884	3,120,110	170,050	4,786	67,148	100,923	3,952,901
2014	499,490	2,546,080	171,348	3,726	76,105	98,122	3,394,871
2013	739,444	1,315,492	179,460	3,736	67,543	136,386	2,442,061

INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, “No municipality may incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set.”

Title 30-A, Section 5703 of the Maine Revised Statutes, as amended, provides that the limitations on municipal debt contained in Section 5702 do not apply “... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under Chapter 235 and Title 10, Chapter 110, Subchapter IV, obligations payable from revenues of the current municipal year or from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt.”

The Town's 2018 equalized state valuation ("equalized State Valuation") is \$1,635,900,000. The 15% debt limit is \$245,385,000. As of June 30, 2017 the Town's long-term debt outstanding was \$13,440,066, or 0.82% of the 2018 equalized State Valuation. The Town will certify on the date of issue of the Bonds that the Town has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the Town to exceed such debt limits.

DEBT SUMMARY

Issue Date	Series	Amount Issued	Final Maturity	Balance on 06/30/17 (Audited)	(Payments)	Balance on 06/30/18 (Projected)
05/15/08	Roads	\$2,400,000	11/01/19	\$750,000	(\$275,000)	\$475,000
01/04/09	CWSRF ⁽¹⁾	1,532,282	10/01/23	785,066	(112,152)	672,914
10/29/09	Roads	817,718	11/01/19	225,000	(75,000)	150,000
06/01/11	Ref'd'g	13,155,000	11/15/21	5,950,000	(1,240,000)	4,710,000
10/01/13	Sr A	5,493,000	11/15/33	5,343,000	(155,000)	5,188,000
10/01/13	Sr B	387,000	11/15/18	387,000	(387,000) ⁽²⁾	0
Sub-totals				\$13,440,066	(2,244,152)	\$11,195,914
05/01/18	Sr A	\$3,000,000	11/15/33			\$3,000,000
05/01/18	Sr B	387,000	11/15/28			387,000
Totals				\$13,440,066	(2,244,152)	\$14,582,914

NOTE ⁽¹⁾ The 2009 CWSRF ("Clean Water State Revolving Fund") Bonds were issued to provide funds for a project that was eligible to be financed through State Revolving Loan Fund Program (the "SRF") administered jointly by the Maine Municipal Bond Bank (the "MMBB") and the State of Maine, acting by and through its Department of Environmental Protection (the "DEP") at a subsidized rate of 1.415%.

⁽²⁾ The 2013 Series B Bonds will be refunded with the proceeds from the 2018 Series B Bonds.

PROJECTED PRINCIPAL PAYMENTS, BY ISSUE (\$/000)

Y/E June 30,	2008 Roads	2009 CWSRF	2009 Roads	2011 Ref'd'g	2013 Sr A	2013 Sr B	2018 Sr A	2018 Sr B ⁽¹⁾	Total Debt
2018	275,000	112,152	75,000	1,240,000	155,000	0	0	0	1,857,152
2019	275,000	112,152	75,000	1,230,000	263,000	387,000	0	0	1,955,152
2020	200,000	112,152	75,000	1,220,000	275,000		0	12,000	1,894,152
2021		112,152		1,170,000	305,000		0	15,000	1,602,152
2022		112,152		1,090,000	310,000		0	15,000	1,527,152
2023		112,152			380,000		250,000	20,000	762,152
2024		112,154			400,000		250,000	20,000	782,154
2025					410,000		250,000	20,000	680,000
2026					230,000		250,000	20,000	500,000
2027					275,000		250,000	25,000	550,000
2028					300,000		250,000	25,000	575,000
2029					315,000		250,000	30,000	595,000
2030					340,000		250,000	30,000	620,000
2031					340,000		250,000	35,000	625,000
2032					340,000		250,000	35,000	625,000
2033					350,000		250,000	40,000	640,000
2034					355,000		250,000	45,000	650,000
6/30/2017	750,000	785,066	225,000	5,950,000	5,343,000	387,000	3,000,000	387,000	16,440,066
pd 2017	(275,000)	(112,152)	(75,000)	(1,240,000)	(155,000)	(387,000)	0	0	(1,857,152)
6/30/2018	475,000	672,914	150,000	4,710,000	5,188,000	0	3,000,000	387,000	14,582,914

NOTE: ⁽¹⁾ Annual Mandatory Sinking Fund payments

PROJECTED DEBT SERVICE REQUIREMENTS

Fiscal Yr. End June 30,	Prior Debt				Projected Debt (Pro Forma)			Projected Total Debt
	Principal	Interest	MMBB & DEP Fees	Total Debt	Sr A Bonds	Sr B Bonds	2018 Bonds	
2018	\$1,857,152	\$457,548	\$6,123	\$2,320,823	\$0	\$0	\$0	\$2,320,823
2019	1,955,152	378,958	6,044	2,340,154	127,264	34,677	161,941	2,502,095
2020	1,882,152	308,379	5,965	2,196,495	122,500	44,861	167,361	2,363,857
2021	1,587,152	238,292	5,885	1,831,329	122,500	46,697	169,197	2,000,526
2022	1,512,152	174,055	5,806	1,692,013	122,500	45,403	167,903	1,859,916
2023	492,152	137,368	5,727	635,247	368,750	48,894	417,644	1,052,890
2024	512,154	126,031	5,647	643,832	361,250	47,169	408,419	1,052,251
2025	410,000	114,088		524,088	353,750	45,444	399,194	923,281
2026	230,000	104,488		334,488	343,750	43,719	387,469	721,956
2027	275,000	96,569		371,569	331,250	46,778	378,028	749,597
2028	300,000	86,850		386,850	318,750	44,622	363,372	750,222
2029	315,000	75,300		390,300	306,250	47,250	353,500	743,800
2030	340,000	62,200		402,200	295,000	44,663	339,663	741,863
2031	340,000	48,600		388,600	285,000	46,859	331,859	720,459
2032	340,000	35,000		375,000	275,000	43,841	318,841	693,841
2033	350,000	21,200		371,200	265,000	45,606	310,606	681,806
2034	355,000	7,100		362,100	255,000	46,941	301,941	664,041
TOTAL	\$13,053,066	\$2,472,024	\$41,197	\$15,566,288	\$4,253,514	\$723,422	\$4,976,936	\$20,543,224

DEBT RATIOS

The following table sets forth the ratio of bonded debt to equalized State Valuation and per capita debt ratios for the end of the nine most recent fiscal years and projected for the current fiscal year:

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation (000)	Total Debt	Debt as % Eq. Val.	Per Capita Debt
2018	8,349	\$1,635,900	\$1,651,526	\$14,582,914	0.89%	\$1,746.67
2017	8,349	1,575,000	1,630,234	13,440,066	0.85	1,609.78
2016	8,349	1,532,200	1,257,972	15,317,218	1.00	1,834.62
2015	8,349	1,438,950	1,246,854	17,094,370	1.19	2,047.48
2014	8,349	1,436,350	1,213,169	18,781,522	1.31	2,249.55
2013	8,349	1,249,830	1,246,854	14,593,674	1.02	1,747.95
2012	8,349	1,484,100	1,250,593	16,194,075	1.09	1,939.64
2011	8,349	1,567,950	1,262,376	18,466,759	1.18	2,211.85
2010	8,349	1,634,600	1,284,535	21,329,443	1.30	2,554.73
2009	8,360	1,670,600	1,290,811	22,834,409	1.37	2,731.39

DEBT SERVICE COMPONENT OF OPERATING EXPENDITURES

	Audited				Budgeted
	2014	2015	2016	2017	2018
Total Current Year Debt Service:	\$2,371,420	\$2,379,910	\$2,443,680	\$2,477,213	\$2,394,940
Budgeted Operating Expense:	\$31,451,850	\$32,435,731	\$33,453,358	34,763,534	35,771,364
Debt Service as % Oper. Expense:	7.54%	7.34%	7.30%	7.13%	6.70%

OVERLAPPING DEBT

County of Cumberland

The Town is subject to an annual assessment of its proportional share of the County of Cumberland's expenses, including debt repayment, as determined by the percentage of the Town's equalized State Valuation to the County's equalized State Valuation. As of January 1, 2018 the Town's equalized State Valuation was 3.71% of the County's equalized State Valuation of \$44,050,350,000. The Town's share is 3.71%, or \$1,390,225, of the County's \$37,435,000 long-term debt projected outstanding as of June 30, 2017.

CONTINGENT DEBT

ecomaine

ecomaine has issued debt to fund a RRS (the "RRS Debt"). The RRS Debt is a special revenue obligation of ecomaine, payable from and secured by a pledge of ecomaine revenues. The debt does not constitute a debt or liability within the meaning of any constitutional or statutory provision, or a pledge of the full faith and credit of any political subdivision of the State of Maine. ecomaine has no taxing power. Notwithstanding the foregoing, pursuant to certain waste handling agreements between ecomaine and certain participating municipalities, including the Town, such municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to ecomaine for processing and to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will be at least equal required debt service on the RRS Debt. The obligations of the Member Municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. All outstanding RRS Debt of ecomaine was retired by June 30, 2013.

The Town has also entered into an agreement with ecomaine, as one of 20 RWS original Member Municipalities along with an additional seven Participating Municipalities, to establish a MRF at ecomaine's demolition debris and recycling facility. All outstanding MRF Debt of ecomaine was retired by June 30, 2013.

ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and post-closure care costs approximate \$14,564,514 at June 30, 2017, the most current information available. The Town's proportionate share of these estimated landfill closure and post-closure care costs is 4.37%, or \$635,858.

TOTAL GENERAL OBLIGATION, OVERLAPPING AND CONTINGENT DEBT

	Direct Debt	Overlapping	Contingent	Total Debt
Town of Yarmouth	\$13,440,066			\$13,440,066
County of Cumberland ⁽¹⁾		\$1,390,225		1,390,225
ecomaine (RRS)			\$0	0
ecomaine (MRF)			0	0
ecomaine (Landfill)			635,858	635,858
Total A/O June 30, 2017	\$13,440,066	\$1,390,225	\$635,858	\$15,466,149
% 2018 ESV	0.82%	0.08%	0.04%	0.95%
Per Capita	\$1,609.78	\$166.51	\$76.16	\$1,852.46

FUTURE FINANCING

The Town Manager develops a formal Capital Improvement Program that is submitted to the Town Council (see “TOWN FINANCES - CAPITAL IMPROVEMENT PROGRAM” herein). The CIP includes an inventory of possible capital projects, some of which may ultimately be included in the CIP, and is an indication of future projects that may be financed through the issuance of debt. The Town’s voters must approve any order which authorizes issuing debt for capital acquisitions of \$100,000 or more.

School Project

The Yarmouth School Department, in conjunction with the Town, continues to evaluate its school building infrastructure that includes the potential to consolidate, renovate or replace certain facilities. The School Department is evaluating a major capital facilities improvement plan (the “School Project”) that is estimated to cost approximately \$32 million but has not submitted a request for Town Council action. No official action by the Town has been made regarding the School Project at this time.

Public Safety Project

The Town Council is considering a proposed Public Safety Building, estimated cost of \$8.3 million that would relocate and then house the Police Department and Fire-Rescue in a new building on North Road where the Fire-Rescue station currently exists (the “Public Safety Project”). Community Services is currently housed in a modular office trailer behind the Town Hall. The Public Safety Project would then provide space currently occupied by the Police Department for Community Services to move into the Town Hall. No official action by the Town has been made regarding the Public Safety Project at this time.

The Town contemplates that either, or both, projects could be put to the Town’s voters’ consideration as early as a November 2018 referendum.

Road Projects

The Series A Bonds are being issued, in an amount of \$3,000,000, to provide funds to finance the Roads Projects. The authorization for the Roads Projects allows bonds to be issued, in an aggregate principal amount not to exceed \$2,000,000, to provide funds to finance the Hillside Street project plus an additional aggregate principal sum not to exceed \$2,000,000 for other Town Roads’ for a total not to exceed \$4,000,000. The remaining \$1,000,000 of authorized but unissued Road Project bonds is expected to be issued in Spring of 2019 or later.

Other than the projects being financed by the Bonds and the above discussions, no official action has been taken by the Town at this time to authorize bonding such projects.

RETIREMENT

A. DEFINED BENEFIT PENSION PLAN

Description of the Plan

The Town is a “participating local district” of the Consolidated Plan for Participating Local Districts (the “CPPLD”) administered by the Maine Public Employees Retirement System (“MainePERS”) successor to the Maine State Retirement System (“MSRS”), a cost-sharing multiple-employer defined benefit pension plan. MSRS was established in 1942, and effective September 20, 2007, by virtue of Chapter 58 of the Public Laws of 2007, MSRS was renamed MainePERS. MainePERS is established and administered under

the Maine State Retirement System Laws, Title 5, Chapters 421, 423 and 425 of the Maine Revised Statutes, as amended. The CPPLD provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to its members and which include employees of participating local districts, including the Town. The authority to establish and amend benefit provisions rests with the State Legislature. MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800. Such report is also available at:

<http://www.msrs.org/Publications/Publications.htm#Annual Reports>.

The Town contributes to MainePERS, as part of the State Employee and Teacher Plan (the “SET Plan”) and also the Participating Local District Consolidated Plan (the “PLD Plan”) (collectively, the “Plans”) which are cost sharing multiple employer defined benefit pension plans. The Plans were established as the administrator of a public employee retirement system under the Laws of the State of Maine. Within the Town, the School Department’s teaching certified employees plus other qualified educators, are eligible to participate in the Teacher s 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 Plan’s Board of Trustees and is currently 5%.

Benefits Provided

The PLD and SET Plans 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. In 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 (65 for new members to the PLD Plan on or after July 1, 2014). For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

Contributions

Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

PLD Plan - Employees are required to contribute 8.0% of their annual pay. The Town’s contractually required contribution rates for the year ended June 30, 2017 were 9.5% to 14.2% of annual payroll. Contributions to the pension plan from the Town were \$254,302 for the year ended June 30, 2017.

SET Plan - Maine statute requires the State to contribute a portion of the Town’s contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town’s

contractually required contribution rate for the year ended June 30, 2017, was 13.38% of annual payroll of which 3.36% of payroll was required from the Town and 10.02% was required from the State. Contributions to the pension plan from the Town were \$426,494 for the year ended June 30, 2017.

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

The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating SAUs and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2017, the Town reported a liability of \$2,567,746 for its proportionate share of the net pension liability. At June 30, 2016, the Town's proportion of the PLD Plan was 0.4833%.

SET Plan - At June 30, 2017, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability:	\$150,237
State's proportionate share of the net pension liability:	<u>17,704,106</u>
Total:	\$17,854,343

At June 30, 2016, the Town's proportion of the SET Plan was 0.0085%.

For the year ended June 30, 2017, the Town recognized pension expense of \$429,003 for the PLD Plan and \$1,771,807 for the SET Plan, with revenue of \$1,271,867 for support provided by the State.

For the year ended June 30, 2017 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$0	\$131,405
Changes of Assumptions:	271,411	-
Net difference between projected and actual earnings on pension investments:	582,278	-
Changes in proportion and differences between contributions and proportionate share of contributions:	4,452	-
The Town's contributions subsequent to the measurement date:	680,796	-
Total:	<u>\$1,538,937</u>	<u>\$131,405</u>

\$680,796 is reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2018	\$132,262
2019	115,295
2020	323,750
2021	155,429

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation, methodology and assumptions are detailed in “APPENDIX A - TOWN OF YARMOUTH, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017”, pages 40 et seq, herein.

