

TOWN OF YARMOUTH, MAINE

Annual Financial Report

For the year ended June 30, 2020

TOWN OF YARMOUTH, MAINE
Annual Financial Report
Year ended June 30, 2020

Table of Contents

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-12
Basic Financial Statements:		
Government - wide Financial Statements:		
Statement of Net Position	1	15
Statement of Activities	2	16
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	17
Statement of Revenues, Expenditures, and Changes in Fund		
Balances - Governmental Funds	4	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund		
Balances of Governmental Funds to the Statement of Activities	5	19
Statement of Revenues, Expenditures, and Changes in Fund Balance -		
Budget and Actual - General Fund	6	20
Notes to the Basic Financial Statements		21-51
Required Supplementary Information:		
Schedule of Town's Proportionate Share of the Net Pension Liability		52
Schedule of Town Contributions - Net Pension Liability		53
Schedule of Changes in the Town's Total Health Plan OPEB Liability and Related Ratios		54
Schedule of Town's Proportionate Share of the Net OPEB Liability		55
Schedule of Town OPEB Contributions		56
Schedule of Changes in the School Department's Total Health Plan OPEB Liability		
and Related Ratios		57
Notes to Required Supplementary Information		58
	<u>Exhibit</u>	
Combining and Individual Fund Financial Statements:		
General Fund:		
Comparative Balance Sheets	A-1	63
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and		
Actual - Budgetary Basis	A-2	64-67
School Department General Fund - Statement of Revenues, Expenditures and		
Changes in Fund Balance - Budget and Actual - Budgetary Basis	A-3	68
General Fund Reserves - Combining Statement of Revenues, Expenditures,		
and Changes in Fund Balances	A-4	69-70

TOWN OF YARMOUTH, MAINE
Annual Financial Report
Year ended June 30, 2020

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
Other Governmental Funds:		
Combining Balance Sheet	B-1	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	74
Other Federal, State, and Local Grants - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-3	75
Permanent Funds (Trust Funds) - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-4	76
Capital Project Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-5	77
Student Activity Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-6	78

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, 2020, 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, 2020, 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, and the net pension and OPEB schedules, 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 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 the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2021 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 the effectiveness of the Town of Yarmouth, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Yarmouth, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Ryan Weston Ouellette". The signature is written in a cursive style with a large initial 'R'.

March 11, 2021
South Portland, Maine

TOWN OF YARMOUTH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

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, 2020. 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 \$57 million (net position). Of this amount, \$2.5 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 a deficit of \$3 million. The deficit is due to the Town's Public Safety Building Construction and School Building Renovations. A bond anticipation note (BAN) provided resources for these projects until the permanent financing was received in October 2020.
- As of June 30, 2020, the General fund held \$8.5 million in fund balance – \$3.3 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 resource's 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. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. 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 and deferred outflows of resources, and 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 strengthening or weakening.
- 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).

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

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, student activity accounts and interest on debt.

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 statements 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 eleven 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, York Trust Fund, Road Bond Capital Project Fund and School Renovation & Expansion Capital Project Fund, all 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. In prior years, School Student Activity Accounts were reported in Fiduciary Funds. As part of Governmental Accounting Standards Board (GASB) Statement No. 84, they will now be treated as governmental activities and included in the Special Revenue Funds. They can be found on page 73-74 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 21-51 of this report.

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

Other Information – The combining statements referred to earlier in connection with nonmajor governmental funds are presented beginning on page 73 of this report.

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 \$56.9 million at the close of the most recent fiscal year.

Statement of Net Position

		2020	Restated 2019	Increase (decrease)
Current and other assets	\$	48,268,344	20,979,797	27,288,547
Capital assets		80,142,811	62,526,992	17,615,819
Total assets		128,411,155	83,506,789	44,904,366
Deferred outflows of resources		1,474,421	1,317,015	157,406
Noncurrent liabilities		21,292,053	22,933,018	(1,640,965)
Other liabilities		51,029,463	9,400,480	41,628,983
Total liabilities		72,321,516	32,333,498	39,988,018
Deferred inflows of resources		667,996	723,260	(55,264)
Net investment in capital assets		50,360,930	47,327,912	3,033,018
Restricted		4,079,215	4,125,023	(45,808)
Unrestricted		2,455,919	513,637	1,942,282
Total net position	\$	56,896,064	51,966,572	4,929,492

The largest portion of the Town of Yarmouth's net position (89%) 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 (\$2.5 million) may be used to meet the government's ongoing obligations to citizens and creditors.

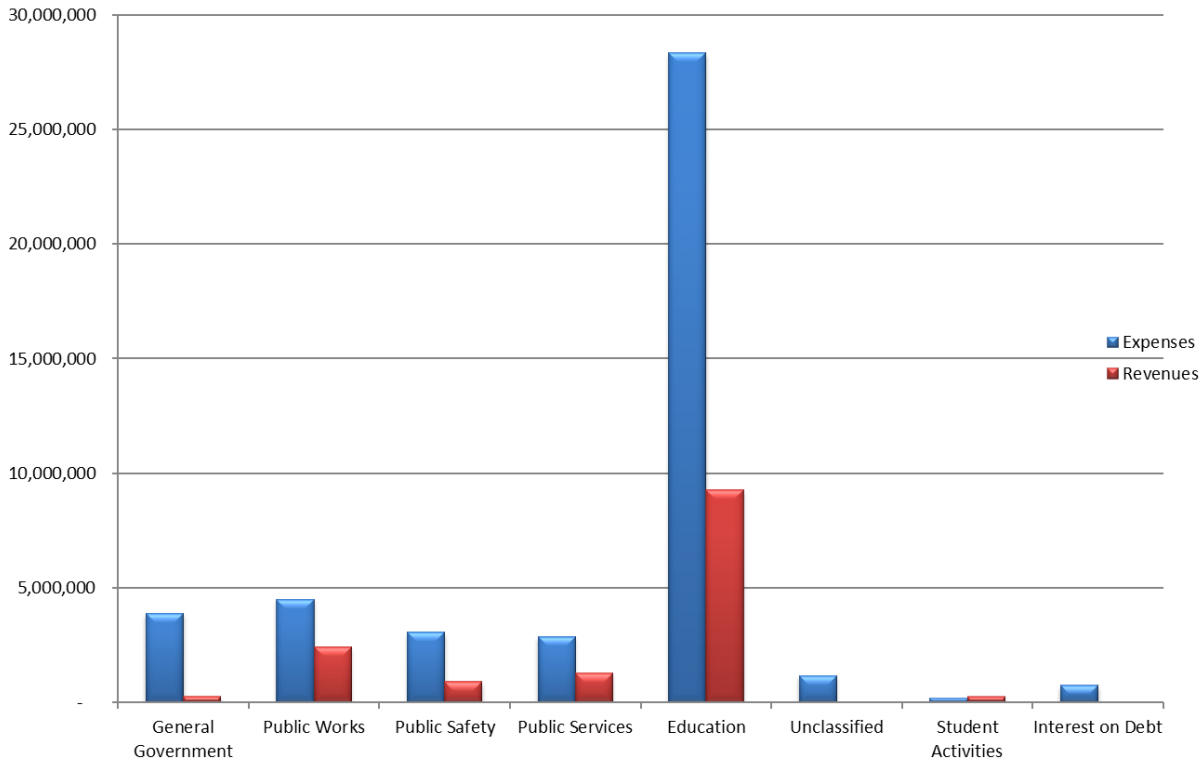
TOWN OF YARMOUTH, MAINE
Management's Discussion and Analysis, Continued

Change in Net Position			
	2020	Restated 2019	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 3,262,185	\$ 3,791,269	(529,084)
Operating Grants & Contributions	10,293,822	7,857,506	2,436,316
Capital Grants & Contributions	846,184	27,865	818,319
General Revenues			
Property Taxes	31,850,714	29,792,956	2,057,758
Motor Vehicle Excise Tax	1,969,666	2,087,425	(117,759)
Interest and Costs on Taxes	49,760	43,310	6,450
State Revenue Sharing	712,770	482,480	230,290
Homestead Exemption	431,597	413,792	17,805
Other State Aid	230,639	184,295	46,344
Unrestricted Investment Earnings	57,537	79,742	(22,205)
Miscellaneous Revenues	10,902	13,548	(2,646)
TOTAL REVENUES	49,715,776	44,774,188	4,941,588
Program Expenses:			
General Government	3,897,967	3,240,211	657,756
Public Works	4,495,711	4,080,625	415,086
Public Safety	3,058,078	2,937,093	120,985
Health & Welfare	204,443	135,294	69,149
Public Services	2,667,083	2,353,431	313,652
Education (excluding debt service)	28,334,463	27,355,835	978,628
Unclassified	1,173,006	1,152,601	20,405
Student Activities	201,898	139,004	62,894
Interest on Debt	753,635	646,179	107,456
TOTAL EXPENSES	44,786,284	42,040,273	2,746,011
Increase in net position	4,929,492	2,733,915	2,195,577
Net position – beginning of year	51,966,572	49,232,657	2,733,915
Net position – end of year	\$ 56,896,064	\$ 51,966,572	4,929,492