B. DEFINED CONTRIBUTION PLAN

The Town offers its regular employees a defined contribution money purchase plan created in accordance with Internal Revenue Code Section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate and are vested from the date of employment. The Town matches employees’ contribution to the plan up to 5% of compensation for the plan year for School employees and 7% of compensation for the plan year for Town employees. For the years ended June 30, 2017 and 2016, the Town contributed \$157,909 and \$164,439, respectively.

C. DEFERRED COMPENSATION PLAN

The Town offers its employees not participating in MainePERS a deferred compensation plan created in accordance with Section 457(k) of the Internal Revenue Code, as amended. The plan, available to all Town employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In applying the provisions of Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the Town has determined that effective July 1, 1997 it is no longer required to record assets and associated liability of the plan.

D. OTHER POST-EMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, (“GASB 45”) addresses the reporting and disclosure requirements for other post-employment benefits (“OPEB”). GASB 45 was implemented, as required, by the Town for the year ended June 30, 2009. GASB 45 requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town is a member of the Maine Municipal Employees Health Trust (the “Health Trust”). The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town’s OPEB liability under GASB 45. An OPEB liability actuarial valuation was completed by such consultant in June 2009. GASB 45 rules allow employers with less than 200 employees to use the same actuarial study for three years. The most recent valuation report was completed in August 2017 for the fiscal year ending June 30, 2017.

Plan Descriptions

The Town allows certain retired employees to continue to receive health care benefits under the Town's self-insurance coverage agreement with the Health Trust. Eligible retirees are required to pay 100% of their health insurance premiums as assessed by the Health Trust. If the Town is unable to continue or decides to discontinue its current agreement with the Health Trust, the Town is under no contractual obligation to provide any health care benefits to its retired employees.

Funding Policy and Annual OPEB Cost

GASB 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution ("ARC"), an actuarially determined amount, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed 30 years.

The following table represents the OPEB costs for the year and the annual required contribution:

Normal cost:	\$35,424
Amortization of unfunded cost:	52,091
Adjustment to ARC:	(36,317)
Interest:	<u>26,853</u>
Annual required contribution:	\$78,051

Net OPEB Obligation – The Town's net OPEB obligation was calculated as follows:

OPEB liability, July 1, 2016:	\$627,990
ARC:	78,051
Less: actual contributions:	<u>(68,020)</u>
OPEB liability, June 30, 2017:	\$638,021

Funding Status and Funding Progress - The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2017 and two preceding years was:

	<u>2015</u>	<u>2016</u>	<u>2019</u>
Annual required contribution:	\$93,562	\$92,209	\$78,051
Actual contributions:	17,749	7,553	68,020
% contributed:	18.97%	8.18%	87.15%
Actuarial accrued liability:	996,213	996,213	996,213
Plan assets:	<u>0</u>	<u>0</u>	<u>0</u>
Unfunded actuarial accrued liability:	\$996,213	\$996,213	\$936,795
Covered payroll:	\$3,752,447	\$3,892,260	\$3,971,287
Unfunded actuarial accrued liability as % of covered payroll:	27%	26%	24%

The Town does not believe that its OPEB liabilities, as determined pursuant to GASB 45, have a material impact on its current financial condition or operations. The Town has monitored and will continue to monitor its OPEB liabilities as determined pursuant to GASB 45. The Town does not, however, offer any assurance as to the impact, if any, of future OPEB liabilities, as determined pursuant to GASB 45, on the Town's future financial condition or operations. For additional information about the Town's OPEB

liabilities, see “Other Post-Employment Benefits” in Notes to Basic Financial Statements in APPENDIX A hereto.

ENVIRONMENTAL MATTERS

Securities and Exchange Commission Regulation 229.103 (the “Regulation”) requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. The Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten percent (10%) of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000. Although the Town, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the Town is voluntarily making the following disclosure with respect to environmental liabilities:

The Town is not subject to any pending or threatened proceedings or actions involving environmental matters that, if adversely decided, would have a material adverse impact upon the Town’s financial condition or ability to pay debt service on the Bonds as and when due.

LITIGATION

In the opinion of Town officials there is no litigation pending against the Town which, either individually or in the aggregate, would result in judgments that would have a material adverse effect on the Town’s financial position or its ability to meet its debt service obligations. In addition, there is no controversy or litigation of any nature now pending, or to the knowledge of the Town, threatened, restraining or enjoining or challenging the issuance, sale, execution or delivery of the Bonds or the power to assess, levy or collect any tax or other charge to pay the interest on or principal or redemption price of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Town taken with respect to the issuance or sale thereof, or in any way contesting the existence or powers of the Town.

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APPENDIX A

**TOWN OF YARMOUTH, MAINE
ANNUAL FINANCIAL REPORT
FOR
FISCAL YEAR ENDED JUNE 30, 2017**

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TOWN OF YARMOUTH, MAINE

Annual Financial Report

For the year ended June 30, 2017

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TOWN OF YARMOUTH, MAINE
Annual Financial Report
Year ended June 30, 2017

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TOWN OF YARMOUTH, MAINE
Annual Financial Report
Year ended June 30, 2017

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Independent Auditor's Report

Town Council
Town of Yarmouth, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Yarmouth, Maine as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Yarmouth, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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 Yarmouth, Maine as of June 30, 2017, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retiree healthcare plan schedule of funding progress, the schedule of Town's proportionate share of the net pension liability, and the schedule of Town contributions, as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Yarmouth, Maine's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Maine Department of Education, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017 on our consideration of the Town of Yarmouth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Yarmouth, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remy Kristen Ouellette". The signature is written in a cursive, flowing style.

December 22, 2017
South Portland, Maine

TOWN OF YARMOUTH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

As management of the Town of Yarmouth, we offer readers of the Town of Yarmouth's financial statements this narrative overview and analysis of the financial activities of the Town of Yarmouth for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Yarmouth exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$51.8 million (net position). Of this amount, \$3.14 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The ending fund balance for the governmental funds was \$9.5 million – a 12% increase over last year.
- As of June 30, 2017, the General fund held \$6 million in fund balances – \$2.9 million of which is available to the Town as unassigned fund balance. This is approximately 7.6% of total expenditures.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the Town of Yarmouth, Maine (Town) using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Town's financial statements are comprised of a series of statements. The government-wide financial statements (statement of net position and the statement of activities on pages 15 and 16) present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting.

The fund financial statements (beginning on page 17) provide a more detailed look at the governmental funds and the fiduciary funds. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The fiduciary activities are agency funds and are used to account for resources held for the benefit of others and are not available to support the Town's own programs. Agency funds only report a balance sheet and do not have a measurement focus. Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

Government-wide Financial Statements

The government-wide financial statements are designed to give the reader a broad overview of the Town of Yarmouth's finances, similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Yarmouth is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The Town of Yarmouth's statement of net position and its statement of activities report governmental activities only. These are the Town's basic services including: general government, public safety, public works, health and welfare, public services, education, unclassified, interest on debt and capital maintenance expenses.

TOWN OF YARMOUTH, MAINE
Management's Discussion and Analysis, Continued

Property taxes, intergovernmental revenue (primarily from the State of Maine), user fees, license and permit fees and state and local grants finance these activities. The government-wide statements can be found on pages 15 and 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Yarmouth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental and fiduciary.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Yarmouth maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and York Trust Fund, both of which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Yarmouth adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 and 18 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Yarmouth's own programs.

The basic fiduciary fund financial statements can be found on page 21 of this report.

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 fund financial statements. The notes to the financial statements can be found on pages 22-45 of this report.

Other Information – The combining statements referred to earlier in connection with nonmajor governmental funds are presented beginning on page 53 of this report.

TOWN OF YARMOUTH, MAINE
Management's Discussion and Analysis, Continued

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Yarmouth, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$51.8 million at the close of the most recent fiscal year.

Statement of Net Position

		2017	2016	Increase (decrease)
Current and other assets	\$	12,792,837	11,884,176	908,661
Capital assets		60,496,099	61,246,665	(750,566)
Total assets		73,288,936	73,130,841	158,095
Deferred outflows of resources		1,538,937	842,940	695,997
Noncurrent liabilities		19,833,830	20,722,080	(888,250)
Other liabilities		3,049,583	2,990,167	59,416
Total liabilities		22,883,413	23,712,247	(828,834)
Deferred inflows of resources		131,405	260,274	(128,869)
Net investment in capital assets		45,567,521	44,266,114	1,301,407
Restricted		3,102,721	2,628,513	474,208
Unrestricted		3,142,813	3,106,633	36,180
Total net position	\$	51,813,055	50,001,260	1,811,795

The largest portion of the Town of Yarmouth's net position (88%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town of Yarmouth uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The balance of unrestricted net position (\$3.1 million) may be used to meet the government's ongoing obligations to citizens and creditors.

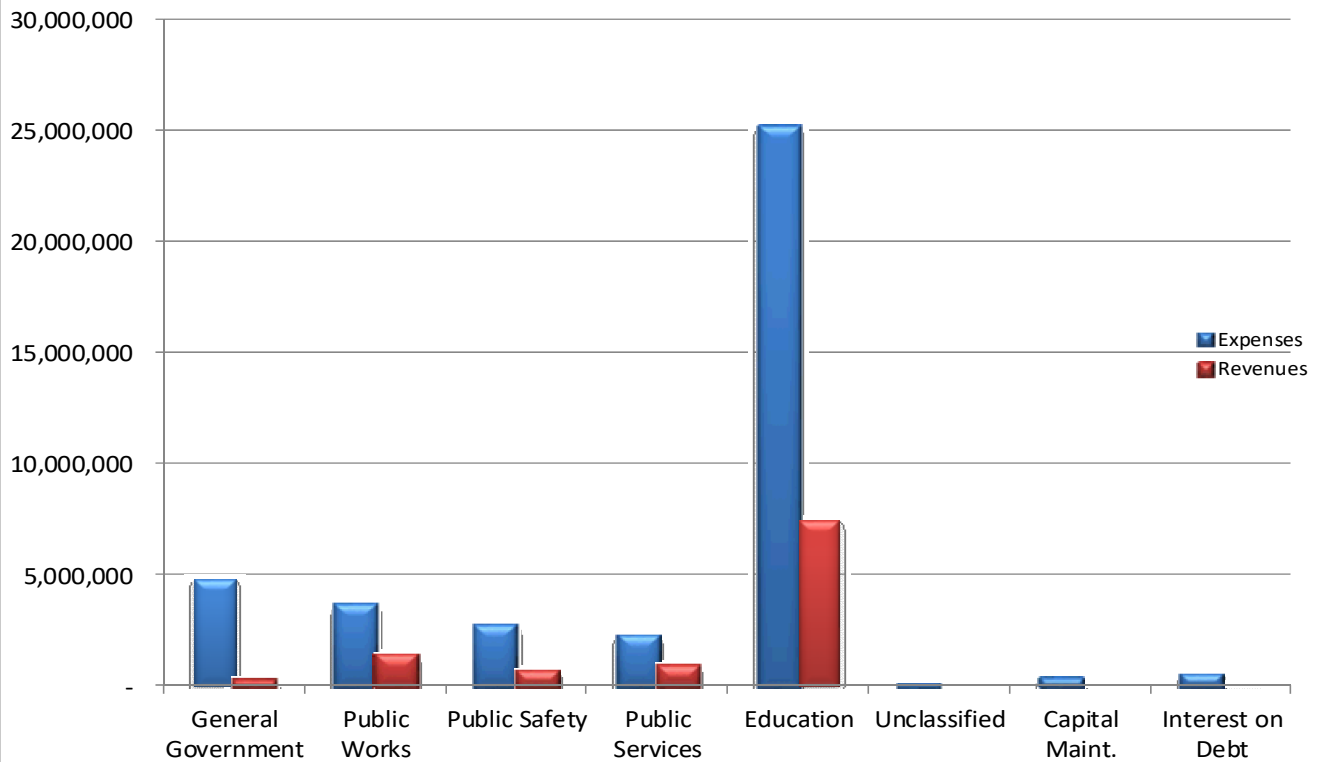
TOWN OF YARMOUTH, MAINE
Management's Discussion and Analysis, Continued

Change in Net Position			
	2017	2016	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 3,552,895	\$ 3,552,876	19
Operating Grants & Contributions	7,073,061	6,428,891	644,170
Capital Grants & Contributions	247,338	101,002	146,336
General Revenues			
Property Taxes	27,719,797	27,090,095	629,702
Motor Vehicle Excise Tax	1,906,523	1,800,617	105,906
Interest and Costs on Taxes	47,076	38,104	8,972
State Revenue Sharing	458,199	524,385	(66,186)
Homestead Exemption	224,721	157,449	67,272
Other State Aid	102,775	83,989	18,786
Unrestricted Investment Earnings	14,191	5,445	8,746
Miscellaneous Revenues	192,913	222,066	(29,153)
TOTAL REVENUES	41,539,489	40,004,919	1,534,570
Program Expenses:			
General Government	4,846,797	4,780,791	66,006
Public Works	3,683,067	4,479,110	(796,043)
Public Safety	2,728,117	2,744,354	(16,237)
Health & Welfare	49,997	57,853	(7,856)
Public Services	2,230,742	2,229,773	969
Education (excluding debt service)	25,214,961	23,080,666	2,134,295
Unclassified	16,051	83,128	(67,077)
Capital Maintenance Expenses	370,645	58,007	312,638
Interest on Debt	587,317	651,925	(64,608)
TOTAL EXPENSES	39,727,694	38,165,607	1,562,087
Increase in net position	1,811,795	1,839,312	(27,517)
Net position – beginning of year	50,001,260	48,161,948	1,839,312
Net position – end of year	\$ 51,813,055	\$ 50,001,260	1,811,795

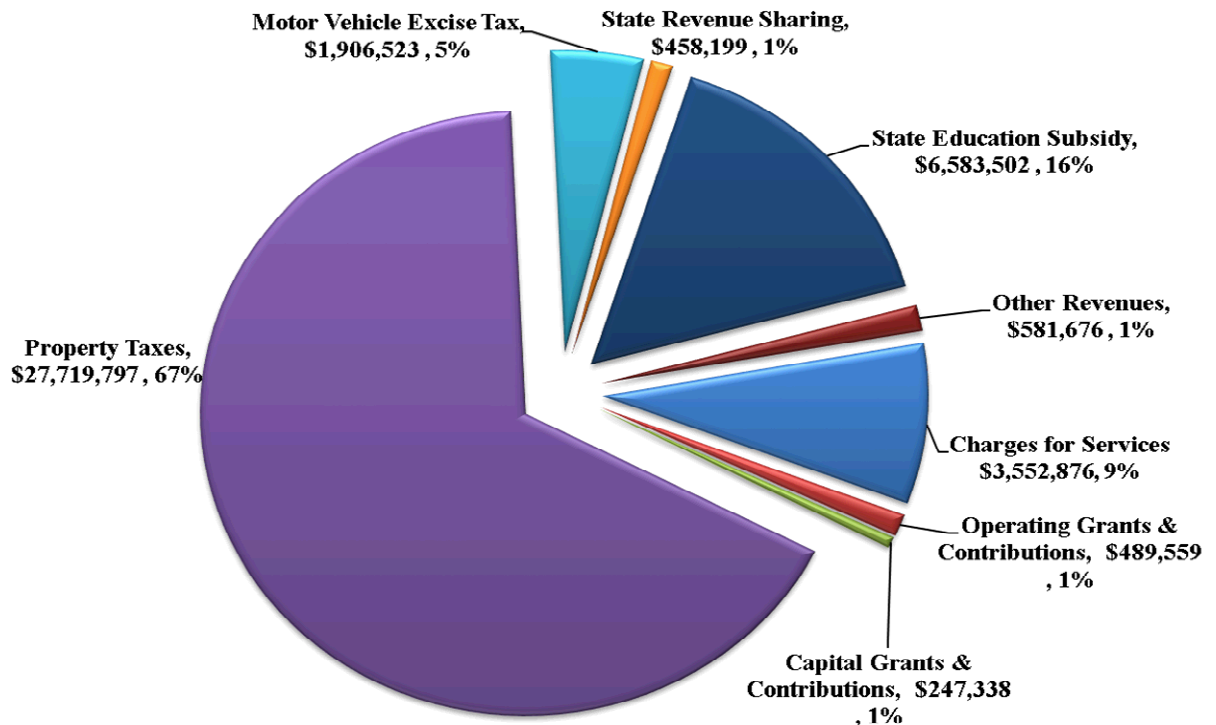
Governmental activities resulted in an increase in the Town of Yarmouth's net position of \$1.8 million with the majority of revenues (67%) coming from property taxes. Principal payments on bonds and lease payments totaled approximately \$2.1 million. These amounts are not considered expenses for purposes of full accrual financial statements. Governmental activities also included approximately \$2.55 million in depreciation expense.

TOWN OF YARMOUTH, MAINE
Management's Discussion and Analysis, Continued

Program Expenses & Revenues - Governmental Activities



Revenue Source - Governmental Activities



TOWN OF YARMOUTH, MAINE
Management's Discussion and Analysis, Continued

Financial Analysis of the Government's Funds

The Town of Yarmouth uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, the Town of Yarmouth's governmental funds reported combined ending fund balances of \$9.5 million. Approximately 9% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is restricted, committed, or assigned to indicate that it is not available for new spending. It has been committed or assigned 1) to liquidate contracts and purchase orders of the prior period, 2) to fund future capital purchases, 3) to generate income for various charitable purposes and 4) for a variety of other unrestricted purposes.

The General Fund is the chief operating fund of the Town of Yarmouth. At the end of the current fiscal year, unassigned fund balance of the general fund was \$0.9 million, while total fund balance reached \$6 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 2% of total General Fund expenditures, while total fund balance represents approximately 16% of that same amount.

The Town has one other major fund - the York Trust Fund. The York Trust Fund has a fund balance of \$1.96 million and accounts for funds left to the Town of Yarmouth for various charitable purposes.

General Fund Budgetary Highlights

During the current fiscal year, revenues for the Town of Yarmouth exceeded expenditures by \$2.2 million, of which \$2 million were allocated for other uses such as capital expenditures. This was \$0.9 million more than budgeted. Actual revenues to budget had a surplus of \$326,423.

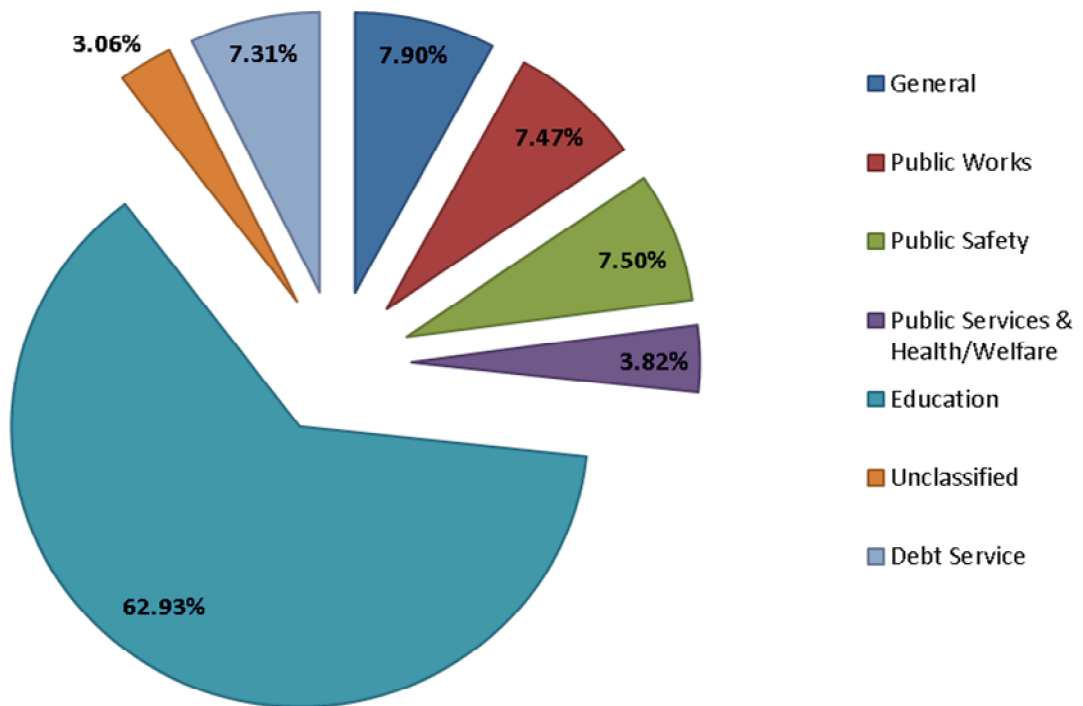
Variances on the expenditure side totaled \$862,298 under budget. School expenditures were \$100,302 less than budgeted along with a net savings in most all Town departments.

TOWN OF YARMOUTH, MAINE
Management's Discussion and Analysis, Continued

General Fund Budget and Actual

	Final Budget	Actual	Variance
Revenues:			
Taxes	\$ 29,128,911	\$ 29,290,264	161,353
Intergovernmental	5,135,188	5,032,490	(102,698)
Other	1,541,300	1,809,068	267,768
Total revenues	\$ 35,805,399	\$ 36,131,822	326,423
Expenditures:			
General	\$ 2,747,990	\$ 2,679,820	68,170
Public Works	2,705,585	2,533,018	172,567
Public Safety	2,579,060	2,543,230	35,830
Health and Welfare	31,650	32,811	(1,161)
Public Services	1,296,297	1,263,191	33,106
Education	21,434,268	21,333,966	100,302
Unclassified	1,479,911	1,037,987	441,924
Debt Service	2,488,773	2,477,213	11,560
Total expenditures	\$ 34,763,534	\$ 33,901,236	862,298
Excess Revenues	\$ 1,041,865	\$ 2,230,586	1,188,721

Expenditures - General Fund



TOWN OF YARMOUTH, MAINE
Management's Discussion and Analysis, Continued

Capital Assets and Debt Administration

Capital Assets

The Town of Yarmouth's investment in capital assets (net of accumulated depreciation) as of June 30, 2017, was \$60 million. This investment in capital assets includes land, buildings and building improvements, furniture and equipment, vehicles, library collections and infrastructure assets such as roads, sidewalks, storm drains, traffic signals, sewer lines, and bridges.

During fiscal year 2017, the Town spent more than \$2.76 million on various capital assets - \$200,319 was spent on buildings & building improvements, \$1,720,391 was spent on infrastructure (road improvements and wastewater improvements) and \$845,585 was spent to purchase equipment and vehicles for the Town's public works, police, and school departments.

Town of Yarmouth's Capital Assets (Net of Depreciation)

	2017	2016
Books and collections	\$ 870,302	\$ 870,302
Land	8,946,826	8,893,326
Construction in progress	127,128	1,029,704
Land Improvements	1,634,411	1,904,061
Buildings and building improvements	29,206,308	30,045,715
Furniture and equipment	992,193	1,184,865
Vehicles	2,027,326	1,646,182
Infrastructure	16,691,605	15,672,510
	\$ 60,496,099	\$ 61,246,665

Long-term Debt

The Town of Yarmouth's bond ratings is Aa2 from Moody's Investor Service and AA+ from Standard and Poor.

State statutes limit the amount of general obligation debt a municipality may issue to 15.0% of its total state assessed valuation. The current debt limitation for the Town of Yarmouth is in excess of \$200 million, considerably more than the Town's outstanding general obligation debt. Additional information on the Town of Yarmouth's long-term debt may be found in the Notes to the Financial Statements.

Town of Yarmouth's Outstanding Debt

	2017	2016
General obligation bonds	\$ 13,440,066	\$ 15,317,218
Accrued Compensated Balances	945,280	876,444
Capital leases	1,383,202	1,551,918
Landfill post-closure costs	603,968	592,125
	\$ 16,372,516	\$ 18,337,705

TOWN OF YARMOUTH, MAINE
Management's Discussion and Analysis, Continued

Economic Factors and Next Year's Budget and Rates

Yarmouth's economy continues to be strong with an unemployment rate below both the State of Maine and the national average. Estimated household income was \$73,234 (2010) with a population of 8,349 in 3,819 housing units. Yarmouth's residential/commercial tax base was fairly consistent. Next Era's Wyman Station real estate value decreased by \$2 million in FY17. There was no value decrease for FY18.

The 2017-2018 budget increases expenditures by 3.09% with a projected increase in revenues of approximately 4.6%. The Town performed a reassessment of all real properties for tax year 2016-2017. The last implemented reassessment was in tax year 2005. The tax rate for 2017-2018 is \$17.16 per thousand - a 0.59% increase or \$0.10 cents per thousand.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors, 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 any questions about this report or need additional financial information, contact the *Finance Director, 200 Main Street, Yarmouth, ME 04096, phone 207-846-9036 or e-mail at dmadden@yarmouth.me.us*.

BASIC FINANCIAL STATEMENTS

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TOWN OF YARMOUTH, MAINE
Statement of Net Position
June 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,570,102
Investments	2,261,756
Receivables:	
Accounts, net of allowance of \$70,996	272,065
Taxes - current year	474,228
Taxes - prior years	37,903
Tax liens	82,180
Sewer	53,246
Prepaid expenses	5,017
Inventories	36,340
Capital assets not being depreciated	9,944,256
Capital assets, net of accumulated depreciation	50,551,843
Total assets	73,288,936
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	1,538,937
Total deferred outflows of resources	1,538,937
LIABILITIES	
Accounts payable and other current liabilities	868,987
Accrued payroll	2,116,648
Accrued interest	63,948
Noncurrent liabilities:	
Due within one year	2,089,732
Due in more than one year	17,744,098
Total liabilities	22,883,413
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	131,405
Total deferred inflows of resources	131,405
NET POSITION	
Net investment in capital assets	45,567,521
Restricted for:	
Permanent funds, nonexpendable	2,550,537
Permanent funds, expendable	127,515
Grants and other purposes	133,623
Tax increment financing districts	291,046
Unrestricted	3,142,813
Total net position	\$ 51,813,055

See accompanying notes to basic financial statements.

TOWN OF YARMOUTH, MAINE
Statement of Activities
For the year ended June 30, 2017

For the year ended June 30, 2021					
		Program Revenues			Net (expense) revenue and changes in net position
			Operating	Capital	Primary Government
Functions/programs	Expenses	Charges for services	grants and contributions	grants and contributions	Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 4,846,797	211,181	4,763	53,500	(4,577,353)
Public works	3,683,067	1,171,571	111,982	168,401	(2,231,113)
Public safety	2,728,117	649,562	32,241	25,437	(2,020,877)
Health and welfare	49,997	-	90,234	-	40,237
Public services	2,230,742	595,009	250,339	-	(1,385,394)
Education	25,214,961	925,572	6,583,502	-	(17,705,887)
Unclassified	16,051	-	-	-	(16,051)
Capital maintenance expenses	370,645	-	-	-	(370,645)
Interest on debt	587,317	-	-	-	(587,317)
Total governmental activities	39,727,694	3,552,895	7,073,061	247,338	(28,854,400)
Total primary government	\$ 39,727,694	3,552,895	7,073,061	247,338	(28,854,400)

General revenues:

Property taxes, levied for general purposes	27,719,797
Motor vehicle excise taxes	1,906,523
Interest and costs on taxes	47,076
Grants and contributions not restricted to specific programs:	
State Revenue Sharing	458,199
Homestead exemption	224,721
Other State aid	102,775
Unrestricted investment earnings	14,191
Miscellaneous revenues	192,913
Total general revenues	30,666,195

Change in net position 1,811,795

Net position - beginning 50,001,260

Net position - ending \$ 51,813,055

See accompanying notes to basic financial statements.

TOWN OF YARMOUTH, MAINE
Balance Sheet
Governmental Funds
June 30, 2017

	General	York Trust Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 9,210,597	-	359,505	9,570,102
Investments	-	1,955,311	306,445	2,261,756
Receivables:				
Taxes - current year	474,228	-	-	474,228
Taxes - prior years	37,903	-	-	37,903
Tax liens	82,180	-	-	82,180
Accounts, net of allowance of \$70,996	152,799	-	36,810	189,609
Sewer	53,246	-	-	53,246
Due from other governments	47,442	-	35,014	82,456
Prepaid expenditures	4,597	-	420	5,017
Inventory	17,539	-	18,801	36,340
Interfund loans receivable	-	-	870,895	870,895
Total assets	\$ 10,080,531	1,955,311	1,627,890	13,663,732
LIABILITIES				
Accounts payable and payroll withholding	819,176	-	39,788	858,964
Accrued wages - Town	163,212	-	33,728	196,940
Accrued wages - School	1,919,708	-	-	1,919,708
Taxes paid in advance	10,023	-	-	10,023
Interfund loans payable	870,895	-	-	870,895
Total liabilities	3,783,014	-	73,516	3,856,530
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	336,822	-	-	336,822
Total deferred inflows of resources	336,822	-	-	336,822
FUND BALANCES				
Nonspendable:				
Prepaid and inventory	22,136	-	19,221	41,357
Principal	-	1,903,430	647,107	2,550,537
Restricted:				
Grants and other purposes	-	-	114,822	114,822
TIF funds	-	-	291,046	291,046
Permanent funds	-	51,881	75,634	127,515
Committed:				
Reserves - Town	3,139,385	-	-	3,139,385
Reserves - School	1,115,030	-	-	1,115,030
Recreation and other programs	-	-	423,391	423,391
Assigned for Town purposes	775,081	-	-	775,081
Unassigned:				
Education (teacher summer salaries and benefits)	(2,000,814)	-	-	(2,000,814)
Education - tax stability reserve	477	-	-	477
Town	2,909,400	-	-	2,909,400
Grants and other purposes	-	-	(16,847)	(16,847)
Total fund balances	5,960,695	1,955,311	1,554,374	9,470,380
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,080,531	1,955,311	1,627,890	

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.	60,496,099
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	336,822
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds payable	(13,440,066)
Premiums on bonds	(105,310)
Capital leases	(1,383,202)
Accrued interest	(63,948)
Landfill liability	(603,968)
Accrued compensated absences	(945,280)
Net pension liability with related deferred outflows and inflows of resources	(1,310,451)
Other post employment benefits liability	(638,021)

Net position of governmental activities **\$ 51,813,055**

See accompanying notes to basic financial statements.