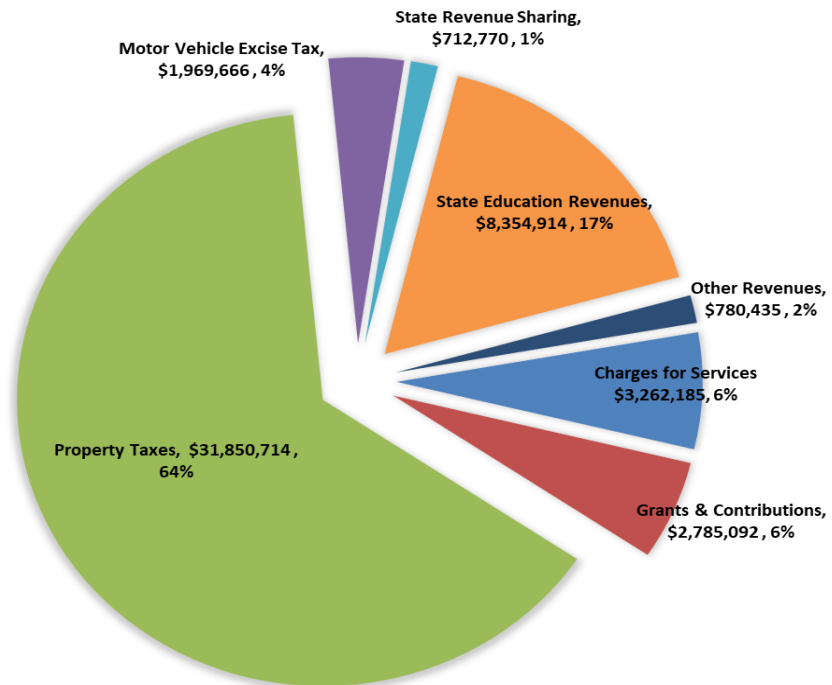
Governmental activities resulted in an increase in the Town of Yarmouth's net position of \$4.9 million with the majority of revenues (64%) coming from property taxes. Principal payments on bonds and lease payments totaled approximately \$2.4 million. These amounts are not considered expenses for purposes of full accrual financial statements. Governmental activities also included approximately \$2.9 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 a combined ending fund deficit of \$3 million. This was due to the Town & School's construction projects. A bond anticipation note (BAN) provided resources for these projects until the permanent financing was received in October 2020 in FY21. 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 \$2.1 million, while total fund balance reached \$8.5 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 4.9% of total General Fund expenditures, while total fund balance represents approximately 19% of that same amount.

The Town has three other major funds - the York Trust Fund, the Road Bond Capital Project Fund, and the School Renovation/Expansion Project Fund. The York Trust Fund has a fund balance of \$2 million and accounts for funds left to the Town of Yarmouth for various charitable purposes. The Road Bond Capital Project Fund has a fund balance of \$596 thousand and accounts for bond funds for various road projects. The School Renovation/Expansion Project Fund, which accounts for the construction/renovation of the Yarmouth School Buildings, has a deficit fund balance of \$15.4 million, which will be funded by a bond in FY21.

General Fund Budgetary Highlights

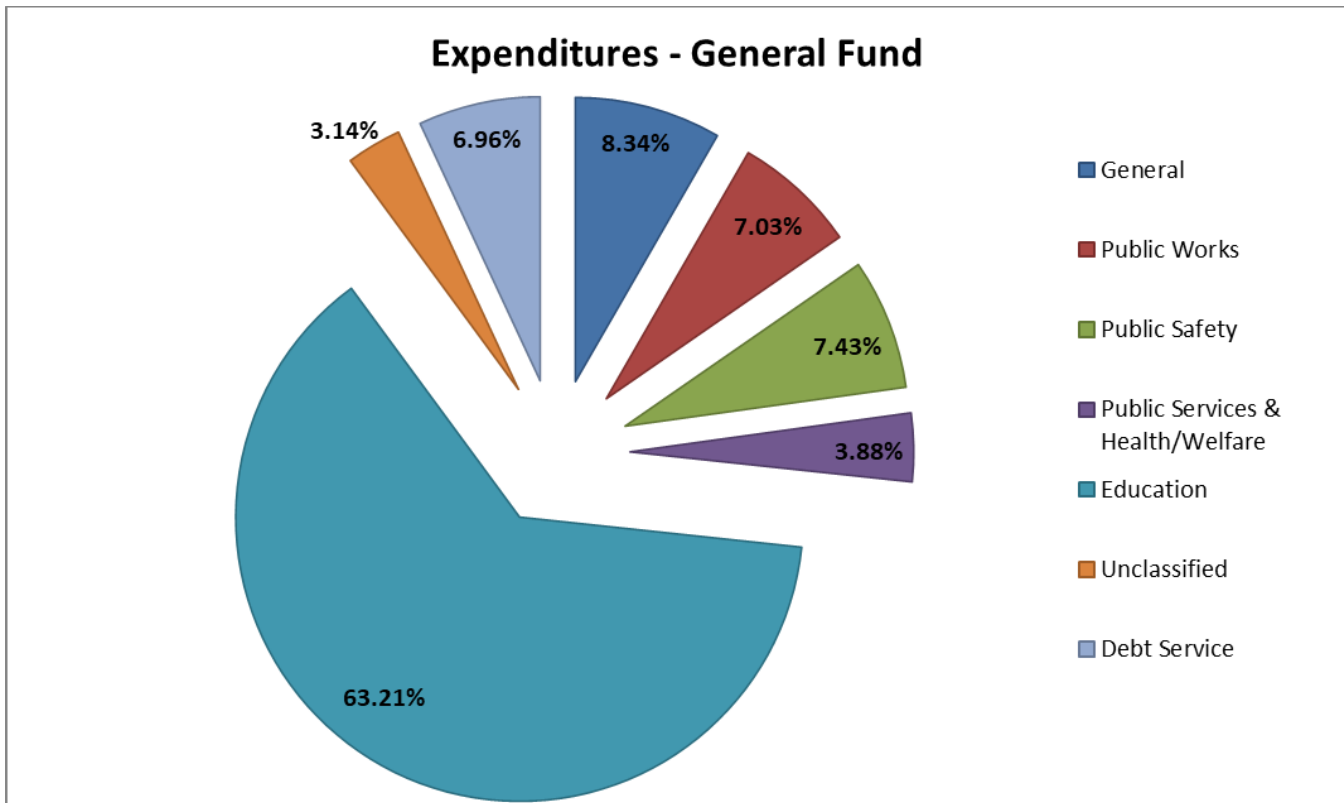
During the current fiscal year, revenues for the Town of Yarmouth exceeded expenditures by \$3.7 million, of which \$2.13 million was allocated for other uses such as capital expenditures. Actual revenues to budget had a surplus of \$157,693.

Variances on the expenditure side totaled \$1,949,823 under budget. School expenditures were \$786,870 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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 32,974,732	\$ 32,949,658	(25,074)
Intergovernmental	6,077,136	6,311,877	234,741
Other	1,815,900	1,763,926	(51,974)
Total revenues	\$ 40,867,768	\$ 41,025,461	157,693
Expenditures:			
General	\$ 3,185,452	3,114,697	70,755
Public Works	2,822,546	2,625,427	197,119
Public Safety	2,856,247	2,775,118	81,129
Health and Welfare	31,150	83,171	(52,021)
Public Services	1,432,240	1,367,260	64,980
Education	24,388,559	23,601,689	786,870
Unclassified	1,460,702	1,173,006	287,696
Debt Service	3,113,265	2,599,970	513,295
Total expenditures	\$ 39,290,161	\$ 37,340,338	1,949,823
Excess Revenues	\$ 1,577,607	\$ 3,685,123	2,107,516



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, 2020, was \$80.1 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 2020, the Town spent more than \$3.6 million on various capital assets - \$2.4 mil was spent on infrastructure & road improvements, \$250,000 in land and \$876,087 was spent to purchase equipment and vehicles for the Town's public works, police, and school departments. Construction in progress accounted for road improvements, wastewater infrastructure improvements, Harbormaster building and the start of the School renovation and Town Public Safety Building projects.

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

	2020	2019
Books and collections	\$ 870,302	\$ 870,302
Land	9,178,226	8,928,226
Construction in progress	22,391,824	5,383,142
Land Improvements	824,153	1,094,239
Buildings and building improvements	25,772,443	26,986,065
Furniture and equipment	903,801	867,363
Vehicles	2,381,997	2,142,388
Infrastructure	17,820,065	16,255,267
	\$ 80,142,811	\$ 62,526,992

Long-term Debt

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

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

	2020	2019
General obligation bonds	\$ 10,728,610	\$ 12,627,762
Financed Purchases	2,093,272	2,221,843
Accrued Compensated Balances	979,900	946,033
Landfill post-closure costs	874,094	838,876
	\$ 14,675,876	\$ 16,634,514

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 in 2019. No data is available for 2020 unemployment rates at this time and how Covid-19 affected Yarmouth. The Town's revenues did not show a decline and expenses were monitored and remained within budget. There were no staff lay-offs however a number of part-time and seasonal positions were not called to return in the 2020 due to Covid restrictions. 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 decreased by \$6 million in FY20. There is a \$5 million decrease in real estate value for FY21.

The 2020-2021 general fund budget increases expenditures by 6.48% with a projected increase in revenues of approximately 11.3%. The tax rate for 2020-2021 is \$19.60 per thousand - a 3.90% increase or \$0.74 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

TOWN OF YARMOUTH, MAINE
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 44,152,523
Cash held in escrow	145,830
Investments	2,336,293
Receivables:	
Accounts, net of allowance of \$54,620	931,519
Taxes - current year	415,746
Taxes - prior years	74,609
Tax liens	77,602
Sewer	69,238
Prepaid expenses	9,826
Inventories	55,158
Capital assets not being depreciated	32,440,352
Capital assets, net of accumulated depreciation	47,702,459
Total assets	128,411,155
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	1,234,443
Deferred outflows of resources related to OPEB	239,978
Total deferred outflows of resources	1,474,421
LIABILITIES	
Accounts payable and other current liabilities	4,279,100
Accrued payroll	2,584,049
Accrued interest	166,314
Bond anticipation notes	44,000,000
Noncurrent liabilities:	
Due within one year	1,930,116
Due in more than one year	19,361,937
Total liabilities	72,321,516
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	417,909
Deferred inflows of resources related to OPEB	250,087
Total deferred inflows of resources	667,996
NET POSITION	
Net investment in capital assets	50,360,930
Restricted for:	
Permanent funds, nonexpendable	2,856,628
Permanent funds, expendable	186,863
Grants and other purposes	88,635
Tax increment financing districts	947,089
Unrestricted	2,455,919
Total net position	\$ 56,896,064

See accompanying notes to basic financial statements.

TOWN OF YARMOUTH, MAINE
Statement of Activities
For the year ended June 30, 2020

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
Primary government:					
Governmental activities:					
General government	\$ 3,897,967	97,156	180,848	-	(3,619,963)
Public works	4,495,711	1,115,755	624,536	690,863	(2,064,557)
Public safety	3,058,078	692,058	186,313	20,724	(2,158,983)
Health and welfare	204,443	-	77,278	-	(127,165)
Public services	2,667,083	572,544	617,545	-	(1,476,994)
Education	28,334,463	784,672	8,354,914	134,597	(19,060,280)
Unclassified	1,173,006	-	-	-	(1,173,006)
Student activities	201,898	-	252,388	-	50,490
Interest on debt	753,635	-	-	-	(753,635)
Total governmental activities	44,786,284	3,262,185	10,293,822	846,184	(30,384,093)
Total primary government	\$ 44,786,284	3,262,185	10,293,822	846,184	(30,384,093)
General revenues:					
Property taxes, levied for general purposes					31,850,714
Motor vehicle excise taxes					1,969,666
Interest and costs on taxes					49,760
Grants and contributions not restricted to specific programs:					
State Revenue Sharing					712,770
Homestead exemption					431,597
Other State aid					230,639
Unrestricted investment earnings					57,537
Miscellaneous revenues					10,902
Total general revenues					35,313,585
Change in net position					4,929,492
Net position - beginning, restated					51,966,572
Net position - ending				\$	56,896,064

See accompanying notes to basic financial statements.

TOWN OF YARMOUTH, MAINE
Balance Sheet
Governmental Funds
June 30, 2020

	General	York Trust Fund	Road Bond Capital Project	School Renovations and Expansion	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 43,324,111	215,218	-	-	613,194	44,152,523
Investments	-	1,755,961	-	-	580,332	2,336,293
Receivables:						
Accounts, net of allowance of \$54,620	156,858	-	-	-	21,452	178,310
Due from other governments	455,664	-	-	-	297,545	753,209
Taxes - current year	415,746	-	-	-	-	415,746
Taxes - prior years	74,609	-	-	-	-	74,609
Tax liens	77,602	-	-	-	-	77,602
Sewer	69,238	-	-	-	-	69,238
Prepaid expenditures	9,826	-	-	-	-	9,826
Inventory	20,971	-	-	-	34,187	55,158
Interfund loans receivable	-	97,482	1,680,966	23,586,659	7,117,507	32,482,614
Total assets	44,604,625	2,068,661	1,680,966	23,586,659	8,664,217	80,605,128
LIABILITIES						
Accounts payable and payroll withholding	789,983	-	83,759	2,513,498	874,107	4,261,347
Accrued wages - Town	217,736	-	1,062	-	36,275	255,073
Accrued wages - School	2,328,976	-	-	-	-	2,328,976
Taxes paid in advance	17,753	-	-	-	-	17,753
Interfund loans payable	32,427,351	-	-	-	55,263	32,482,614
Bond anticipation notes	-	-	1,000,000	36,500,000	6,500,000	44,000,000
Total liabilities	35,781,799	-	1,084,821	39,013,498	7,465,645	83,345,763
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	304,887	-	-	-	-	304,887
Total deferred inflows of resources	304,887	-	-	-	-	304,887
FUND BALANCES						
Nonspendable:						
Prepaid and inventory	30,797	-	-	-	34,187	64,984
Principal	-	1,971,179	-	-	885,449	2,856,628
Restricted:						
Grants and other purposes	104,631	-	-	-	54,448	159,079
TIF funds	-	-	-	-	947,089	947,089
Permanent funds	-	97,482	-	-	89,381	186,863
Committed:						
Reserves - Town	3,978,662	-	-	-	-	3,978,662
Reserves - School	1,417,467	-	-	-	-	1,417,467
Recreation and other programs	-	-	-	-	875,174	875,174
Capital projects	-	-	596,145	-	-	596,145
Assigned for Town purposes	854,057	-	-	-	-	854,057
Unassigned:						
Education (teacher summer salaries and benefits)	(1,699,323)	-	-	-	-	(1,699,323)
Education - tax stability reserve	500,482	-	-	-	-	500,482
Town	3,331,166	-	-	-	-	3,331,166
Grants and other purposes	-	-	-	(15,426,839)	(1,687,156)	(17,113,995)
Total fund balances (deficit)	8,517,939	2,068,661	596,145	(15,426,839)	1,198,572	(3,045,522)
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,604,625	2,068,661	1,680,966	23,586,659	8,664,217	

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.	80,142,811
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	304,887
Cash held in escrow pertaining to capital leases	145,830
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	(10,728,610)
Premiums on bonds	(411,036)
Financed purchases	(2,093,272)
Accrued interest	(166,314)
Landfill liability	(874,094)
Accrued compensated absences	(979,900)
Net pension liability with related deferred outflows and inflows of resources	(837,733)
Other postemployment benefits liabilities with related deferred outflows and inflows of resources	(4,560,983)

Net position of governmental activities **\$ 56,896,064**

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, 2020

	General	York Trust Fund	Road Bond Capital Project	School Renovations and Expansion	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 32,949,658	-	-	-	951,385	33,901,043
Licenses and permits	306,478	-	-	-	-	306,478
Intergovernmental	8,907,492	-	-	-	1,030,556	9,938,048
Charges for services	1,974,555	-	-	-	979,585	2,954,140
Student activity fees and fundraisers	-	-	-	-	252,388	252,388
Interest income	57,537	(37,069)	7,813	21,128	3,565	52,974
Contributions	600,000	-	-	-	323,120	923,120
Unclassified	538,418	-	-	-	33,886	572,304
Total revenues	45,334,138	(37,069)	7,813	21,128	3,574,485	48,900,495
Expenditures:						
Current:						
General government	3,310,993	-	-	-	106,015	3,417,008
Public works	3,241,165	-	12,060	-	23,267	3,276,492
Public safety	2,854,279	-	-	-	149,728	3,004,007
Health and welfare	204,443	-	-	-	-	204,443
Public services	1,513,317	500	-	-	1,007,376	2,521,193
Education (excluding debt service)	26,524,123	60,500	-	-	1,401,990	27,986,613
Student activities	-	-	-	-	201,898	201,898
Unclassified	1,173,006	-	-	-	-	1,173,006
Capital outlay	2,340,780	-	1,292,153	13,652,704	2,224,582	19,510,219
Debt service	2,599,970	-	384	42,024	-	2,642,378
Total expenditures	43,762,076	61,000	1,304,597	13,694,728	5,114,856	63,937,257
Excess (deficiency) of revenues over (under) expenditures	1,572,062	(98,069)	(1,296,784)	(13,673,600)	(1,540,371)	(15,036,762)
Other financing sources (uses):						
Proceeds from financed purchases	809,731	-	-	-	-	809,731
Premium on bond anticipation notes	-	-	2,763	134,597	20,724	158,084
Transfers from other funds	1,000	-	-	-	150,000	151,000
Transfers to other funds	(150,000)	(1,000)	-	-	-	(151,000)
Total other financing sources (uses)	660,731	(1,000)	2,763	134,597	170,724	967,815
Net change in fund balances	2,232,793	(99,069)	(1,294,021)	(13,539,003)	(1,369,647)	(14,068,947)
Fund balances (deficit), beginning of year, restated	6,285,146	2,167,730	1,890,166	(1,887,836)	2,568,219	11,023,425
Fund balances (deficit), end of year	\$ 8,517,939	2,068,661	596,145	(15,426,839)	1,198,572	(3,045,522)

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, 2020

Net change in fund balances - total governmental funds (from Statement 4) \$ (14,068,947)

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. More specifically, this is the amount of depreciation expense, the book value of disposed assets, and capital outlay in the current period.

Capital outlays	20,560,074	
Less: depreciation expense	(2,944,255)	17,615,819

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.

(30,903)

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. This is the (increase) decrease in:

Other postemployment benefits liabilities	(183,617)	
Deferred inflows and outflows of resources related to the OPEB liabilities	169,638	
Accrued compensated absences	(33,867)	
Net pension liability	(163,555)	
Deferred inflows and outflows of resources related to the net pension liability	43,032	
Landfill closure liability	(35,218)	
Accrued interest payable	(39,908)	(243,495)

Bond and financed purchase 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 financed purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. More specifically, this represents the net amount of principal (increases) decreases in debt service made during the year.