TOWN OF YARMOUTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2017

	General	York Trust Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 29,290,264	-	521,273	29,811,537
Licenses and permits	273,941	-	-	273,941
Intergovernmental	6,632,226	-	746,314	7,378,540
Charges for services	2,181,193	-	1,236,482	3,417,675
Investment earnings	14,191	167,342	71,903	253,436
Unclassified	406,900	-	82,101	489,001
Total revenues	38,798,715	167,342	2,658,073	41,624,130
Expenditures:				
Current:				
General government	2,918,201	-	143,598	3,061,799
Public works	2,577,846	-	9,768	2,587,614
Public safety	2,617,458	-	32,254	2,649,712
Health and welfare	45,850	4,147	-	49,997
Public services	1,329,195	62,653	709,625	2,101,473
Education (excluding debt service)	23,329,868	-	1,346,455	24,676,323
Unclassified	1,037,987	-	16,051	1,054,038
Capital outlay	2,020,972	-	17,242	2,038,214
Debt service	2,477,213	-	-	2,477,213
Total expenditures	38,354,590	66,800	2,274,993	40,696,383
Excess of revenues over expenditures	444,125	100,542	383,080	927,747
Other financing sources (uses):				
Capital lease proceeds	53,000	-	-	53,000
Transfers from other funds	55,000	-	150,000	205,000
Transfers to other funds	(150,000)	-	(55,000)	(205,000)
Total other financing sources (uses)	(42,000)	-	95,000	53,000
Net change in fund balances	402,125	100,542	478,080	980,747
Fund balances, beginning of year	5,558,570	1,854,769	1,076,294	8,489,633
Fund balances, end of year	\$ 5,960,695	1,955,311	1,554,374	9,470,380

See accompanying notes to basic financial statements.

TOWN OF YARMOUTH, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2017

Net change in fund balances - total governmental funds (from Statement 4)	\$ 980,747
Amounts reported for governmental activities in the Statement of Activities (Statement 2) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$2,546,007) and the loss on disposal of assets (\$68,279) exceeded capital outlay (\$1,863,720) in the current period.	(750,566)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable revenue - property taxes.	(138,141)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These are the changes in other liabilities:	
Other post employment benefits	(10,031)
Accrued compensated absences	(68,836)
Net pension liability	(1,073,013)
Deferred inflows and outflows of resources related to the net pension liability	824,866
Landfill post closure care costs	(11,843)
Accrued interest payable	6,639
Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal repayments (\$2,098,868) and the amortization of bond premium (\$6,105) exceeded lease proceeds (\$53,000).	2,051,973
Change in net position of governmental activities (see Statement 2)	\$ 1,811,795

See accompanying notes to basic financial statements.

TOWN OF YARMOUTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2017

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 28,686,987	29,128,911	29,290,264	161,353
Licenses and permits	197,200	197,200	273,941	76,741
Intergovernmental	5,135,188	5,135,188	5,032,490	(102,698)
Charges for services	1,258,300	1,258,300	1,459,648	201,348
Investment earnings	1,800	1,800	8,753	6,953
Unclassified	84,000	84,000	66,726	(17,274)
Total revenues	35,363,475	35,805,399	36,131,822	326,423
Expenditures:				
Current:				
General government	2,747,990	2,747,990	2,679,820	68,170
Public works	2,705,585	2,705,585	2,533,018	172,567
Public safety	2,579,060	2,579,060	2,543,230	35,830
Health and welfare	31,650	31,650	32,811	(1,161)
Public services	1,296,297	1,296,297	1,263,191	33,106
Education (excluding debt service)	21,434,268	21,434,268	21,333,966	100,302
Unclassified	1,037,987	1,479,911	1,037,987	441,924
Debt service	2,488,773	2,488,773	2,477,213	11,560
Total expenditures	34,321,610	34,763,534	33,901,236	862,298
Excess of revenues over expenditures	1,041,865	1,041,865	2,230,586	1,188,721
Other financing sources (uses):				
Use of prior year surplus	350,000	436,000	350,000	(86,000)
Use of stabilization reserve - school	362,275	362,275	362,275	-
Appropriations for reserves	(1,604,140)	(1,690,140)	(1,690,140)	-
Transfers to general fund reserves	-	-	(272,275)	(272,275)
Transfers to other funds	(150,000)	(150,000)	(150,000)	-
Total other financing uses	(1,041,865)	(1,041,865)	(1,400,140)	(358,275)
Net change in fund balance - budgetary basis	-	-	830,446	830,446
Reconciliation to GAAP:				
Appropriations for reserves			1,690,140	
Transfers to reserves from the General Fund			272,275	
Use of fund balance			(712,275)	
Reserves revenues			1,067,157	
Reserves expenditures			(2,651,101)	
Transfer in to reserves from other funds			55,000	
Change in teacher summer salaries			(149,517)	
Net change in fund balance - GAAP basis			402,125	
Fund balance, beginning of year			5,558,570	
Fund balance, end of year	\$		5,960,695	

See accompanying notes to basic financial statements.

TOWN OF YARMOUTH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 210,987
Total assets	210,987
LIABILITIES	
Funds held on behalf of student groups	210,987
Total liabilities	\$ 210,987

See accompanying notes to basic financial statements.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Yarmouth, Maine conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies.

Reporting Entity

The Town of Yarmouth, Maine was incorporated in 1849 under the laws of the State of Maine. The Town operates under a Council-Manager form of government.

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there are no potential component units that should be included as part of this reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. The Town does not have any business-type activities.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *York Trust Fund* (a Permanent Fund) accounts for resources left to the Town for various charitable purposes.

Additionally, the Town reports the following fund type:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Cash, Cash Equivalents, and Investments - Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less. Investments are stated at fair value.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Inventory - Inventory consists of food, supplies, fuel, and is valued at the lower of cost (first-in, first-out basis) or market. Inventories of the school nutrition program include the value of the USDA commodities donated to the program.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances do not constitute expenditures or liabilities. At year-end, encumbrances, if any, are recorded as assigned fund balance.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government is depreciated using the straight-line method over the assets' estimated useful lives ranging from 3 to 60 years.

Deferred Outflows and Inflows of Resources - In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

Vacation and Sick Leave - Under terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. Accumulated vacation and sick time have been recorded as a liability in the government-wide financial statements. Sick time is not paid unless an employee is ill, or retires in good standing. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, if material to the basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service 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 Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and the Maine Public Employees Retirement System State Employee and Teacher Plan (SET 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, 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.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

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

Comparative Data/Reclassifications - Comparative data for the prior year has been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Fund Balance - Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent.

The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Generally, all unexpended budgetary accounts lapse at the close of the fiscal year except some on-going projects which may be assigned for subsequent year expenditure and capital reserve accounts which are carried forward to the next fiscal year. The Town's fund balance policy establishes a fund balance target for unassigned fund balance of 8.3% of the annual budget, including education, contributions to capital reserves and debt service.

The voters at the Town Meeting have the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. The Town has established certain designated accounts, which are carried forward each year and have been classified as assigned fund balance. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is used during the year by the School Department. All encumbrances lapse at year end except those authorized to be carried forward. These amounts are reported as assigned fund balance.

Although there is no formal policy, when both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the Town's practice to use committed or assigned resources first, and then unassigned resources as they are needed.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town utilizes a formal budgetary accounting system to control revenues and expenditures. These budgets are established by vote of the Town's citizens, after considering the manager's and council's recommendations. The Town Council may appropriate a supplemental amount up to \$100,000. The citizens of the Town must approve supplemental appropriations in excess of \$100,000. The Town Council exercises its legal level of control at the department level. Appropriations lapse at year end unless they are specifically reserved.

Budgets are adopted for the General Fund only and are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for Maine Public Employees Retirement on-behalf payments, teacher summer salaries, and activity in the General Fund reserves.

Maine Public Employees Retirement contributions are made by the State of Maine on behalf of the Yarmouth School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under accounting principles generally accepted in the United States of America of \$1,599,736. These amounts have been included as intergovernmental revenue and education expenditure/expense in the General Fund on Statement 4 (GAAP basis) and in the entity-wide Statement of Activities (Statement 2). There is no effect on fund balance or net position at the end of the year.

B. Revised Budget

The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

The revised budget presented for the General Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Statement 6) includes various adjustments as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>
2016-2017 budget as originally adopted	\$ 36,075,750	36,075,750	-
Overlay not included in budget	441,924	441,924	-
Appropriations for reserves - Town	-	(1,399,940)	(1,485,940)*
Appropriations for reserves - School	-	(204,200)	(204,200)
Transfers to special revenue funds - Town	-	(65,000)	(65,000)
Transfers to special revenue funds - School	-	(85,000)	(85,000)
Utilization of prior year balance - Town	(350,000)	-	436,000*
Utilization of prior year balance - School	(362,275)	-	362,275
Total adjusted budget	\$35,805,399	34,763,534	(1,041,865)

*The final budget includes a council-approved increase in appropriations for the reserves of \$86,000, which increased the Town's utilization of prior year's balance. Therefore, there was no impact on budgeted revenues and expenditures.

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in the following category:

Health and welfare	\$ 1,161
--------------------	----------

These over-expenditures lapsed to fund balance at year-end.

D. Deficit Fund Balances

At June 30, 2017, the following funds had deficit fund balances:

Bureau of highway safety	\$ 816	Local entitlement preschool	61
Project canopy assistance	7,175	Title IV drug free	214
Title IA	106	Title IIA	5,198
Local entitlement	3,277		

These deficits will be covered by anticipated future revenues.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy is to invest in only financial institutions that are insured by the F.D.I.C. or additional insurance. Funds will not be deposited or invested in institutions wherein the Town's deposits or investments will exceed 10% of the total reserve fund or capital of such institution. As of June 30, 2017, the Town reported deposits of \$9,781,089 with a bank balance of \$9,951,584. All of the Town's bank balances were covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

The Town's deposits have been reported as follows:

Reported in governmental funds	\$ 9,570,102
Reported in fiduciary funds	210,987
Total deposits	\$ 9,781,089

B. Investments

At June 30, 2017, the Town had the following investments and maturities:

	Fair Value	Less than 1 year	1-5 years	More than 5 years
Equities/stock	\$ 927,963		N/A	
Mutual funds	197,913		N/A	
Exchange traded funds	1,135,880		N/A	
Total investments	\$ 2,261,756			

All investments have been reported in the governmental funds.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Town's investments as of June 30, 2017 were valued using quoted market prices (level 1 inputs).

Interest Rate Risk: It is the Town's policy that unless matched to a specific cash flow, the Town will not directly invest in securities maturing more than one year from the date of purchase.

Credit Risk: Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. In accordance with its investment policy, the Town minimizes credit risk by limiting the types of investments to be purchased and diversifying the investment portfolio so that the impact of potential losses will be minimized.

Concentration of Credit Risk: It is the Town's policy that with the exception of U.S. Treasury and agency securities, no more than 60% of the Town's total investment portfolio will be invested in a single security type.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

DEPOSITS AND INVESTMENTS, CONTINUED

Custodial Credit Risk - Town's investments: For investments, custodial credit risk is the risk 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 the possession of an outside party.

PROPERTY TAX

Property taxes for the current year were committed on September 2, 2016 on the assessed value listed as of the prior April 1st for all real and personal property located in the Town. Interest was charged at 7.0% on all taxes unpaid as of November 16, 2016 and May 3, 2017. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value.

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 \$441,924 for the year ended June 30, 2017.

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.

Property taxes levied during the year ended were recorded as receivables at the time the levy was made. The receivables collected during the year ended and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred inflows of resources.

The following summarizes the periods ended June 30, 2017 and 2016 levies:

	<u>2017</u>	<u>2016</u>
Assessed valuation:		
Land and buildings	\$1,573,033,600	1,207,007,100
Personal property	57,199,900	50,965,700
Total assessed valuation	1,630,233,500	1,257,972,800
Assessed valuation	1,630,233,500	1,257,972,800
Tax rate (per \$1,000)	17.06	21.56
Commitment	27,811,784	27,121,894
Supplemental taxes assessed	45,978	137,885
Total tax levy	27,857,762	27,259,779
Less:		
Collections, abatements and other adjustments	(27,383,534)	(26,767,673)
Current year receivables at June 30	\$ 474,228	492,106
Collection rate	98.30%	98.19%

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
Governmental activities:				
Capital assets, not being depreciated:				
Books and collections	\$ 870,302	-	-	870,302
Land	8,893,326	53,500	-	8,946,826
<u>Construction in progress</u>	<u>1,029,704</u>	<u>577,847</u>	<u>1,480,423</u>	<u>127,128</u>
Total capital assets, not being depreciated	10,793,332	631,347	1,480,423	9,944,256
Capital assets, being depreciated:				
Land improvements	4,774,282	-	-	4,774,282
Buildings and building improvements	47,104,190	200,319	-	47,304,509
Furniture and equipment	3,521,710	23,264	-	3,544,974
Vehicles	5,471,154	768,822	365,594	5,874,382
<u>Infrastructure</u>	<u>26,501,032</u>	<u>1,720,391</u>	<u>-</u>	<u>28,221,423</u>
Total capital assets being depreciated	87,372,368	2,712,796	365,594	89,719,570
Less accumulated depreciation for:				
Land improvements	2,870,221	269,650	-	3,139,871
Buildings and building improvements	17,058,475	1,039,726	-	18,098,201
Furniture and equipment	2,336,845	215,936	-	2,552,781
Vehicles	3,824,972	319,399	297,315	3,847,056
<u>Infrastructure</u>	<u>10,828,522</u>	<u>701,296</u>	<u>-</u>	<u>11,529,818</u>
Total accumulated depreciation	36,919,035	2,546,007	297,315	39,167,727
<u>Total capital assets being depreciated, net</u>	<u>50,453,333</u>	<u>166,789</u>	<u>68,279</u>	<u>50,551,843</u>
<u>Governmental activities capital assets, net</u>	<u>\$ 61,246,665</u>	<u>798,136</u>	<u>1,548,702</u>	<u>60,496,099</u>

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

Governmental activities:	
General government	\$ 351,718
Public safety	129,269
Public works, including depreciation of general infrastructure assets	1,083,610
Public services	172,784
<u>Education</u>	<u>808,626</u>
<u>Total depreciation expense – governmental activities</u>	<u>\$ 2,546,007</u>

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

INTERFUND BALANCES/TRANSFERS

Individual interfund receivables and payables and transfers at June 30, 2017 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
General Fund	\$ -	870,895	(95,000)
Other Governmental Funds:			
School Nutrition Program	72,756	-	65,000
Other Federal, State and Local Grants	152,865	-	-
Recreation Programs	270,403	-	85,000
Community Garden	12,516	-	-
Trust Funds	58,216	-	-
Capital Projects (TIF) Funds	304,139	-	(55,000)
Total Other Governmental Funds	870,895	-	95,000
Totals	\$ 870,895	870,895	-

These transfers were budgeted transfers to fund certain activities.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 15,317,218	-	1,877,152	13,440,066	1,857,152
Premium on bonds	111,415	-	6,105	105,310	6,105
Total bonds payable	15,428,633	-	1,883,257	13,545,376	1,863,257
Capital leases	1,551,918	53,000	221,716	1,383,202	226,475
Accrued compensated absences	876,444	68,836	-	945,280	-
Other postemployment benefits	627,990	78,051	68,020	638,021	-
Net pension liability	1,644,970	1,073,013	-	2,717,983	-
Landfill post closure care costs	592,125	11,843	-	603,968	-
Governmental activity					
long-term liabilities	\$ 20,722,080	1,284,743	2,172,993	19,833,830	2,089,732

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

BONDS PAYABLE

Bonds payable at June 30, 2017 is comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance June 30, 2017</u>
General obligation bonds:					
2008 Road bonds	5/15/08	\$ 2,400,000	11/01/2019	2.3-5.5%	750,000
2009 CWSRLF	1/04/09	1,532,282	4/1/2023	1.415%	785,066
2009 General obligation	11/01/09	817,718	11/1/2019	2.0-5.5%	225,000
2011 Refunding bonds	6/1/11	13,155,000	11/15/2021	3.0-5.0%	5,950,000
2013 Series A GOB	10/1/13	5,493,000	11/15/2033	2.0-4.0%	5,343,000
2013 Series B GOB	10/1/13	387,000	11/15/2018	3.0%	387,000
Total					\$ 13,440,066

The annual requirements to amortize all outstanding bonds at June 30, 2017 are as follows. Such amounts exclude overlapping debt requirements, but include school debt requirements to be reimbursed by the State of Maine.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,857,152	457,548	2,314,700
2019	2,342,152	384,763	2,726,915
2020	1,882,152	308,379	2,190,531
2021	1,587,152	238,292	1,825,444
2022	1,512,152	174,055	1,686,207
2023 - 2027	1,919,306	578,543	2,497,849
2028 - 2032	1,635,000	307,950	1,942,950
2033 - 2034	705,000	28,300	733,300
Totals	\$ 13,440,066	2,477,830	15,917,896

The State of Maine currently reimburses the Town for a portion of financing costs of school building and bus purchases. Continuation of such reimbursements is dependent upon continued appropriations by the state legislature.