Proceeds from financed purchases	(809,731)	
Repayments of financed purchases	538,098	
Bond principal repayments and premium amortization	1,928,651	1,657,018

Change in net position of governmental activities (see Statement 2) \$ 4,929,492

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, 2020

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 32,974,732	32,974,732	32,949,658	(25,074)
Licenses and permits	318,600	318,600	306,478	(12,122)
Intergovernmental	6,077,136	6,077,136	6,311,877	234,741
Charges for services	1,454,300	1,454,300	1,404,410	(49,890)
Investment earnings	23,000	23,000	38,131	15,131
Unclassified	20,000	20,000	14,907	(5,093)
Total revenues	40,867,768	40,867,768	41,025,461	157,693
Expenditures:				
Current:				
General government	3,185,452	3,185,452	3,114,697	70,755
Public works	2,822,546	2,822,546	2,625,427	197,119
Public safety	2,856,247	2,856,247	2,775,118	81,129
Health and welfare	31,150	31,150	83,171	(52,021)
Public services	1,432,240	1,432,240	1,367,260	64,980
Education (excluding debt service)	24,388,559	24,388,559	23,601,689	786,870
Unclassified	1,460,702	1,460,702	1,173,006	287,696
Debt service	3,113,265	3,113,265	2,599,970	513,295
Total expenditures	39,290,161	39,290,161	37,340,338	1,949,823
Excess of revenues over expenditures	1,577,607	1,577,607	3,685,123	2,107,516
Other financing sources (uses):				
Use of prior year surplus	550,000	550,000	550,000	-
Appropriations for reserves	(1,977,607)	(1,977,607)	(1,977,607)	-
Transfers to general fund reserves	-	-	(366,053)	(366,053)
Transfers from other funds	-	-	1,000	1,000
Transfers to other funds	(150,000)	(150,000)	(150,000)	-
Total other financing uses	(1,577,607)	(1,577,607)	(1,942,660)	(365,053)
Net change in fund balance - budgetary basis	-	-	1,742,463	1,742,463
Reconciliation to GAAP:				
Appropriations for reserves			1,977,607	
Transfers to reserves from the General Fund			366,053	
Use of fund balance			(550,000)	
Reserves revenues			1,713,062	
Reserves expenditures			(2,891,583)	
Change in teacher summer salaries			(124,809)	
Net change in fund balance - GAAP basis			2,232,793	
Fund balance, beginning of year			6,285,146	
Fund balance, end of year	\$		8,517,939	

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. 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, continued

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.

The *Road Bond Capital Project Fund* accounts for the bond and premium proceeds issued for road reconstruction and the related expenditures.

The *School Renovations and Expansion Fund* accounts for the renovation and expansion of schools within the Town of Yarmouth.

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.

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.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 and OPEB liabilities, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension and OPEB liabilities 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. 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.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, deferred outflows of resources, liabilities, deferred inflows of resources 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, continued

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.

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 Town 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, use of fund balance, 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 \$2,595,615. 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.

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:

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>
2019-2020 budget as originally adopted	\$ 41,130,072	41,130,072	-
Overlay not included in budget	287,696	287,696	-
Appropriations for reserves - Town	-	(1,732,607)	(1,732,607)
Appropriations for reserves - School	-	(245,000)	(245,000)
Transfers to special revenue funds - School	-	(150,000)	(150,000)
<u>Utilization of prior year balance - Town</u>	<u>(550,000)</u>	<u>-</u>	<u>550,000</u>
<u>Total adjusted budget</u>	<u>\$ 40,867,768</u>	<u>39,290,161</u>	<u>(1,577,607)</u>

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2020, expenditures exceeded appropriations in the following department:

Health and welfare	\$ 52,021
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These overexpenditures lapsed to fund balance.

D. Deficit Fund Balances

At June 30, 2020, the following funds had deficit fund balances:

School renovations	\$ 15,426,839	Local entitlement - preschool	122
Yarmouth Education Foundation	194	Title IV - drug free	214
Local entitlement	3,480	Public safety building	1,683,146

These deficits will be covered by anticipated future revenues, bond issuances, or transfers from the General Fund.

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, 2020, the Town reported deposits of \$44,152,523 with a bank balance of \$44,532,399. 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.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2020, the Town had the following investments and maturities:

	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Equities/stock	\$ 822,880		N/A	
Mutual funds	162,417		N/A	
Exchange traded funds	1,350,996		N/A	
Total investments	\$ 2,336,293			

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, 2020 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.

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.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

PROPERTY TAX

Property taxes for the current year were committed on August 14, 2019 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 8.0% on all taxes unpaid as of November 13, 2019 and May 6, 2020. 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 \$287,696 for the year ended June 30, 2020.

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, 2020 and 2019 levies:

	<u>2020</u>	<u>2019</u>
Assessed valuation:		
Real estate	\$ 1,635,902,800	1,613,861,300
Personal property	54,018,600	61,063,000
	<hr/>	<hr/>
Total assessed valuation	1,689,921,400	1,674,924,300
	<hr/>	<hr/>
Assessed valuation	1,689,921,400	1,674,924,300
<u>Tax rate (per \$1,000)</u>	<u>18.86</u>	<u>17.80</u>
Commitment	31,871,918	29,813,653
<u>Supplemental taxes assessed</u>	<u>6,076</u>	<u>14,515</u>
Total tax levy	31,877,994	29,828,168
Less:		
Collections, abatements and other adjustments	(31,462,248)	(29,341,386)
	<hr/>	<hr/>
Current year receivables at June 30	\$ 415,746	486,782
	<hr/>	<hr/>
Collection rate	98.70%	98.37%

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Books and collections	\$ 870,302	-	-	870,302
Land	8,928,226	250,000	-	9,178,226
Construction in progress	5,383,142	19,433,802	2,425,120	22,391,824
Total capital assets, not being depreciated	15,181,670	19,683,802	2,425,120	32,440,352
Capital assets, being depreciated:				
Land improvements	4,774,282	-	-	4,774,282
Buildings and building improvements	47,364,012	-	-	47,364,012
Furniture and equipment	3,638,288	188,500	22,244	3,804,544
Vehicles	6,351,035	687,587	45,463	6,993,159
Infrastructure	29,299,119	2,425,305	-	31,724,424
Total capital assets being depreciated	91,426,736	3,301,392	67,707	94,660,421
Less accumulated depreciation for:				
Land improvements	3,680,043	270,086	-	3,950,129
Buildings and building improvements	20,377,947	1,213,622	-	21,591,569
Furniture and equipment	2,770,925	152,062	22,244	2,900,743
Vehicles	4,208,647	447,978	45,463	4,611,162
Infrastructure	13,043,852	860,507	-	13,904,359
Total accumulated depreciation	44,081,414	2,944,255	67,707	46,957,962
Total capital assets being depreciated, net	47,345,322	357,137	-	47,702,459
Governmental activities capital assets, net	\$ 62,526,992	20,040,939	2,425,120	80,142,811

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

Governmental activities:	
General government	\$ 347,805
Public safety	191,044
Public works, including depreciation of general infrastructure assets	1,255,274
Public services	145,890
Education	1,004,242
Total depreciation expense – governmental activities	\$ 2,944,255

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

INTERFUND BALANCES/TRANSFERS

Individual interfund receivables and payables and transfers at June 30, 2020 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
General Fund	\$ -	32,427,351	(149,000)
York Trust Fund	97,482	-	(1,000)
Road Bond Capital Project	1,680,966	-	-
School Renovations and Expansion	23,586,659	-	-
Other Governmental Funds:			
School Nutrition Program	1,659	-	65,000
Other Federal, State and Local Grants	-	55,263	-
Recreation Programs	486,865	-	85,000
Community Garden	9,529	-	-
Trust Funds	31,280	-	-
Capital Projects Funds	6,588,174	-	-
Total Other Governmental Funds	7,117,507	55,263	150,000
Totals	\$ 32,482,614	32,482,614	-

These transfers were budgeted transfers to fund certain activities.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020 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	\$ 12,627,762	-	1,899,152	10,728,610	1,607,152
Premium on bonds	440,535	-	29,499	411,036	29,498
Total bonds payable	13,068,297	-	1,928,651	11,139,646	1,636,650
Financed purchases*	2,221,843	409,527	538,098	2,093,272	293,466
Accrued compensated absences	946,033	33,867	-	979,900	-
Other postemployment benefits	4,367,257	183,617	-	4,550,874	-
Net pension liability	1,490,712	163,555	-	1,654,267	-
Landfill closure liability	838,876	35,218	-	874,094	-
Governmental activity long-term liabilities	\$ 22,933,018	825,784	2,466,749	21,292,053	1,930,116

* The financed purchase initiated for the year ended June 30, 2019 is on a draw down basis as costs are incurred. \$400,204 of lease proceeds were recognized in the fund financial statements for the year ended June 30, 2020. The Town has \$145,830 of costs held in escrow for the remainder of the lease proceeds.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

BONDS PAYABLE

Bonds payable at June 30, 2020 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, 2020</u>
General obligation bonds:					
2009 CWSRLF	1/04/09	\$ 1,532,282	4/1/2023	1.415%	448,610
2011 Refunding bonds	6/1/11	13,155,000	11/15/2021	3.0-5.0%	2,260,000
2013 Series A GOB	10/1/13	5,493,000	11/15/2033	2.0-4.0%	4,650,000
2018 Series A GOB	5/1/18	3,000,000	11/15/2033	3.0-5.0%	3,000,000
2018 Series B GOB	5/1/18	387,000	11/15/2033	8.625%	370,000
					<u>\$ 10,728,610</u>

The annual requirements to amortize all outstanding bonds at June 30, 2020 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>
2021	\$ 1,607,152	391,842	1,998,994
2022	1,532,152	325,880	1,858,032
2023	762,152	283,718	1,045,870
2024	787,154	262,940	1,050,094
2025	685,000	241,341	926,341
2026 - 2030	2,840,000	855,363	3,695,363
2031 - 2034	2,515,000	215,188	2,730,188
	<u>\$ 10,728,610</u>	<u>2,576,272</u>	<u>13,304,882</u>

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 issued bond anticipation notes for interim financing until long-term bonds are issued. The bond anticipation notes were for \$4,588,000, 11,800,000, and \$44,000,000 with interest rates of 2.50%, 1.75%, and 1.50%, respectively. The notes outstanding at year end are due October 16, 2020. Bond anticipation note activity for the year ended June 30, 2020 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Series A	\$ 4,040,000	-	4,040,000	-
Series B	400,000	-	400,000	-
Series C	-	4,588,000	4,588,000	-
Series D	-	11,800,000	11,800,000	-
Series E	-	44,000,000	-	44,000,000
	<u>\$ 4,440,000</u>	<u>60,388,000</u>	<u>20,828,000</u>	<u>44,000,000</u>

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

FINANCED PURCHASES

The Town has entered into financed purchase agreements for financing the purchases of computer equipment, buses, wastewater dewatering system upgrades, and energy upgrades. These lease agreements qualify as financed purchases 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 financed purchases, and the present value of the net minimum lease payments at June 30, 2020:

2021	\$ 361,832
2022	361,832
2023	361,832
2024	343,100
2025	271,334
<u>2026-2030</u>	<u>701,049</u>
Total minimum lease payments	2,400,979
<u>Less amounts representing interest</u>	<u>(307,707)</u>
Present value of future minimum	
<u>lease payments</u>	<u>\$ 2,093,272</u>

LANDFILL LIABILITY

Statement No. 18 of the Government Accounting Standards Board (GASB) entitled "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs" requires the Town to record a liability for the estimated costs of landfill closure and postclosure care, as required by governmental authorities. State and federal regulations require that the Town place a final cover on its current operating landfill when waste is no longer accepted, and to perform certain maintenance and monitoring functions at the landfill for a period of thirty years after closure. In addition to operating expenditures related to current activities of the landfill, a related liability is recognized based on the future closure and postclosure care costs that will be paid near or after the date that the landfill stops accepting waste. The Town reports a portion of these closure and postclosure care costs as a liability in the statement of net position based on landfill capacity used as of June 30, 2020.

The Town currently has one landfill, the Yarmouth construction and demolition debris landfill. As of June 30, 2020, the Town estimates the facility has a remaining capacity of 28% or 16,333 tons. The Town estimates the final closure cost for the entire facility to be approximately \$820,120 and the total postclosure costs are estimated at \$393,900, which is an average annual cost of \$13,130 for 30 years. Of the total estimated liability of \$1,214,020, the Town estimates that \$874,094 is applicable to the facility based on the estimated capacity used as of June 30, 2020.

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, 2020, the Town's share is \$1,309,072 (3.70%) of Cumberland County's outstanding debt of \$35,425,000.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

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, 2020, the principal amount of the revenue bonds payable was \$248,915.

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, 2020, 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, 2020 includes total assets of \$62,419,588 total liabilities of \$18,431,792 and unrestricted net position of \$12,251,849. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,346,550. 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, 2020, 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 fund balance per Statement A-3 (GAAP basis)	\$ 218,626
Items not included on a budgetary basis:	
Accrued wages and benefits	2,328,976
Unassigned fund balance at June 30, 2019, budgetary accounting basis	\$ 2,547,602

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

BUDGETARY VS GAAP BASIS OF ACCOUNTING, CONTINUED

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 \$2,595,615. 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.

FUND BALANCES

The General Fund unassigned fund balance total of \$2,132,325 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 \$3,331,166 and (\$1,198,841), respectively.

As of June 30, 2020, 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	\$ 30,797	-	-	-
Grants and other purposes	-	104,631	-	-
Reserves	-	-	5,396,129	-
Carryforward accounts	-	-	-	334,057
Assigned for subsequent budget	-	-	-	520,000
York Trust	1,971,179	97,482	-	-
Road Bond Capital Project	-	-	596,145	-
Other Governmental Funds:				
Inventory	34,187	-	-	-
Grants and other purposes	-	54,448	-	-
Tax increment financing districts	-	947,089	-	-
Recreation and other programs	-	-	875,174	-
Trusts	885,449	89,381	-	-
Totals	\$ 2,921,612	1,293,031	6,867,448	854,057

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

FUND BALANCES, CONTINUED

At June 30, 2020 and 2019, portions of the General Fund fund balance were assigned to future periods as follows:

	<u>2020</u>	<u>2019</u>
Budgeted use of surplus	\$ 520,000	550,000
Beth Condon memorial garden	-	4,631
Bike and pedestrian	5,700	8,700
Brown tail moth	9,410	1,640
Dog control	6,010	10,709
Development/Offsite improvements	7,000	2,000
Fire training facility	-	3,402
General assistance heating fund	4,289	-
Jayne Giese special program	10,862	10,862
Memorial bandstand	981	981
Natural gas inspections	616	17,446
Parks and rec projects	44,491	9,880
Recycling committee	191	191
Safety committee	17,810	13,908
Sam Lacroix scholarship	2,789	2,789
Sanders-Winslow field	4,747	4,747
Shellfish conservation	30,587	32,945
Subdivision inspection	80,647	75,618
Woodchips	36,370	36,370
Westside trail	4,400	22,714
Yarmouth PD dog fund	3,601	4,100
Yarmouth tree program	63,556	64,314
Total assigned fund balance	\$ 854,057	877,947

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

FUND BALANCES, CONTINUED

Additionally, at June 30, 2020 and 2019, portions of the General Fund fund balances have been committed as follows:

	<u>2020</u>	<u>2019</u>
Town:		
Cousins Island dock maintenance	\$ 349,869	323,056
Dam maintenance	62,393	5,198
Dredging	122,159	101,709
Economic development	-	54,099
Environmental H&H	200,668	-
Fire equipment	451,542	438,175
Harbor and waterfront	8,948	8,741
Historic building preservation	40,938	35,787
Housing support	80,116	72,909
Library maintenance	54,901	37,231
Municipal building maintenance	181,741	106,390
Police equipment	30,025	29,999
Property acquisitions	34,717	109,324
Parks and playgrounds	167,406	125,201
Public works equipment	241,815	285,829
Public works future projects	648,800	365,279
Road improvement	94,951	-
Sidewalk improvements	142,633	137,100
Wastewater	746,134	763,366
Solid waste	73,043	96,782
Stay program	15,993	21,901
Tax revaluation	6,282	2,271
Technology reserve	217,332	198,799
Unemployment compensation	6,256	245
Total Town	3,978,662	3,319,391
School Department:		
Our house II FR	176,671	173,971
School equipment	15,231	15,174
School maintenance	423,828	189,979
School retirement	127,179	126,702
Special education reserve	136,765	148,681
Turf field	533,145	446,368
Text book reserve	4,648	4,443
Total School Department	1,417,467	1,105,318
Total committed fund balance	\$ 5,396,129	4,424,709

Additionally, the School Department had a tax stability reserve that was classified as unassigned. The amount at June 30, 2020 and 2019 was \$500,482 and \$480, respectively.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

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 financed purchases 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, 2020:

Capital assets	\$ 127,100,773
Accumulated depreciation	(46,957,962)
Unamortized premiums on bonds	(411,036)
Bonds payable	(10,728,610)
Bond anticipation notes payable	(44,000,000)
Financed purchases	(2,093,272)
<u>Unspent debt proceeds</u>	<u>27,451,037</u>
<u>Net investment in capital assets</u>	<u>\$ 50,360,930</u>

NET PENSION LIABILITY

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.maineopers.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, continued

NET PENSION LIABILITY, CONTINUED

PLD Plan - Employees are required to contribute 7.35%, 8.0%, or 8.1% of their annual pay. The Town's contractually required contribution rates for the year ended June 30, 2020 were 10.0% for the regular plan and 16.2% for the special plan of annual payroll. Contributions to the pension plan from the Town were \$337,698 for the year ended June 30, 2020.

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, 2020, was 18.49% of annual payroll of which 4.16% of payroll was required from the Town and 14.33% was required from the State. Contributions to the pension plan from the Town were \$597,565 for the year ended June 30, 2020.

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, 2019, 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, 2020, the Town reported a liability of \$1,577,074 for its proportionate share of the net pension liability. At June 30, 2019, the Town's proportion of the PLD Plan was 0.5160%.

SET Plan - At June 30, 2020, 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	\$ 77,193
State's proportionate share of the net pension liability associated with the Town	<u>15,663,711</u>
Total	<u>\$ 15,740,904</u>

At June 30, 2019, the Town's proportion of the SET Plan was 0.0053%.