SHORT-TERM DEBT

The Town issues tax anticipation notes to cover cash shortfalls during the year. The maturity date of the tax anticipation note was June 30, 2017. Tax anticipation note activity for the year ended June 30, 2017 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Tax anticipation note	\$ -	3,000,000	3,000,000	-

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

CAPITAL LEASES

The Town has entered into lease agreements as lessee for financing the purchases of an ambulance, a boat, buses, musical instruments, and energy upgrades. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2017:

2018	\$ 263,703
2019	199,874
2020	149,231
2021	149,231
2022	149,231
2023-2027	566,060
<u>2028-2031</u>	<u>94,272</u>
Total minimum lease payments	
Less amounts representing interest	(188,400)
Present value of future minimum	
<u>lease payments</u>	<u>\$ 1,383,202</u>

LANDFILL LIABILITY

Under State law, Maine communities had until December 31, 1994 to close existing landfills under a DEP approved plan. The Town currently has one landfill. The \$603,968 reported as landfill closure and post closure care liability at June 30, 2017 represents the estimated cost of closing the Town's landfill, and the monitoring tests at the site for thirty years after closure. The liability has been recognized in the government-wide financial statements only. The actual cost may be higher or lower due to inflation, changes in technology, engineering estimates, or changes in laws and regulations. The Town estimates that 93% of the capacity of the landfill has been used to date and that the remaining life of the landfill is twenty to thirty years.

OVERLAPPING DEBT

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's state valuation to the County's state valuation. At June 30, 2017, the Town's share is \$1,399,153 (3.74%) of Cumberland County's outstanding debt of \$37,435,000.

CONDUIT DEBT OBLIGATIONS

From time to time, the Town has issued revenue bonds to provide financial assistance to North Yarmouth Academy for capital improvements and to restructure existing debt. Upon repayment of the bonds, ownership of the acquired assets transfers to the Academy. Neither the Town, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2015, the most recent information available, the principal amount of the revenue bonds payable was \$1,446,109.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

STATUTORY DEBT LIMIT

In accordance with Maine law, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2017, the Town was in compliance with these limitations.

JOINTLY GOVERNED ORGANIZATION

The Town of Yarmouth participates in a jointly governed organization, which is not part of the Town's reporting entity.

ecomaine - ecomaine is a solid waste management corporation servicing 40 municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and operates an extensive recycling program. The Town is a member community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore; has not reported an asset in these financial statements in connection with its participation in ecomaine. Selected balance sheet information for ecomaine for the year ended June 30, 2017 includes total assets of \$64,040,233 total liabilities of \$17,454,918 and unrestricted net position of \$18,547,554. The liabilities include an accrual for landfill closure and postclosure care amounting to \$14,564,514. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date. The separate audited financial statements of ecomaine may be obtained at their administrative office: ecomaine, 64 Blueberry Rd., Portland, Maine 04102.

BUDGETARY VS GAAP BASIS OF ACCOUNTING

The Town currently budgets for all summer salaries and benefits on the cash basis. Since teachers and certain other positions have provided all of the required services under their contracts at June 30, 2017, accounting principles generally accepted in the United States of America require that the cost associated with those services be recorded during that period. In order to be in conformance with generally accepted accounting principles (GAAP), the accompanying statements have been adjusted to reflect these liabilities. If these liabilities had not been recorded, unassigned fund balance would be as follows:

School Department unassigned fund balance per Schedule 1 (GAAP basis)	\$ (885,307)
Items not included on a budgetary basis:	
Accrued wages and benefits	2,000,814
<u>Unassigned fund balance at June 30, 2017, budgetary accounting basis</u>	<u>\$ 1,115,507</u>

As required by generally accepted accounting principles (GAAP), the Town has recorded a revenue and expenditure/expense for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under generally accepted accounting principles of \$1,599,736. These amounts have been included as an intergovernmental revenue and an education expenditure in the General Fund on Statement 4 (GAAP basis) and an educational expense on the Statement of Activities. There is no effect on fund balance or net position at the end of the year.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

FUND BALANCES

The General Fund unassigned fund balance total of \$909,063 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. Of the General Fund unassigned fund balance, the amounts available for future use by the Town and School Department are \$2,909,400 and (\$2,000,337), respectively.

As of June 30, 2017, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Inventory and prepaid expenditures	\$ 22,136	-	-	-
Reserves	-	-	4,254,415	-
Carryforward accounts	-	-	-	775,081
York Trust	1,903,430	51,881	-	-
Other Governmental Funds:				
Inventory and prepaid expenditures	19,221	-	-	-
Grants and other purposes	-	114,822	-	-
Tax increment financing districts	-	291,046	-	-
Recreation and other programs	-	-	423,391	-
Trusts	647,107	75,634	-	-
Totals	\$ 2,591,894	533,383	4,677,806	775,081

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

FUND BALANCES, CONTINUED

At June 30, 2017 and 2016, portions of the General Fund fund balance were assigned to future periods as follows:

	<u>2017</u>	<u>2016</u>
Budgeted use of surplus	\$550,000	350,000
Beth Condon memorial garden	3,387	2,337
Bike and pedestrian	-	1,600
Energy savers committee	2,131	2,131
Dog control	14,935	8,038
Fire training facility	3,749	1,043
Herbie Tree Memorial	2,382	2,358
Jayne Giese special program	10,848	12,774
Memorial bandstand	981	981
Natural gas extension	-	15,090
Recycling committee	191	191
Safety committee	12,911	10,063
Sam Lacroix scholarship	389	389
Sanders-Winslow field	4,747	4,747
Shellfish conservation	26,190	21,767
Subdivision inspection	53,418	62,695
Town property energy projects	1,436	1,436
Woodchips	22,538	9,331
Yarmouth gateway	-	3,559
Westside trail	2,282	72
Yarmouth PD dog fund	6,469	18,300
Yarmouth tree program	56,097	48,437
<u>Total assigned fund balance</u>	<u>\$ 775,081</u>	<u>577,339</u>

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

FUND BALANCES, CONTINUED

Additionally, at June 30, 2017 and 2016, portions of the General Fund fund balances have been committed as follows:

	<u>2017</u>	<u>2016</u>
Town:		
Cousins Island dock maintenance	\$ 272,671	249,881
Dam maintenance	4,622	3,617
Dredging	100,944	100,823
Economic development	55,031	28,996
Fire equipment	282,638	377,744
Harbor and waterfront	36,709	31,660
Hillside	54,981	54,915
Historic building preservation	25,534	29,495
Housing support	48,845	72,617
Library maintenance	14,348	8,871
Municipal building maintenance	108,897	131,100
Police equipment	13,237	6,229
Property acquisitions	100,412	111,041
Parks and playgrounds	99,816	167,568
Public works equipment	270,931	367,727
Public works future projects	287,715	213,863
Road improvement	273,436	105,889
Sidewalk improvements	114,101	-
Wastewater	682,971	584,933
Solid waste	71,152	86,931
Stay program	49,368	-
Tax revaluation	-	3,737
Technology reserve	164,133	147,360
Unemployment compensation	6,893	8,330
<u>Total Town</u>	<u>3,139,385</u>	<u>2,893,327</u>
School Department:		
Our house II FR	50,000	-
School equipment	12,812	2,609
School maintenance	473,338	472,423
School retirement	128,149	127,996
Special education reserve	146,251	148,367
Turf field	294,107	219,587
Text book reserve	10,373	313
<u>Total School Department</u>	<u>1,115,030</u>	<u>971,295</u>
<u>Total committed fund balance</u>	<u>\$ 4,254,415</u>	<u>3,864,622</u>

Additionally, the School Department had a tax stability reserve that was classified as unassigned. The amount at June 30, 2017 and 2016 was \$477 and \$362,726, respectively.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

NET POSITION

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net investment in capital assets was calculated as follows at June 30, 2017:

Capital assets	\$ 99,663,826
Accumulated depreciation	(39,167,727)
Unamortized premiums on bonds	(105,310)
Bonds payable	(13,440,066)
Capital leases	(1,383,202)
<u>Net investment in capital assets</u>	<u>\$ 45,567,521</u>

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description - Employees of the Town and certain School Department employees are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) and teaching-certified employees of the Town are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.mainebers.org.

Benefits Provided - The PLD and SET Plans 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. In 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 (65 for new members to the PLD Plan on or after July 1, 2014). For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

PLD Plan - Employees are required to contribute 8.0% of their annual pay. The Town's contractually required contribution rates for the year ended June 30, 2017 were 9.5% to 14.2% of annual payroll. Contributions to the pension plan from the Town were \$254,302 for the year ended June 30, 2017.

SET Plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2017, was 13.38% of annual payroll of which 3.36% of payroll was required from the Town and 10.02% was required from the State. Contributions to the pension plan from the Town were \$426,494 for the year ended June 30, 2017.

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

The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2017, the Town reported a liability of \$2,567,746 for its proportionate share of the net pension liability. At June 30, 2016, the Town's proportion of the PLD Plan was 0.4833%.

SET Plan - At June 30, 2017, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 150,237
State's proportionate share of the net pension liability associated with the Town	<u>17,704,106</u>
Total	<u>\$ 17,854,343</u>

At June 30, 2016, the Town's proportion of the SET Plan was 0.0085%.

For the year ended June 30, 2017, the Town recognized pension expense of \$429,003 for the PLD Plan and \$1,771,807 for the SET Plan with revenue of \$1,271,867 for support provided by the State.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	131,405
Changes of assumptions	271,411	-
Net difference between projected and actual earnings on pension plan investments	582,278	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	4,452	-
Town contributions subsequent to the measurement date	680,796	-
Total	\$ 1,538,937	131,405

\$680,796 is 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 liabilities in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 132,262
2019	115,295
2020	323,750
2021	155,429

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary Increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

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 asset class.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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 arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
<u>Total</u>	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.875% for the PLD and the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 liabilities.

Sensitivity of the Town's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the PLD Plan and the SET Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875% for PLD Plan and the SET Plan) or 1 percentage-point higher (7.875% for PLD Plan and the SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
Town's proportionate share of the net pension liability	\$ 4,261,996	2,567,746	972,670
<u>SET Plan</u>	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
Town's proportionate share of the net pension liability	\$ 240,567	150,237	74,947

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2017.

OTHER RETIREMENT PLANS

Defined Contribution Plan

The Town offers its regular employees and certain school employees not participating in the Maine Public Employees Retirement system a defined contribution money purchase plan created in accordance with Internal Revenue Code Section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate and are vested from the date of employment. The Town matches the employees' contribution to the plan up to 5% of compensation for the plan year for School employees and 7% of compensation for the plan year for Town employees. For the years ended June 30, 2017 and 2016, the Town contributed \$157,909 and 164,439, respectively.

Deferred Compensation Plan

The Town of Yarmouth offers all its employees not participating in Maine Public Employees Retirement a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets are not included in the Town's financial statements.

OTHER POSTEMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Yarmouth for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The Town is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. The most recent valuation report was completed in August 2017 for the year ended June 30, 2017.

Plan Descriptions - The Town provides retirees with the ability to remain with the Town's group health insurance plan at the retiring employee's own expense.

Funding Policy and Annual OPEB Cost - GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the year and the annual required contribution:

Normal cost	\$ 35,424
Amortization of unfunded	52,091
Adjustment to ARC	(36,317)
<u>Interest</u>	<u>26,853</u>
Annual required contribution	\$ 78,051

Net OPEB Obligation - The Town's net OPEB obligation was calculated as follows:

OPEB liability, July 1, 2016	\$ 627,990
Annual required contribution	78,051
<u>Less: actual contributions</u>	<u>(68,020)</u>
OPEB liability, June 30, 2017	\$ 638,021

Funding Status and Funding Progress - The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2017 and the two preceding years were as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Annual required contribution</u>	<u>\$ 93,561</u>	<u>92,209</u>	<u>78,051</u>
Actual contribution	17,749	7,553	68,020
Percent contributed	18.97%	8.19%	87.15%
Actuarial accrued liability	996,213	996,213	996,213
<u>Plan assets</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability	996,213	996,213	936,795
Covered payroll	3,752,447	3,892,260	3,971,287
Unfunded actuarial accrued liability as a percentage of covered payroll	27%	26%	24%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions - Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	30 years

Actuarial assumptions:

Investment rate of return	4.0%
Projected salary increases	2.75%
Ultimate rate of medical inflation	4.00%

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, participates in a public entity risk pool, or is effectively self-insured. The Town participates in a public entity and self-insured risk pool sponsored by the Maine Municipal Association for workers' compensation coverage. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2017.

SIGNIFICANT TAXPAYER

Central Maine Power Company (CMP) has historically paid approximately 40% of the Town's property taxes. In 1999, several parcels of land owned by CMP on Cousins Island in proximity to CMP's W.F. Wyman power plant, and representing substantially all of CMP's taxable properties were sold to FPL Energy, Inc. (FPLE – which is now NextEra). Concurrent with this transaction, the Town entered into an agreement with CMP and NextEra whereby the total taxable assessed valuation for real estate properties owned by CMP and NextEra was established.

The value of NextEra property for 2017 is \$46,000,000.

TAX INCREMENT FINANCING DISTRICT

Under the State of Maine Title 30-A M.R.S., the Town has established four Tax Increment Financing Districts (TIFs) to finance development programs located in the Town of Yarmouth.

The Town has established three tax increment financing districts (TIF) under the terms of applicable state laws.

	<u>Original value</u>	<u>Increase in value</u>	<u>Percent captured</u>	<u>Captured value</u>	<u>Captured taxes</u>
Downtown TIF	\$ 49,620,500	17,394,600	100%	17,394,600	296,752
Route One North	33,177,400	7,975,800	100%	7,975,800	136,067
Route One South	27,929,900	5,184,900	100%	5,184,900	88,454

As of June 30, 2017, the Town's fourth TIF for the Bartlett Wood Municipal Affordable Housing District did not have any activity and the assessed valuation was \$0.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements

SUBSEQUENT EVENTS

In July 2017, the Town Council approved the issuance of a tax anticipation note of \$3,200,000, which shall mature on June 30, 2018. The note will be issued through Bath Savings Institution with an interest rate of 1.34%.