For the year ended June 30, 2020, the Town recognized pension expense of \$520,307 for the PLD Plan and \$2,593,919 for the SET Plan with revenue of \$2,058,441 for support provided by the State.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

NET PENSION LIABILITY, CONTINUED

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>PLD Plan</u>		<u>SET Plan</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186,730	-	6,004	-
Changes of assumptions	79,868	-	2,235	-
Net difference between projected and actual earnings on pension plan investments	-	395,018	-	10,897
Changes in proportion and differences between Town contributions and proportionate share of contributions	24,343	-	-	11,994
Town contributions subsequent to the measurement date	337,698	-	597,565	-
Total	\$ 628,639	395,018	605,804	22,891

\$935,263 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, 2021. 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>	<u>SET Plan</u>
2021	\$ 97,795	(8,389)
2022	(172,723)	(3,846)
2023	(28,896)	(2,449)
2024	(253)	32

Actuarial Assumptions - The total pension liability in the June 30, 2019 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	6.75%	6.75%
Cost of living benefit increases, per annum	1.91%	2.20%

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 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, continued

NET PENSION LIABILITY, 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.75% 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 6.75% 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 (5.75% for PLD Plan and the SET Plan) or 1 percentage-point higher (7.75% for PLD Plan and the SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Town's proportionate share of the net pension liability	\$3,592,473	1,577,074	(308,139)
 <u>SET Plan</u>	 1% Decrease <u>(5.75%)</u>	 Current Discount Rate <u>(6.75%)</u>	 1% Increase <u>(7.75%)</u>
Town's proportionate share of the net pension liability	\$139,563	77,193	25,219

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

NET PENSION LIABILITY, 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, 2020.

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, 2020 and 2019, the Town contributed \$171,923 and \$165,613, 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 (OPEB) – LIFE INSURANCE

General Information about the OPEB Plan

Plan Description - The Town sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees and certain School Department employees the Town participates in Group Life Insurance Plan for Participating Local District (PLD). Teachers also participate in the Group Term Life Insurance Plan for State Employees and Teachers (SET). Both plans are a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MPERS issues a publicly available financial reports that are available at www.maineipers.org.

Benefits Provided - Under each plan, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees' average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

PLD OPEB Plan - Premiums total \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Employer contributions to the PLD OPEB plan from the Town were \$23,603 for the year ended June 30, 2020.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the Town were \$33,562 for the year ended June 30, 2020. Employers and employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability for each plan was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan - At June 30, 2020, the Town reported a liability of \$368,559 for its proportionate share of the net OPEB liability. At June 30, 2019, the Town's proportion was 1.7224%.

SET OPEB Plan - At June 30, 2020, the Town reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the Town was \$364,628 as of June 30, 2020. At June 30, 2020, the Town's proportion was 0.00%.

For the year ended June 30, 2020, the Town recognized OPEB expense of \$24,196 for the PLD OPEB Plan and recognized OPEB expense and revenues of \$33,562 for support provided by the State related to the SET OPEB plan. At June 30, 2020, the Town reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,490	-
Changes of assumptions	-	17,477
Net difference between projected and actual earnings on OPEB plan investments	-	16,479
Changes in proportion and differences between Town contributions and proportionate share of contributions	20,367	-
Town contributions subsequent to the measurement date	23,603	-
Total	\$ 67,460	33,956

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

\$23,603 is reported as deferred outflows of resources related to the PLD OPEB plan resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>PLD Plan</u>
2021	\$ (7,295)
2022	(7,295)
2023	(3,848)
2024	17,697
2025	10,642

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuations was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>PLD OPEB Plan</u>	<u>SET OPEB Plan</u>
Inflation	2.75%	2.75%
Salary increases	2.75% - 9.00%	2.75% - 14.50%
Investment rate of return	6.75%	6.75%

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

The actuarial assumptions used in the June 30, 2018 valuations were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on both OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce 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 long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	15.0%	3.0%
U.S. Government Securities	10.0%	2.3%

Discount Rate - The rate used to measure the total OPEB liability for the PLD OPEB plan was 4.98%, which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.50%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2019. Projections of the plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2050. Therefore, the portion of the future projected benefit payments after 2050 are discounted at the municipal bond index rate.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The rate used to measure the total OPEB liability for the SET OPEB plan was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans' fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 4.98%, as well as what the Town's proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.98%) or 1 percentage-point higher (5.98%) than the current rate:

	1% Decrease (3.98%)	Discount Rate (4.98%)	1% Increase (5.98%)
Net OPEB liability	\$ 486,717	368,559	275,408

Sensitivity of the Town's proportionate share of the net SET OPEB plan liability to the changes in the discount rate are not presented as the Town does not have any liability related to this plan given that the SET OPEB plan is 100% funded by contributions from the State of Maine.

OPEB Plan Fiduciary Net Position - Detailed information about both the PLD and SET OPEB plan's fiduciary net positions are available in a separately issued MPERS financial report.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – TOWN

General Information about the OPEB Plan

Plan Description - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – TOWN, CONTINUED

Employees Covered by Benefit Terms – At January 1, 2020, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employee entitled to but not yet receiving benefits	-
Active employees	67
Total	75

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Town’s total Health Plan OPEB liability of \$791,337 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date.

Changes in the Total Health Plan OPEB Liability

Balance at June 30, 2019	\$ 892,199
Changes for the year:	
Service cost	33,950
Interest	37,244
Changes of benefit terms	(21,029)
Differences between expected and actual experience	(65,356)
Changes in assumptions or other inputs	(49,794)
Benefit payments	(35,877)
Net changes	(100,862)
Balance at June 30, 2020	\$ 791,337

Change in assumptions reflects a change in the discount rate from 4.10% to 2.74%.

For the year ended June 30, 2020, the Town recognized OPEB gain of \$21,339 related to the Health Plan. At June 30, 2020, The Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	71,460
Changes of assumption or other inputs	-	144,671
Total	\$ -	216,131

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

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – TOWN, CONTINUED

Year ended June 30:	
2021	\$ (35,627)
2022	(35,627)
2023	(35,627)
2024	(35,627)
2025	(35,627)
Thereafter	(37,996)

Actuarial Assumptions - The total OPEB liability in the January 1, 2020 measurement for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per annum
Salary increases	1.50% per annum
Discount rate	2.74% per annum,
Healthcare cost trend rates	8.55% for 2020, decreasing to 3.53% for 2040
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2020 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate - The rate used to measure the total OPEB liability for the Health plan was 2.74% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability related to the Health Plan calculated using the discount rate of 2.74%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.74%) or 1 percentage-point higher (3.74%) than the current rate:

		1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$	903,897	791,337	698,809

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Town's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$	691,902	791,337	916,098

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – SCHOOL DEPARTMENT

General Information about the OPEB Plan

Plan Description - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - MEABT provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	74
Inactive employee entitled to but not yet receiving benefits	-
Active employees	191
Total	265

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Town’s total OPEB liability of \$3,390,978 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 3,171,624
Changes for the year:	
Service cost	22,981
Interest	121,606
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	180,432
Benefit payments	(105,665)
Net changes	219,354
Balance at June 30, 2020	\$ 3,390,978

Change in assumptions reflects a change in the discount rate from 3.87% to 3.50%.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – SCHOOL DEPARTMENT, CONTINUED

For the year ended June 30, 2020, the Town recognized OPEB expense of \$151,104. At June 30, 2020, The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
	\$	<u> </u>	<u> </u>
Changes of assumption or other inputs	\$	56,139	-
Town contributions subsequent to measurement date		116,379	-
Total	\$	<u>172,518</u>	<u> </u>

\$116,379 is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$ 6,517
2022	6,517
2023	6,517
2024	6,517
2025	30,071

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not reported
Salary increases	2.75% - 14.50% per year
Discount rate	3.50% per annum
Healthcare cost trend rates - Pre-Medicare	5.55% for 2018 grading over 15 years to 3.73%
Healthcare cost trend rates - Medicare	3.72% for 2018 grading over 15 years to 2.81%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate - The rate used to measure the total OPEB liability was 3.50% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE – SCHOOL DEPARTMENT, CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the Town’s total OPEB liability calculated using the discount rate of 3.50%, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.50%) or 1 percentage-point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 3,961,540	3,390,978	2,935,111

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Town’s total OPEB liability calculated using the healthcare cost trend rates, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 2,882,239	3,390,978	4,031,760

NEW PRONOUNCEMENT

For the fiscal year ended June 30, 2020, the Town has elected to implement Statement No. 84 of the Government Accounting Standards Board – *Fiduciary Activities*. As a result of implementing GASB Statement No. 84, the Town has restated beginning net position of the governmental activities and beginning fund balance in the nonmajor governmental funds to account for certain activities that were previously reported as fiduciary funds. Net position and fund balance were increased as of July 1, 2019 by \$199,526.

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, 2020.

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 2020 is \$35,950,100.

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

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 following is a summary of the four TIF districts:

	<u>Original</u> <u>value</u>	<u>Increase in</u> <u>value</u>	<u>Percent</u> <u>captured</u>	<u>Captured</u> <u>value</u>	<u>Captured</u> <u>taxes</u>
Downtown TIF	\$ 49,620,500	19,848,600	100%	19,848,600	374,335
Route One North	33,177,400	15,459,800	100%	12,724,600	239,986
Route One South	27,929,900	12,724,600	100%	15,459,800	291,572
Affordable Housing	-	2,411,600	100%	2,411,600	45,482

GASB Statement 77, *Tax Abatements Disclosures*, defines a tax abatement, for financial reporting purposes, as a reduction in tax revenue resulting from “an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments”.