TOWN OF YARMOUTH, MAINE
Required Supplementary Information

Retiree Healthcare Plan – Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) /c]
2009	12/31/08	\$ -	635,337	635,337	-	3,179,000	20%
2010	12/31/08	-	635,337	635,337	-	3,140,000	20%
2011	12/31/10	-	897,833	897,833	-	3,140,000	29%
2012	12/31/10	-	897,833	897,833	-	3,210,500	28%
2013	12/31/10	-	897,833	897,833	-	3,263,107	28%
2014	01/01/14	-	996,213	996,213	-	3,464,233	29%
2015	01/01/14	-	996,213	996,213	-	3,752,447	27%
2016	01/01/14	-	996,213	996,213	-	3,892,260	26%
2017	01/01/17	-	936,795	936,795	-	3,971,287	24%

TOWN OF YARMOUTH, MAINE
Required Supplementary Information, Continued

Schedule of Town's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)

Last 10 Fiscal Years*

	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
<u>PLD Plan</u>			
Town's proportion of the net pension liability	0.4833%	0.4907%	0.4802%
Town's proportionate share of the net pension liability	\$ 2,567,746	1,565,502	738,914
Town's covered payroll	2,016,980	1,933,689	1,780,742
Towns' proportionate share of the net pension liability as a percentage of its covered payroll	127.31%	80.96%	41.49%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.27%	94.10%
<u>SET Plan</u>			
Town's proportion of the net pension liability	0.0085%	0.0059%	0.0054%
Town's proportionate share of the net pension liability	\$150,237	79,468	58,003
State's proportionate share of the net pension liability associated with the Town	17,704,106	13,415,265	10,519,065
<u>Total</u>	<u>\$17,854,343</u>	<u>13,494,733</u>	<u>10,577,068</u>

Town's covered payroll	11,873,465	11,471,223	10,927,004
Town's proportion share of the net pension liability as a percentage of its covered payroll	1.27%	0.69%	0.53%
Plan fiduciary net position as a percentage of of the total pension liability	76.21%	81.18%	83.91%

* Only three years of information available.

** The amounts presented for each fiscal year were determined as of the prior fiscal year.

TOWN OF YARMOUTH, MAINE
Required Supplementary Information, Continued

Schedule of Town Contributions

Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 254,302	226,771	191,898	157,863
Contributions in relation to the contractually required contribution	(254,302)	(226,771)	(191,898)	(157,863)
Contribution deficiency (excess)	\$ -	-	-	-
Town's covered payroll	2,205,002	2,016,980	1,933,689	1,780,742
Contributions as a percentage of covered payroll	11.53%	11.24%	9.92%	8.87%
<u>SET Plan</u>				
Contractually required contribution	\$ 426,494	398,948	303,987	289,566
Contributions in relation to the contractually required contribution	(426,494)	(398,948)	(303,987)	(289,566)
Contribution deficiency (excess)	\$ -	-	-	-
Town's covered payroll	12,693,280	11,873,465	11,471,223	10,927,004
Contributions as a percentage of covered payroll	3.36%	3.36%	2.65%	2.65%

* Only four years of information available.

TOWN OF YARMOUTH, MAINE
Notes to Required Supplementary Information

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuation:

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.5%
Salary increases – PLD Plan	2.75% to 9.0%	3.5% to 9.5%
Salary increases – SET Plan	2.75% to 14.5%	3.5% to 13.5%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the most recent valuation, changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuity Mortality Table.

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

These statements provide a more detailed view of the "basic financial statements" presented in the preceding subsection.

Combining statements are presented when there is more than one fund of a given fund type. Several individual fund financial statements are presented to provide additional detail and to present budgetary comparison.

GENERAL FUND

The General Fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. Most governmental services are provided by the General Fund including general government, public works, public safety, education, health and welfare, and assessments from other governmental agencies.

TOWN OF YARMOUTH, MAINE
General Fund
Comparative Balance Sheets
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 9,210,597	8,272,181
Receivables:		
Taxes - current year	474,228	492,106
Taxes - prior years	37,903	55,440
Tax liens	82,180	131,661
Accounts, net of allowance of \$70,996 and \$53,738	152,799	118,209
Due from other governments	47,442	49,556
Sewer	53,246	70,079
Prepaid expenditures	4,597	7,489
Inventory	17,539	14,682
Total assets	\$ 10,080,531	9,211,403
LIABILITIES		
Accounts payable and payroll withholding	819,176	865,267
Accrued wages - Town	163,212	170,352
Accrued wages - School	1,919,708	1,763,813
Taxes paid in advance	10,023	82,184
Interfund loans payable	870,895	296,254
Total liabilities	3,783,014	3,177,870
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	336,822	474,963
Total deferred inflows of resources	336,822	474,963
FUND BALANCE		
Nonspendable for inventory and prepaids	22,136	22,171
Committed for Town reserves	3,139,385	2,893,327
Committed for School reserves	1,115,030	971,295
Assigned for Town purposes	775,081	577,339
Unassigned:		
Education (teacher summer salaries and benefits)	(2,000,814)	(1,851,298)
Education - tax stability reserve	477	362,726
Town	2,909,400	2,583,010
Total fund balance	5,960,695	5,558,570
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,080,531	9,211,403

TOWN OF YARMOUTH, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	2017		Variance positive (negative)	2016 Actual
	Final budget	Actual		
Revenues:				
Taxes:				
Property taxes - Town	\$ 8,994,119	9,040,273	46,154	8,690,229
Property taxes - School	18,296,392	18,296,392	-	18,232,034
Excise taxes	1,804,400	1,906,523	102,123	1,800,617
Interest and costs on taxes	34,000	47,076	13,076	38,104
Total taxes	29,128,911	29,290,264	161,353	28,760,984
Licenses and permits:				
Public safety permits and fees	23,800	24,448	648	28,043
Code enforcement fees	92,000	170,441	78,441	134,818
Permit fees	70,000	66,952	(3,048)	73,669
Business licenses	1,500	1,825	325	1,705
Other clerk fees	9,900	10,275	375	11,291
Total licenses and permits	197,200	273,941	76,741	249,526
Intergovernmental revenues:				
State Revenue Sharing	520,000	458,199	(61,801)	524,385
Homestead reimbursement	224,721	224,721	-	157,449
General Assistance - State reimbursement	4,000	13,893	9,893	11,404
Snowmobile refund	650	503	(147)	722
Veterans reimbursement	9,000	7,546	(1,454)	9,280
BETE reimbursement	94,616	94,726	110	73,987
MDOT Grant	78,000	76,640	(1,360)	78,248
Education - State subsidies	4,144,201	4,144,201	-	3,752,983
State MaineCare	48,000	-	(48,000)	-
State Agency subsidy	12,000	12,061	61	6,547
Total intergovernmental revenues	5,135,188	5,032,490	(102,698)	4,615,005
Charges for services:				
Agent fees	26,000	26,796	796	26,353
Harbor and waterfront fees	59,300	59,301	1	61,891
Rescue billings	280,000	280,000	-	260,000
Sewer fees	644,000	644,528	528	611,151
Recycling fees	39,000	47,464	8,464	31,961
Library fines and fees	6,000	6,000	-	6,000
School Department rental income	4,000	3,011	(989)	5,350
School Department tuition and fees	200,000	392,548	192,548	415,576
Total charges for services	1,258,300	1,459,648	201,348	1,418,282
Investment income:				
Investment earnings	1,800	8,753	6,953	1,646
Total investment income	1,800	8,753	6,953	1,646
Other revenues:				
Cemeteries	1,000	1,000	-	1,000
Miscellaneous - Town	43,000	52,372	9,372	61,096
Miscellaneous - School	40,000	13,354	(26,646)	25,140
Total other revenues	84,000	66,726	(17,274)	87,236
Total revenues	35,805,399	36,131,822	326,423	35,132,679

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

	2017		Variance positive (negative)	2016 Actual
	Final budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 770,272	776,031	(5,759)	779,083
Insurance	219,983	201,790	18,193	205,940
Employee benefits	1,613,849	1,565,247	48,602	1,503,861
Town buildings	143,886	136,752	7,134	134,503
Total general government	2,747,990	2,679,820	68,170	2,623,387
Public works:				
Highways	820,902	775,500	45,402	938,277
Solid waste	566,739	588,348	(21,609)	542,897
Wastewater	947,284	830,344	116,940	887,600
Mechanical	326,660	302,818	23,842	375,037
Tree care	44,000	36,008	7,992	43,842
Total public works	2,705,585	2,533,018	172,567	2,787,653
Public safety:				
Police department	1,111,770	1,103,163	8,607	1,066,083
Fire/rescue department	622,890	616,725	6,165	594,010
Communications division	198,646	193,833	4,813	185,996
Harbor and waterfront	53,753	48,193	5,560	40,305
Miscellaneous	592,001	581,316	10,685	577,704
Total public safety	2,579,060	2,543,230	35,830	2,464,098
Health and welfare:				
General assistance	26,300	27,461	(1,161)	30,503
Human services agencies	5,350	5,350	-	5,350
Total health and welfare	31,650	32,811	(1,161)	35,853
Public services:				
Library	465,599	465,400	199	421,720
Parks	422,178	391,296	30,882	400,035
Cemeteries	20,400	20,496	(96)	20,247
Community development	77,540	51,840	25,700	76,360
Planning	310,580	334,159	(23,579)	363,349
Total public services	1,296,297	1,263,191	33,106	1,281,711

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

	2017		Variance positive (negative)	2016 Actual
	Final budget	Actual		
Expenditures, continued				
Current, continued:				
Education (excluding debt service):				
Regular instruction	\$ 10,490,226	10,419,049	71,177	9,990,149
Special education instruction	3,246,274	3,363,004	(116,730)	3,129,140
Career and technical instruction	92,059	99,041	(6,982)	89,151
Other instruction	959,544	980,237	(20,693)	937,232
Student and staff support	2,155,291	2,119,432	35,859	1,966,302
System administration	828,883	736,214	92,669	721,892
School administration	1,072,781	1,101,724	(28,943)	1,011,078
Transportation	849,973	796,753	53,220	768,581
Facilities and maintenance	1,739,237	1,718,512	20,725	1,716,688
Total education	21,434,268	21,333,966	100,302	20,330,213
Unclassified:				
County tax	1,037,987	1,037,987	-	978,320
TIF Payments	-	-	-	89,078
Overlay	441,924	-	441,924	-
Total unclassified	1,479,911	1,037,987	441,924	1,067,398
Debt service:				
Town:				
Principal	793,760	793,760	-	738,418
Interest and fees	276,613	277,050	(437)	288,921
Interest T.A.N.	15,000	3,003	11,997	1,216
Education:				
Principal	1,126,000	1,126,000	-	1,083,000
Interest	277,400	277,400	-	332,125
Total debt service	2,488,773	2,477,213	11,560	2,443,680
Total expenditures	34,763,534	33,901,236	862,298	33,033,993
Excess of revenues over expenditures	1,041,865	2,230,586	1,188,721	2,098,686

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

	2017		Variance positive (negative)	2016 Actual
	Final budget	Actual		
Other financing sources (uses):				
Appropriations for reserves - Town	(1,485,940)	(1,485,940)	-	(1,386,076)
Appropriations for reserves - School	-	(204,200)	(204,200)	(827,292)
Transfer to reserves - Town	-	(55,000)	(55,000)	-
Transfer to reserves - School	(204,200)	(217,275)	(13,075)	-
Transfer to school nutrition	(65,000)	(65,000)	-	(65,000)
Transfer to recreation programs	(85,000)	(85,000)	-	(85,000)
Utilization of stabilization reserve - School	362,275	362,275	-	200,000
Utilization of prior year surplus - Town	436,000	350,000	(86,000)	400,000
Total other financing uses	(1,041,865)	(1,400,140)	(358,275)	(1,763,368)
Net change in fund balance - budgetary basis	-	830,446	830,446	335,318
Reconciliation to GAAP:				
Appropriations for reserves		1,690,140		2,051,093
Transfers to reserves from General Fund		272,275		162,275
Use of fund balance		(712,275)		(600,000)
Reserves revenues		1,067,157		1,267,370
Reserves expenditures		(2,651,101)		(2,715,800)
Transfer in to reserves from other funds		55,000		-
Change in teacher summer salaries		(149,517)		(9,582)
Net change in fund balance - GAAP basis		402,125		490,674
Fund balance, beginning		5,558,570		5,067,896
Fund balance, ending	\$	5,960,695		5,558,570

TOWN OF YARMOUTH, MAINE
General Fund Reserves
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

		Fund balances beginning of year	Revenues			Expenditures		Current Year Appropriation	Transfers	Fund balances end of year
			Charges for services	Interest	Other	Non-capital expenditures	Capital outlay			
Education:										
7140	Tax stability reserve	\$ 362,726	-	26	-	-	-	-	(362,275)	477
8521	School maintenance	472,423	-	631	27,271	183,256	71,006	185,000	42,275	473,338
8522	School equipment	2,609	-	3	-	4,800	-	-	15,000	12,812
8523	School retirement	127,996	-	153	-	-	-	-	-	128,149
8524	Special education	148,367	-	172	1,400	53,688	-	-	50,000	146,251
8525	School textbooks	313	-	60	-	-	-	-	10,000	10,373
8526	Turf field	219,587	-	225	10,000	4,905	-	19,200	50,000	294,107
8527	Our House II FR	-	-	-	-	-	-	-	50,000	50,000
Total School reserves		1,334,021	-	1,270	38,671	246,649	71,006	204,200	(145,000)	1,115,507
General government:										
4003	Cable TV/technology	147,360	-	155	126,187	109,569	-	-	-	164,133
4005	Historical buildings	29,495	-	39	-	9,000	-	5,000	-	25,534
4008	Tax revaluation	3,737	-	8	-	52,835	-	40,000	-	(9,090)
4012	Property acquisitions	111,041	-	132	-	10,761	-	-	-	100,412
4014	Unemployment compensation	8,330	-	15	662	6,614	-	4,500	-	6,893
4017	Municipal buildings	131,100	-	169	-	47,602	12,770	38,000	-	108,897
Public works:										
4002	Road improvements	105,889	103,786	557	-	-	736,796	800,000	-	273,436
4007	Public works equipment	367,727	-	393	7,005	19,430	359,764	160,000	115,000	270,931
4009	Wastewater	584,933	274,073	772	94,700	-	226,507	-	(45,000)	682,971
4016	Solid waste	86,931	29,518	101	-	25,398	-	-	(20,000)	71,152
4018	Public works future project match	213,863	-	346	-	-	6,494	80,000	-	287,715
4026	Hillside	54,915	-	66	-	-	-	-	-	54,981
4027	Sidewalks	-	58,995	106	-	-	-	-	55,000	114,101
Public safety:										
4001	Dam maintenance	3,617	-	5	-	-	-	1,000	-	4,622
4006	Fire-rescue equipment	377,744	101,069	409	-	36,334	225,250	65,000	-	282,638
4010	Cousins Island Dock	249,881	-	317	18,160	227	-	4,540	-	272,671
4013	Harbor and waterfront	31,660	-	47	-	18,398	-	28,400	(5,000)	36,709
4019	Dredging	100,823	-	121	-	-	-	-	-	100,944
4023	Police equipment	6,229	-	41	2,523	7,416	36,640	73,500	(25,000)	13,237
Health and welfare:										
4024	Housing support	72,617	-	58	29,209	13,039	-	-	(40,000)	48,845
4029	Senior tax assistance program	-	-	47	-	-	50,679	60,000	40,000	49,368
Public services:										
4004	Economic development	28,996	-	35	-	-	-	26,000	-	55,031
4011	Parks and playgrounds	167,568	-	205	142	19,351	103,748	75,000	(20,000)	99,816
4015	MM Library building	8,871	-	24	-	6,169	13,378	25,000	-	14,348
Total Town reserves		2,893,327	567,441	4,168	278,588	382,143	1,772,026	1,485,940	55,000	3,130,295

TOWN OF YARMOUTH, MAINE
General Fund Reserves
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

		Fund balances beginning of year	Revenues			Expenditures		Current Year Appropriation	Transfers	Fund balances end of year
			Charges for services	Interest	Other	Non-capital expenditures	Capital outlay			
General government:										
5023	Energy savers committee	\$ 2,131	-	-	-	-	-	-	-	2,131
5031	Sam Lacroix Scholarship	389	-	-	-	-	-	-	-	389
5045	Jayne Giese special program	12,774	-	-	74	2,000	-	-	-	10,848
5047	Safety committee	10,063	-	-	2,848	-	-	-	-	12,911
5048	Natural gas inspections	15,090	105,333	-	-	-	120,423	-	-	-
5049	Town property energy projects	1,436	-	-	-	-	-	-	-	1,436
Public works:										
5006	Tree program	48,437	-	-	7,660	-	-	-	-	56,097
5030	Herbie Tree Memorial	2,358	-	-	24	-	-	-	-	2,382
5033	Recycling committee	191	-	-	-	-	-	-	-	191
5035	Wood chips	9,331	13,207	-	-	-	-	-	-	22,538
Public safety:										
5001	Dog control	8,038	9,397	-	-	2,500	-	-	-	14,935
5008	Shellfish conservation	21,767	4,906	-	-	483	-	-	-	26,190
5016	YPD dog fund	18,300	-	-	625	7,939	4,517	-	-	6,469
5025	Fire training facility	1,043	-	-	3,637	931	-	-	-	3,749
Public services:										
5005	Subdivision inspection	62,695	21,261	-	-	30,538	-	-	-	53,418
5018	Sanders Winslow Field	4,747	-	-	-	-	-	-	-	4,747
5019	Beth Condon Memorial Garden	2,337	-	-	2,500	1,450	-	-	-	3,387
5020	Memorial bandstand	981	-	-	-	-	-	-	-	981
5027	Welcome to Yarmouth Gateway	3,559	-	-	-	3,559	-	-	-	-
5040	Westside Trail	72	-	-	5,547	3,337	-	-	-	2,282
5041	Bike and pedestrian FBC	1,600	-	-	-	1,600	-	-	-	-
Total Town assigned		227,339	154,104	-	22,915	54,337	124,940	-	-	225,081
Total reserves		\$ 4,454,687	721,545	5,438	340,174	683,129	1,967,972	1,690,140	(90,000)	4,470,883

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OTHER GOVERNMENTAL FUNDS

Special revenue funds are established to account for resources obtained and expended for specific purposes that are restricted by law or committed by administrative actions. Permanent funds are established to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government.

Special revenue funds are established for the following purposes:

School Nutrition Program

This fund accounts for revenues and expenditures for school lunch purposes.

Other Federal, State, and Local Grants

This fund accounts for various federal, state, and local programs administered by the School Department and the Town.

Recreation Programs

This fund accounts for revenues and expenditures related to various recreation programs.

Community Garden

This fund accounts for funds raised and spent by a citizen's group organized to operate a community garden on Town-owned property.

Permanent funds are established for the following purposes:

Trust Funds

This fund accounts for monies entrusted to the Town for various purposes including scholarships, cemetery maintenance, housing and medical assistance, programs for youth, library programs, etc.

Capital project funds are established for the following purposes:

Tax Increment Financing (TIF) Funds

These fund accounts for property taxes assessed and collected within the Town's TIF districts and expenditures for purposes related to the TIF districts.

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TOWN OF YARMOUTH, MAINE
Other Governmental Funds
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds				Permanent Funds (Trust Funds)	Capital Project (TIF) Funds	Totals
	School Nutrition Program	Other Federal, State and Local Grants	Recreation Programs	Community Garden			
ASSETS							
Cash and cash equivalents	\$ 1,129	-	25	-	358,351	-	359,505
Investments	-	-	-	-	306,445	-	306,445
Accounts receivable	9,137	25,877	36,810	-	-	-	71,824
Prepaid expenditures	-	-	-	-	-	420	420
Inventory	18,801	-	-	-	-	-	18,801
Interfund loans receivable	72,756	152,865	270,403	12,516	58,216	304,139	870,895
Total assets	\$ 101,823	178,742	307,238	12,516	723,012	304,559	1,627,890
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	3,827	16,144	9,717	694	271	9,135	39,788
Accrued wages	6,324	226	22,470	750	-	3,958	33,728
Total liabilities	10,151	16,370	32,187	1,444	271	13,093	73,516
Fund balances:							
Nonspendable	18,801	-	-	-	647,107	420	666,328
Restricted	72,871	41,951	-	-	75,634	291,046	481,502
Committed	-	137,268	275,051	11,072	-	-	423,391
Unassigned	-	(16,847)	-	-	-	-	(16,847)
Total fund balances	91,672	162,372	275,051	11,072	722,741	291,466	1,554,374
Total liabilities and fund balances	\$ 101,823	178,742	307,238	12,516	723,012	304,559	1,627,890

TOWN OF YARMOUTH, MAINE
Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	Special Revenue Funds				Permanent	Capital	
	School	Other Federal,	Recreation	Community	Funds	Project	
	Nutrition	State and Local	Programs	Garden	(Trust	(TIF)	Totals
	Program	Grants			Funds)	Funds	
Revenues:							
Taxes	\$ -	-	-	-	-	521,273	521,273
Intergovernmental	152,295	588,830	5,189	-	-	-	746,314
Charges for services	530,013	144,277	549,743	12,449	-	-	1,236,482
Interest earned	-	-	-	-	8,013	-	8,013
Gain (loss) on investments	-	-	-	-	63,890	-	63,890
Unclassified	629	31,068	11,487	5,556	33,361	-	82,101
Total revenues	682,937	764,175	566,419	18,005	105,264	521,273	2,658,073
Expenditures:							
Current:							
General government	-	2,084	-	-	-	141,514	143,598
Public works	-	9,768	-	-	-	-	9,768
Public safety	-	32,254	-	-	-	-	32,254
Public services	-	91,761	570,963	17,660	29,241	-	709,625
Education	741,246	598,809	-	-	6,400	-	1,346,455
Unclassified	-	-	-	-	-	16,051	16,051
Capital outlay	-	-	-	-	-	17,242	17,242
Total expenditures	741,246	734,676	570,963	17,660	35,641	174,807	2,274,993
Excess (deficiency) of revenues over (under) expenditures	(58,309)	29,499	(4,544)	345	69,623	346,466	383,080
Other financing sources (uses):							
Transfers from other funds	65,000	-	85,000	-	-	-	150,000
Transfers to other funds	-	-	-	-	-	(55,000)	(55,000)
Total other financing sources (uses)	65,000	-	85,000	-	-	(55,000)	95,000
Net change in fund balances	6,691	29,499	80,456	345	69,623	291,466	478,080
Fund balances, beginning of year	84,981	132,873	194,595	10,727	653,118	-	1,076,294
Fund balances, end of year	\$ 91,672	162,372	275,051	11,072	722,741	291,466	1,554,374

TOWN OF YARMOUTH, MAINE
Other Federal, State and Local Grants
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

		Fund balances (deficits) beginning of year	Program Revenues			Program expenditures	Fund balances (deficits) end of year
			Federal	State	Local		
Town Programs:							
State and local:							
2309	Underage drinking	\$ 1,550	-	2,320	-	1,400	2,470
2310	Wellness grant	134	-	-	1,179	1,313	-
2319	Maine fire service institute	-	-	-	24,216	24,216	-
Federal:							
2614	Bureau of highway safety	(375)	2,105	-	-	2,546	(816)
2616	Bullet proof vests	-	2,871	-	-	2,871	-
2617	Election assistance for individuals	771	-	-	-	771	-
2618	CDBG - senior housing	-	91,761	-	-	91,761	-
2620	Justice assistance grant	-	1,221	-	-	1,221	-
2626	Project canopy assistance	-	2,593	-	-	9,768	(7,175)
Total Town Programs		2,080	100,551	2,320	25,395	135,867	(5,521)
School Programs:							
0205	Yarmouth Education Foundation	-	-	-	5,673	5,673	-
0206	Project Unify	121	-	-	-	121	-
0208	ecomaine SNP grant	23	-	-	-	-	23
0209	SNP breakfast grant	63	-	-	-	-	63
0225	School health grant	390	-	-	-	-	390
0230	Title 1A	-	59,049	-	-	59,155	(106)
0232	Proficiency based education	18,752	-	17,506	-	11,094	25,164
0233	PEPG grant	1	-	-	-	-	1
0245	Certification grant	3,479	-	-	-	-	3,479
0247	Local entitlement	(4,140)	373,804	-	-	372,941	(3,277)
0251	Local entitlement - preschool	(61)	2,944	-	-	2,944	(61)
0260	Title IV - drug free	(214)	-	-	-	-	(214)
0270	Title IIA - teacher quality	(3,903)	32,656	-	-	33,951	(5,198)
0274	National Semiconductor HS Photo	17	-	-	-	-	17
0275	National Semiconductor Roots	216	-	-	-	-	216
0276	Noyce Foundation	2,677	-	-	-	-	2,677
0280	High school teacher	5,434	-	-	-	-	5,434
0290	Other private grants	2,017	-	-	-	-	2,017
0650	Daycare Rowe School	105,921	-	-	144,277	112,930	137,268
Total School Programs		130,793	468,453	17,506	149,950	598,809	167,893
Total		\$ 132,873	569,004	19,826	175,345	734,676	162,372

TOWN OF YARMOUTH, MAINE
Permanent Funds (Trust Funds)
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

		Fund balances beginning of year	Investment Income	Contributions	Gain (loss) on Investments	Expenditures	Fund balances end of year
0800	Yarmouth High School Scholarships	\$ 72,318	14	825	-	6,400	66,757
6001	Baptist Fund	59,063	868	1,000	7,139	1,000	67,070
6002	Coombs Fund	21,610	-	21,504	-	20,244	22,870
6003	Farwell Fund	85,045	1,032	-	6,579	2,500	90,156
6004	Humphrey Fund	473	7	-	57	-	537
6005	Ledge Fund	3,108	46	-	376	-	3,530
6006	Mann Fund	9,438	139	-	1,141	-	10,718
6007	Mayall Fund	6,728	99	-	813	-	7,640
6008	Plummer Fund	14,254	209	-	1,723	500	15,686
6009	Sherburne Fund	15,590	229	-	1,884	500	17,203
7001	Doughty Fund	214,847	3,156	9,000	25,969	3,147	249,825
7002	Fitts Fund	4,667	69	-	564	-	5,300
7003	Grange Trust	1,883	28	-	228	-	2,139
7004	Hector Hebert Fund	13,094	192	1,000	1,583	100	15,769
7005	Johnson Fund	44,061	647	32	5,326	750	49,316
7006	O'Brien Fund	12,107	178	-	1,463	500	13,248
7007	Swegustagoe Fund	9,973	147	-	1,205	-	11,325
7008	Wilder Fund	2,561	38	-	310	-	2,909
7009	Ayer	62,298	915	-	7,530	-	70,743
Total		\$ 653,118	8,013	33,361	63,890	35,641	722,741

TOWN OF YARMOUTH, MAINE
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	TIF Downtown District	TIF Route One North	TIF Route One South	Totals
Revenues:				
Taxes	\$ 296,752	136,067	88,454	521,273
Total revenues	296,752	136,067	88,454	521,273
Expenditures:				
Current:				
General government	42,529	35,352	63,633	141,514
Unclassified	7,127	1,928	6,996	16,051
Capital outlay	14,106	1,120	2,016	17,242
Total expenditures	63,762	38,400	72,645	174,807
Excess of revenues over expenditures	232,990	97,667	15,809	346,466
Other financing uses:				
Transfers out	(55,000)	-	-	(55,000)
Total other financing uses	(55,000)	-	-	(55,000)
Net change in fund balances	177,990	97,667	15,809	291,466
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ 177,990	97,667	15,809	291,466

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AGENCY FUNDS

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TOWN OF YARMOUTH, MAINE
Combining Schedule of Cash Receipts, Disbursements, and Changes in Balances
Fiduciary Funds - Agency Funds
School Activity Funds
For the year ended June 30, 2017

		Balance		Balance	
		July 1, 2016	Additions	Deductions	June 30, 2017
Activity Fund:					
Yarmouth High School	Exhibit C-2	\$ 142,233	224,180	219,603	146,810
Harrison Middle School	Exhibit C-3	40,141	68,108	60,507	47,742
Yarmouth Elementary School	N/A	6,975	7,344	8,623	5,696
Rowe School	N/A	8,484	6,539	4,284	10,739
Total		\$ 197,833	306,171	293,017	210,987

TOWN OF YARMOUTH, MAINE
Agency Fund - Yarmouth High School Activity Fund
Statement of Cash Receipts, Disbursements and Changes in Balances
For the year ended June 30, 2017

Account name	Beginning balance (deficit)	Additions	Reductions	Ending balance (deficit)
Ambassadors Club	\$ 250	-	-	250
Art: clay	45	269	294	20
Art: photo	480	645	942	183
Art: other	241	-	-	241
Athletic Trainer	6,056	-	-	6,056
Athletics	18,504	37,379	48,918	6,965
Band	2,400	3,140	3,734	1,806
Cheer	76	106	-	182
Class 16	5,984	100	3,199	2,885
Class 17	11,339	10,454	13,694	8,099
Class 18	5,391	10,603	7,276	8,718
Class 19	1,247	5,601	877	5,971
Class 20	-	1,347	73	1,274
Curriculum Enrichment	662	900	-	1,562
District School Garden	-	853	-	853
Drama	22,142	37,252	33,446	25,948
Environmental Club	878	-	-	878
Field Trips Account	284	10,522	10,300	506
Field Hockey Boosters	-	15,589	9,493	6,096
French Club	85	-	-	85
Freshman Team	1,016	910	909	1,017

continued

TOWN OF YARMOUTH, MAINE
Agency Fund - Yarmouth High School Activity Fund
Statement of Cash Receipts, Disbursements and Changes in Balances
For the year ended June 30, 2017