While not called a “tax abatement”, the Town of Yarmouth does currently have a Credit Enhancement Agreement (CEA), which fits this definition under the Municipal Tax Increment Financing District approved by the State of Maine Department of Economic and Community Development. The Town entered into a CEA to encourage the development of affordable housing within the Town.

For the year ended June 30, 2020, the Town captured and paid out real estate taxes totaling \$45,482 through the credit enhancement agreement as follows:

<u>TIF District</u> <u>CEA Entity</u>	<u>Beginning</u> <u>Duration</u>	<u>Percentage of</u> <u>Assessed Value Abated</u>	<u>Amount Paid</u> <u>in FY 2020</u>
Affordable Housing Bartlet Circle 2 LP	April 1, 2016 30 years	100%	\$45,482

CONSTRUCTION COMMITMENT

The Town has entered into contracts in connection with construction projects. The following is a summary of commitments as of June 30, 2020:

	<u>Contract</u> <u>amount</u>	<u>Percentage</u> <u>complete</u>	<u>Billed</u> <u>to date</u>	<u>Balance</u> <u>remaining</u>
School renovations	\$ 44,068,088	27.19%	11,980,378	32,087,710
Public safety building	7,008,396	15.51%	1,086,676	5,921,720

TOWN OF YARMOUTH, MAINE
Notes to Basic Financial Statements, continued

SUBSEQUENT EVENTS

In October of 2020, the Town issued a general obligation bonds for the repayment of short-term debt related to school, public safety, and infrastructure improvements. The total of the bond amount is \$57,890,000 with interest rates ranging from 2.00% to 5.00% and will be repaid over a twenty-year period.

TOWN OF YARMOUTH, MAINE
Required Supplementary Information

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan</u>						
Town's proportion of the net pension liability	\$ 0.5160%	0.5187%	0.4962%	0.4833%	0.4907%	0.4802%
Town's proportionate share of the net pension liability	1,577,074	1,419,502	2,031,455	2,567,746	1,565,502	738,914
Town's covered payroll	2,538,725	2,374,192	2,205,002	2,016,980	1,933,689	1,780,742
Town's proportionate share of the net pension liability as a percentage of its covered payroll	62.12%	59.79%	92.13%	127.31%	80.96%	41.49%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%
<u>SET Plan</u>						
Town's proportion of the net pension liability	0.0053%	0.0053%	0.0078%	0.0085%	0.0059%	0.0054%
Town's proportionate share of the net pension liability	77,193	71,210	112,746	150,237	79,468	58,003
State's proportionate share of the net pension liability associated with the Town	15,663,711	14,428,519	15,138,373	17,704,106	13,415,265	10,519,065
Total	\$ 15,740,904	14,499,729	15,251,119	17,854,343	13,494,733	10,577,068
Town's covered payroll	\$ 13,723,222	13,212,359	12,693,280	11,873,465	11,471,223	10,927,004
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.56%	0.54%	0.74%	1.27%	0.69%	0.53%
Plan fiduciary net position as a percentage of the total pension liability	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

* Only six 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 – Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
 Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PLD Plan						
Contractually required contribution	\$ 337,698	315,617	287,930	254,302	226,771	191,898
Contributions in relation to the contractually required contribution	(337,698)	(315,617)	(287,930)	(254,302)	(226,771)	(191,898)
Contribution deficiency (excess)	\$ -	-	-	-	-	-
<hr/>						
Town's covered payroll	2,729,170	2,538,725	2,374,192	2,205,002	2,016,980	1,933,689
Contributions as a percentage of covered payroll	12.37%	12.43%	12.13%	11.53%	11.24%	9.92%
SET Plan						
Contractually required contribution	597,565	544,812	524,531	426,494	398,948	303,987
Contributions in relation to the contractually required contribution	(597,565)	(544,812)	(524,531)	(426,494)	(398,948)	(303,987)
Contribution deficiency (excess)	\$ -	-	-	-	-	-
<hr/>						
Town's covered payroll	\$ 14,364,554	13,723,222	13,212,359	12,693,280	11,873,465	11,471,223
Contributions as a percentage of covered payroll	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%

* Only six years of information available.

TOWN OF YARMOUTH, MAINE
Required Supplementary Information, Continued

Schedule of Changes in the Town's Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 33,950	37,957	37,238
Interest	37,244	32,700	37,921
Changes of benefit terms	(21,029)	-	-
Differences between expected and actual experience	(65,356)	-	(22,839)
Changes of assumptions or other inputs	(49,794)	(73,701)	(73,321)
Benefit payments	(35,877)	(34,497)	(30,139)
Net change in total OPEB Liability	<u>(100,862)</u>	<u>(37,541)</u>	<u>(51,140)</u>
Total OPEB liability - beginning	<u>892,199</u>	<u>929,740</u>	<u>980,880</u>
Total OPEB liability - ending	\$ <u><u>791,337</u></u>	<u><u>892,199</u></u>	<u><u>929,740</u></u>
Covered-employee payroll	\$ 4,082,059	3,622,859	3,622,859
Total OPEB liability as a percent of covered-employee payroll	19.4%	24.6%	25.7%

*Only three years of information available.

TOWN OF YARMOUTH, MAINE
Required Supplementary Information, Continued

Schedule of Town's Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
PLD OPEB Plan			
Town's proportion of the net OPEB liability	1.7224%	1.5021%	1.5661%
Town's proportionate share of the net OPEB liability	\$ 368,559	303,434	261,873
Town's covered-employee payroll	2,538,725	2,374,192	2,205,002
Town's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	14.52%	12.78%	11.88%
Plan fiduciary net position as a percentage of the total OPEB liability	43.18%	43.92%	47.42%
SET OPEB Plan			
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	-	-
State's proportionate share of the net OPEB liability associated with the Town	<u>364,628</u>	<u>327,068</u>	<u>3,292,595</u>
Total	<u>\$ 364,628</u>	<u>327,068</u>	<u>3,292,595</u>
Plan fiduciary net position as a percentage of the total OPEB liability	49.22%	48.04%	47.29%

* 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 OPEB Contributions
 Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
PLD OPEB Plan			
Contractually required contributions	\$ 23,603	21,721	19,660
Contributions in relation to the contractually required contributions	<u>(23,603)</u>	<u>(21,721)</u>	<u>(19,660)</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Town's covered-employee payroll	\$ 2,729,170	2,538,725	2,374,192
Contributions as a percentage of covered-employee payroll	0.86%	0.86%	0.83%

* Only three years of information available.

TOWN OF YARMOUTH, MAINE
Required Supplementary Information, Continued

Schedule of Changes in the School Department's Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	2020	2019
Total OPEB Liability		
Service cost	\$ 22,981	24,866
Interest	121,606	116,283
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	180,432	(141,331)
Benefit payments	(105,665)	(102,013)
Net change in total OPEB Liability	219,354	(102,195)
 Total OPEB liability - beginning	 3,171,624	 3,273,819
Total OPEB liability - ending	\$ 3,390,978	3,171,624
 Covered-employee payroll	 \$ 9,262,529	 9,014,627
Total OPEB liability as a percent of covered-employee payroll	36.6%	35.2%

*Only two years of information available.

TOWN OF YARMOUTH, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

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

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate - PLD	6.75%	6.875%	7.125%	7.25%	7.25%
Discount rate - SET	6.75%	6.875%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases - PLD	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases - SET	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

Net OPEB Liability

Changes of Benefit Terms - None

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate - PLD	4.980%	5.130%	5.410%
Discount rate - SET	6.750%	6.750%	6.875%

Total OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - Changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate - Town	2.74%	4.10%	3.44%	3.78%
Discount rate - School Department	3.50%	3.87%	3.58%	N/A

Additionally, the valuation method for the Town Health Plan was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

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, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 43,324,111	16,351,184
Receivables:		
Accounts, net of allowance of \$54,620 and \$70,687	156,858	106,030
Due from other governments	455,664	134,891
Taxes - current year	415,746	486,782
Taxes - prior years	74,609	57,188
Tax liens	77,602	100,550
Sewer	69,238	65,033
Prepaid expenditures	9,826	702
Inventory	20,971	22,670
Total assets	44,604,625	17,325,030
LIABILITIES		
Accounts payable and payroll withholding	789,983	1,479,862
Accrued wages - Town	217,736	181,959
Accrued wages - School	2,328,976	2,204,167
Taxes paid in advance	17,753	17,621
Interfund loans payable	32,427,351	6,820,485
Total liabilities	35,781,799	10,704,094
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	304,887	335,790
Total deferred inflows of resources	304,887	335,790
FUND BALANCE		
Nonspendable for inventory and prepaids	30,797	23,372
Restricted	104,631	-
Committed for Town reserves	3,978,662	3,319,391
Committed for School reserves	1,417,467	1,105,318
Assigned for Town purposes	854,057	877,947
Unassigned:		
Education (teacher summer salaries and benefits)	(1,699,323)	(2,018,615)
Education - tax stabilization	500,482	480
Town	3,331,166	2,977,253
Total fund balance	8,517,939	6,285,146
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,604,625	17,325,030

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, 2020
(with comparative totals for the year ended June 30, 2019)