Account name	Beginning balance (deficit)	Additions	Reductions	Ending balance (deficit)
General (Reimb)	\$ (2,166)	4,855	9,128	(6,439)
Global Action Club	2,569	1,298	1,418	2,449
GSA	169	-	35	134
Guidance	88	9,340	10,802	(1,374)
Industrial Arts	100	-	-	100
Interact	430	-	-	430
Ken Nye Poetry Fund	100	-	-	100
Laptop Repair Fund	28,223	17,011	10,247	34,987
Library	829	277	575	531
Literary Arts Special Projects	2,400	-	-	2,400
Outing Club	180	597	-	777
Pits	183	-	48	135
Project graduation	12,802	18,791	16,973	14,620
Principal's Acct	(383)	2,644	1,704	557
Robotics Club	1,158	2,731	3,450	439
Special Olympics	1	-	-	1
Spirits Club	1,479	2,467	3,019	927
Staff Wellness	60	-	-	60
Stem	1,515	-	1,423	92
Student Assistance Fund	503	2,287	886	1,904
Student Senate	74	200	-	274
Student Support	1,425	-	-	1,425
Temp Fundraisers	499	2,548	2,413	634
Temporary Textbooks Account	1,546	100	-	1,646
Tulip Garden	35	870	484	421
Turkish Exchange Account	564	-	-	564
Western Maine Conference	651	895	883	663
Yearbook	5,211	21,452	22,960	3,703
YPAC Piano Fund	2,938	147	-	3,085
YPAC Sign	1,970	-	-	1,970
Totals	\$ 142,233	224,180	219,603	146,810

TOWN OF YARMOUTH, MAINE
Agency Fund - Harrison Middle School Activity Fund
Statement of Cash Receipts, Disbursements and Changes in Balances
For the year ended June 30, 2017

Account name	Beginning balance (deficit)	Additions	Reductions	Ending balance (deficit)
Drama	\$ 3,508	6,798	4,796	5,510
Grade 5	228	174	187	215
Grade 8	108	-	-	108
General	1,544	-	179	1,365
Guidance	510	220	384	346
Laptop Insurance	15,424	8,399	8,178	15,645
Lets Go	215	200	215	200
Lexus Challenge	-	2,000	1,829	171
Library	1,010	6,712	7,220	502
Music	384	-	205	179
Music Boosters	-	20,907	14,790	6,117
Principal	1,229	2,209	2,804	634
QSP	4,672	15,548	15,482	4,738
Robotics	(39)	-	-	(39)
Special Olympics	610	-	10	600
Steingert Scholarship	6,271	-	443	5,828
Student Council	2,198	1,196	842	2,552
Technology	500	-	-	500
Textbooks	83	20	83	20
Yearbook	1,686	3,725	2,860	2,551
Totals	\$ 40,141	68,108	60,507	47,742

SCHEDULES

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TOWN OF YARMOUTH, MAINE
School Department - General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budgetary Basis
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	2017			Variance positive (negative)	2016 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Property taxes	\$ 18,296,392	18,296,392	18,296,392	-	18,232,034
State education subsidy--school	4,144,201	4,144,201	4,144,201	-	3,752,983
State MaineCare	48,000	48,000	-	(48,000)	-
State Agency subsidy	12,000	12,000	12,061	61	6,547
Tuition and fees	200,000	200,000	392,548	192,548	415,576
Rental income	4,000	4,000	3,011	(989)	5,350
Miscellaneous	40,000	40,000	13,354	(26,646)	25,140
Other financing sources:					
Use of prior year fund balance (transfer from reserves)	362,275	362,275	362,275	-	200,000
Total revenues and other financing sources	23,106,868	23,106,868	23,223,842	116,974	22,637,630
Expenditures:					
Current:					
Regular instruction	10,484,803	10,490,226	10,419,049	71,177	9,990,149
Special education instruction	3,246,274	3,246,274	3,363,004	(116,730)	3,129,140
Career and technical instruction	92,059	92,059	99,041	(6,982)	89,151
Other instruction	960,478	959,544	980,237	(20,693)	937,232
Student and staff support	2,156,316	2,155,291	2,119,432	35,859	1,966,302
System administration	828,883	828,883	736,214	92,669	721,892
School administration	1,076,595	1,072,781	1,101,724	(28,943)	1,011,078
Transportation	849,623	849,973	796,753	53,220	768,581
Facilities and maintenance	1,739,237	1,739,237	1,718,512	20,725	1,716,688
Debt service	1,403,400	1,403,400	1,403,400	-	1,415,125
Other financing uses:					
Transfer to reserves	204,200	204,200	421,475	(217,275)	827,292
Transfer to school nutrition program	65,000	65,000	65,000	-	65,000
Total expenditures and other financing uses	23,106,868	23,106,868	23,223,841	(116,973)	22,637,630
Net change in fund balance - budgetary basis	-	-	1	1	-
Reconciliation to GAAP:					
Change in teacher summer salaries			(149,517)		(9,582)
Transfer to reserves			421,475		827,292
Transfer from reserves			(362,275)		(200,000)
Reserves revenues			39,941		27,736
Reserves expenditures			(317,655)		(319,602)
Net change in fund balance - GAAP basis			(368,030)		325,844
Fund balance (deficit), beginning of year			(517,277)		(843,121)
Fund balance (deficit), end of year	\$		(885,307)		(517,277)
Consisting of:					
Reserve accounts	\$		1,115,507		1,334,021
Unassigned (teacher summer salaries and benefits)			(2,000,814)		(1,851,298)
Total	\$		(885,307)		(517,277)

TOWN OF YARMOUTH, MAINE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass- through Grantor's Number	Total Federal Expenditures	Cluster Totals	Passed Through to Subrecipients
U. S. Department of Education, passed through the Maine Department of Education:					
Title I, Part A	84.010	3107	\$ 59,155		-
Title IIA - Supporting Effective Instruction	84.367	3042	33,951		-
Special Education Cluster:					
Local Entitlement	84.027	3046	372,941		-
Preschool	84.173	6247	2,944		-
Total Special Education Cluster				375,885	
Total U. S. Department of Education			468,991		-
U.S. Election Assistance Commission:					
Help America Vote	90.401	N/A	771		-
Total U. S. Election Assistance Commission			771		-
U.S. Department of Justice, direct:					
Bulletproof vests	16.607	N/A	2,871		-
passed through the Maine Department of Public Safety:					
COPS Grant	16.710	N/A	2,546		-
Justice Assistance Grant	16.738	N/A	1,221		-
Total U.S. Department of Justice			6,638		-
U. S. Department of Housing and Urban Development, passed through the Maine Department of Economic Development:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grant	14.218	N/A	91,761	91,761	-
Total U.S. Department of Housing and Urban Development			91,761		-
U. S. Department of Agriculture, passed through the Maine Department of Conservation:					
Project Canopy Assistance Program	10.675	N/A	9,768		-
passed through the Maine Department of Education:					
Child Nutrition Cluster:					
School Lunch	10.555	3024	91,017		-
Donated Commodities	10.555	N/A	35,147		-
Breakfast Program	10.553	3014	18,333		-
Total Child Nutrition Cluster				144,497	
Total U.S. Department of Agriculture			154,265		-
Totals			\$ 722,426		-

APPENDIX B

PROPOSED FORM OF LEGAL OPINIONS

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**Bernstein, Shur,
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100 Middle Street
PO Box 9729
Portland, ME 04104-5029

T (207) 774 - 1200
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[DATE]

[PURCHASER]

We have examined the law and certified proceedings submitted in connection with the issuance and sale of the \$3,000,000* aggregate principal amount of the Series A 2018 General Obligation Bonds (the “Series A Bonds” or the “Bonds”) of the Town of Yarmouth, Maine (the “Issuer”), a public municipal corporation in the State of Maine organized and existing under and pursuant to the laws of the State of Maine and the Charter of the Town of Yarmouth, Maine (the “Charter”).

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Bonds and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued under and pursuant to the Charter and the provisions of Title 30-A, Section 5772 of the Maine Revised Statutes, as amended.

The Bonds are dated May 1, 2018. Principal of the Bonds will be payable on November 15 of the years in which the Bonds mature and in the principal amounts as set forth below. The Bonds will bear interest from their date, payable semi-annually on November 15 and May 15 in each year, commencing on November 15, 2018, at the respective rates per annum, as follows:

* Subject to change.

Series A Bonds

Dated: Date of Delivery

Due: November 15, as shown below

Year of		Interest	Year of		Interest
<u>Maturity</u>	<u>Amount</u>*	<u>Rate</u>	<u>Maturity</u>	<u>Amount</u>*	<u>Rate</u>
2022	\$250,000		2028	\$250,000	
2023	250,000		2029	250,000	
2024	250,000		2030	250,000	
2025	250,000		2031	250,000	
2026	250,000		2032	250,000	
2027	250,000		2033	250,000	

Series A Bonds maturing on or before November 15, 2028 are not subject to redemption prior to their stated dates of maturity. Series A Bonds maturing on and after November 15, 2029 are subject to redemption prior to their stated dates of maturity, at the option of the Issuer, on and after November 15, 2028, as a whole or in part at any time, in such order of maturity as the Issuer, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

The Bonds will be issued in fully registered form without coupons and, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company (“DTC”), an automated depository for securities and clearinghouse for securities transactions. Purchases of the Bonds will be made in book-entry form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. The Bonds are lettered R and shall be numbered from one (1) upwards.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Series A Bonds be and remain excluded from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Noncompliance with such requirements may cause interest on the Series A Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Series A Bonds, regardless of when such noncompliance occurs. The Issuer, in executing its Arbitrage and Use of Proceeds Certificate, Certificate of Treasurer and Certificate Regarding Bank Qualified and Designated Status (collectively, the “Tax Certificates”), has certified to the effect that the Issuer will comply with the provisions and procedures set forth therein and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Series A Bonds shall, for purposes of federal income tax, be excluded from the gross income of the owners thereof. In rendering this opinion, we have assumed that the Issuer will comply with the provisions and procedures set forth in its Tax Certificates.

* Subject to change.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer has been duly created and validly exists as a public municipal corporation under and pursuant to the laws of the State of Maine.
2. The Issuer is duly authorized to issue the Bonds which have been duly and validly authorized and issued in accordance with law and constitute valid general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied, subject to certain procedural limitations under Section 5721-A of the Maine Revised Statutes as amended and supplemented to date, without limit as to rate or amount upon all the property located within the territorial limits of the Issuer and taxable by it, except to any extent that the Issuer may enter into an agreement under Title 30-A, Chapter 223, Subchapter V, of the Maine Revised Statutes, as amended, to share any portion of its assessed valuation with another municipality and except to the extent that the Issuer may establish municipal development districts or affordable housing districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the tax increment revenues on retained captured assessed values of which may not be available for payment of debt service on the Bonds.
3. Under existing statutes and court decisions interest on the Series A Bonds is excluded from gross income for federal income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations, although bond counsel observes that the federal alternative minimum tax on corporations is repealed for taxable years beginning on or after January 1, 2018 and therefore interest on the Series A Bonds is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income only for taxable years that began prior to January 1, 2018. Such interest will, however, be taken into account in the computation of certain other taxes that may be imposed with respect to corporations, including, without limitation, the foreign branch profits tax. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds. We express no opinion regarding other federal or state tax consequences arising with respect to the Series A Bonds.
4. The Series A Bonds are exempt from taxation within the State of Maine under existing Maine law.
5. The Series A Bonds will constitute “qualified tax-exempt obligations” under Section 265(b) of the Code.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined an executed Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[DATE]

[PURCHASER]

We have examined the law and certified proceedings submitted in connection with the issuance and sale of the \$387,000* aggregate principal amount of the 2018 General Obligation Bonds – Series B (Federally Taxable) (the “Series B Bonds” or the “Bonds”) of the Town of Yarmouth, Maine (the “Issuer”), a public municipal corporation in the State of Maine organized and existing under and pursuant to the laws of the State of Maine and the Charter of the Town of Yarmouth, Maine (the “Charter”).

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Bonds and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued under and pursuant to the Charter and the provisions of Title 30-A, Section 5772 of the Maine Revised Statutes, as amended.

The Bonds are dated May 1, 2018. Principal of the Bonds will be payable on November 15 of the years in which the Bonds mature and in the principal amounts as set forth below. The Bonds will bear interest from their date, payable semi-annually on November 15 and May 15 in each year, commencing on November 15, 2018, at the respective rates per annum, as follows:

Series B Bonds

\$387,000* Bonds Due: November 15, 2033

Series B Bonds are not subject to optional redemption prior to their stated date of maturity. Series B Bonds maturing on November 15, 2033 are subject to mandatory sinking fund redemption or mature on and after November 15, 2019 and November 15, 2032, respectively, at a price equal to the principal amount to be redeemed, plus accrued

* Subject to change.

interest to the date of redemption thereof, and shall be redeemed on November 15 in the following years and principal amounts:

Series B Term Bond due 2033

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2019	\$17,000	2027	\$25,000
2020	20,000	2028	25,000
2021	20,000	2029	30,000
2022	20,000	2030	30,000
2023	25,000	2031	30,000
2024	25,000	2032	35,000
2025	25,000	2033	35,000
2026	25,000		

The Bonds will be issued in fully registered form without coupons and, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company (“DTC”), an automated depository for securities and clearinghouse for securities transactions. Purchases of the Bonds will be made in book-entry form (without certificates) in the denomination of \$5,000 or any integral multiple thereof, and with one denomination of \$2,000. The Bonds are lettered R and shall be numbered from one (1) upwards.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer has been duly created and validly exists as a public municipal corporation under and pursuant to the laws of the State of Maine.
2. The Issuer is duly authorized to issue the Bonds which have been duly and validly authorized and issued in accordance with law and constitute valid general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied, subject to certain procedural limitations under Section 5721-A of the Maine Revised Statutes as amended and supplemented to date, without limit as to rate or amount upon all the property located within the territorial limits of the Issuer and taxable by it, except to any extent that the Issuer may enter into an agreement under Title 30-A, Chapter 223, Subchapter V, of the Maine Revised Statutes, as amended, to share any portion of its assessed valuation with another municipality and except to the extent that the Issuer may establish municipal development districts or affordable housing districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the tax increment revenues on retained captured assessed values of which may not be available for payment of debt service on the Bonds.
3. The Series B Bonds are exempt from taxation within the State of Maine under existing Maine law.

4. The Series B Bonds will **not** constitute “qualified tax-exempt obligations” under Section 265(b) of the Code.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined an executed Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

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APPENDIX C

**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

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**TOWN OF YARMOUTH, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the Town of Yarmouth, Maine (the “Issuer”) of its \$3,000,000 2018 General Obligation Bonds – Series A, dated as of May 1, 2018 and \$387,000 2018 General Obligation Bonds – Series B (Federally Taxable), dated as of May 1, 2018 (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Paragraphs 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board established under the Securities and Exchange Act of 1934, as amended, or any successor thereto (the “MSRB”). This information will be available from the MSRB via its Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The Issuer incorporates by reference its Official Statement dated April 25, 2018 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2017, certain updated financial information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings “TOWN FINANCES,” “INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other financial information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) business days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Bonds.
 - (a) Certain events whether material or not material:
 - (1) Principal and interest payment delinquencies;
 - (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (4) Substitution of credit or liquidity providers, or their failure to perform;
 - (5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices

of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in paragraph 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);

(b) Certain events if material:

- (1) Non-payment related defaults;
- (2) Modifications to the rights of holders of the Bonds;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the Bonds;
- (5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
- (6) Appointment of a successor or additional trustee or the change of name of a trustee.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

- 3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Paragraph 1 herein.
- 4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the beneficial owners of the Bonds, (d) to modify the contents, presentation and format of the financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the beneficial owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any beneficial owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.
6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule.
7. The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Nathaniel J. Tupper , Treasurer, Town of Yarmouth, 200 Main Street, Yarmouth, ME 04096-0907; Telephone: (207) 846-9036; Facsimile: (207) 846-2403; e-mail: ntupper@yarmouth.me.us.

Dated: _____, 20__

TOWN OF YARMOUTH, MAINE
By: _____
Its Treasurer

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