	2020		Variance positive (negative)	2019 Actual
	Final budget	Actual		
Revenues:				
Taxes:				
Property taxes - Town	\$ 9,543,814	9,553,514	9,700	8,635,185
Property taxes - School	21,376,718	21,376,718	-	20,337,203
Excise taxes	2,012,200	1,969,666	(42,534)	2,087,425
Interest and costs on taxes	42,000	49,760	7,760	43,310
Total taxes	32,974,732	32,949,658	(25,074)	31,103,123
Licenses and permits:				
Public safety permits and fees	36,500	35,492	(1,008)	26,297
Code enforcement fees	212,000	200,031	(11,969)	180,934
Permit fees	58,000	60,936	2,936	77,161
Business licenses	1,700	1,325	(375)	1,560
Other clerk fees	10,400	8,694	(1,706)	9,271
Total licenses and permits	318,600	306,478	(12,122)	295,223
Intergovernmental revenues:				
State Revenue Sharing	592,000	712,770	120,770	482,480
Homestead reimbursement	431,597	431,597	-	413,792
General Assistance - State reimbursement	9,000	45,360	36,360	10,309
Snowmobile refund	500	722	222	-
Veterans reimbursement	7,000	6,867	(133)	6,950
BETE reimbursement	222,848	223,050	202	177,345
Education - State subsidies	4,809,191	4,891,165	81,974	4,230,511
State Agency subsidy	5,000	346	(4,654)	3,770
Total intergovernmental revenues	6,077,136	6,311,877	234,741	5,325,157
Charges for services:				
Agent fees	27,000	26,201	(799)	27,480
Harbor and waterfront fees	76,000	89,198	13,198	79,432
Rescue billings	260,000	260,000	-	260,000
Sewer fees	625,300	643,529	18,229	633,207
Recycling fees	37,000	28,644	(8,356)	32,607
Library fines and fees	6,000	6,000	-	6,000
School Department rental income	2,000	-	(2,000)	655
School Department tuition and fees	421,000	350,838	(70,162)	406,702
Total charges for services	1,454,300	1,404,410	(49,890)	1,446,083
Investment earnings:				
Interest income	23,000	38,131	15,131	54,833
Total investment earnings	23,000	38,131	15,131	54,833
Other revenues:				
Miscellaneous - Town	12,000	10,902	(1,098)	13,548
Miscellaneous - School	8,000	4,005	(3,995)	2,605
Total other revenues	20,000	14,907	(5,093)	16,153
Total revenues	40,867,768	41,025,461	157,693	38,240,572

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

	2020		Variance positive (negative)	2019 Actual
	Final budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 840,694	860,533	(19,839)	859,481
Insurance	252,497	262,641	(10,144)	233,688
Employee benefits	1,930,942	1,850,571	80,371	1,771,317
Town buildings	161,319	140,952	20,367	142,557
Total general government	3,185,452	3,114,697	70,755	3,007,043
Public works:				
Highways	869,158	821,460	47,698	808,010
Solid waste	660,327	604,358	55,969	589,014
Wastewater	860,163	846,158	14,005	849,236
Mechanical	384,898	320,496	64,402	313,103
Tree care	48,000	32,955	15,045	36,496
Total public works	2,822,546	2,625,427	197,119	2,595,859
Public safety:				
Police department	1,210,362	1,163,033	47,329	1,219,951
Fire/rescue department	721,906	708,933	12,973	656,148
Communications division	214,151	203,151	11,000	196,132
Harbor and waterfront	62,349	60,504	1,845	52,678
Miscellaneous	647,479	639,497	7,982	590,722
Total public safety	2,856,247	2,775,118	81,129	2,715,631
Health and welfare:				
General assistance	26,300	78,321	(52,021)	26,727
Human services agencies	4,850	4,850	-	4,850
Total health and welfare	31,150	83,171	(52,021)	31,577
Public services:				
Library	529,930	493,670	36,260	502,024
Parks	433,157	420,938	12,219	392,930
Cemeteries	27,200	29,286	(2,086)	29,997
Community development	104,614	96,753	7,861	90,661
Planning	337,339	326,613	10,726	282,950
Total public services	1,432,240	1,367,260	64,980	1,298,562

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

	2020		Variance positive (negative)	2019 Actual
	Final budget	Actual		
Expenditures, continued				
Current, continued:				
Education (excluding debt service):				
Regular instruction	\$ 12,166,264	11,925,058	241,206	11,499,813
Special education instruction	3,914,734	3,807,459	107,275	3,564,090
Other instruction	1,027,001	868,451	158,550	997,597
Student and staff support	2,442,824	2,288,969	153,855	2,455,250
System administration	799,648	796,867	2,781	801,805
School administration	1,226,306	1,170,374	55,932	1,125,324
Transportation	1,023,482	986,993	36,489	920,333
Facilities and maintenance	1,788,300	1,757,518	30,782	1,776,752
Total education	24,388,559	23,601,689	786,870	23,140,964
Unclassified:				
County tax	1,173,006	1,173,006	-	1,136,850
Overlay	287,696	-	287,696	-
Total unclassified	1,460,702	1,173,006	287,696	1,136,850
Debt service:				
Town:				
Principal	808,238	813,238	(5,000)	861,048
Interest	376,177	364,237	11,940	218,360
Fees	5,500	766	4,734	1,636
Education:				
Principal	1,132,000	1,132,000	-	1,139,000
Interest	791,350	289,729	501,621	180,930
Total debt service	3,113,265	2,599,970	513,295	2,400,974
Total expenditures	39,290,161	37,340,338	1,949,823	36,327,460
Excess of revenues over expenditures	1,577,607	3,685,123	2,107,516	1,913,112

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

	2020			2019 Actual
	Final budget	Actual	Variance positive (negative)	
Other financing sources (uses):				
Appropriations for reserves - Town	\$ (1,732,607)	(1,732,607)	-	(1,197,007)
Appropriations for reserves - School	(245,000)	(245,000)	-	(270,000)
Transfer to reserves - Town	-	(20,500)	(20,500)	(110,000)
Transfer to reserves - School	-	(345,553)	(345,553)	-
Transfers to special revenue funds	(150,000)	(150,000)	-	(150,000)
Transfer from trust funds	-	1,000	1,000	-
Utilization of prior year surplus - Town	550,000	550,000	-	674,800
Total other financing sources (uses)	(1,577,607)	(1,942,660)	(365,053)	(1,052,207)
Net change in fund balance - budgetary basis	-	1,742,463	1,742,463	860,905
Reconciliation to GAAP:				
Appropriations for reserves		1,977,607		1,467,007
Transfers to reserves from General Fund		366,053		110,000
Use of fund balance		(550,000)		(674,800)
Reserves revenues		1,713,062		1,609,333
Reserves expenditures		(2,891,583)		(3,360,416)
Transfer in to reserves from other funds		-		150,000
Change in teacher summer salaries		(124,809)		(125,412)
Net change in fund balance - GAAP basis		2,232,793		36,617
Fund balance, beginning		6,285,146		6,248,529
Fund balance, ending	\$	8,517,939		6,285,146

TOWN OF YARMOUTH, MAINE
School Department - General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budgetary Basis
For the year ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	2020			Variance positive (negative)	2019 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Property taxes	\$ 21,376,718	21,376,718	21,376,718	-	20,337,203
State education subsidy--school	4,809,191	4,809,191	4,891,165	81,974	4,230,511
State Agency subsidy	5,000	5,000	346	(4,654)	3,770
Tuition and fees	421,000	421,000	350,838	(70,162)	406,702
Rental income	2,000	2,000	-	(2,000)	655
Miscellaneous	8,000	8,000	4,005	(3,995)	2,605
Total revenues	26,621,909	26,621,909	26,623,072	1,163	24,981,446
Expenditures:					
Current:					
Regular instruction	12,199,854	12,166,264	11,925,058	241,206	11,499,813
Special education instruction	3,783,818	3,914,734	3,807,459	107,275	3,564,090
Other instruction	1,027,775	1,027,001	868,451	158,550	997,597
Student and staff support	2,561,172	2,442,824	2,288,969	153,855	2,455,250
System administration	791,292	799,648	796,867	2,781	801,805
School administration	1,219,456	1,226,306	1,170,374	55,932	1,125,324
Transportation	1,005,442	1,023,482	986,993	36,489	920,333
Facilities and maintenance	1,799,750	1,788,300	1,757,518	30,782	1,776,752
Debt service	1,923,350	1,923,350	1,421,729	501,621	1,319,930
Other financing uses:					
Transfer to reserves	245,000	245,000	245,000	-	270,000
Transfer to school nutrition program	65,000	65,000	65,000	-	65,000
Total expenditures and other financing uses	26,621,909	26,621,909	25,333,418	1,288,491	24,795,894
Net change in fund balance - budgetary basis	-	-	1,289,654	1,289,654	185,552
Reconciliation to GAAP:					
Change in teacher summer salaries			(124,809)		(125,412)
Transfer to reserves			245,000		270,000
Reserves revenues			24,343		16,052
Reserves expenditures			(302,745)		(421,089)
Net change in fund balance - GAAP basis			1,131,443		(74,897)
Fund balance (deficit), beginning of year			(912,817)		(837,920)
Fund balance (deficit), end of year	\$		218,626		(912,817)

TOWN OF YARMOUTH, MAINE
General Fund Reserves
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

		Fund balances beginning of year	Revenues			Expenditures		Current Year Appropriation	Transfers	Fund balances (deficits) end of year
			Charges for services	Interest	Other	Non-capital expenditures	Capital outlay			
Education:										
7140	Tax stability reserve	\$ 480	-	2	-	-	-	-	500,000	500,482
8521	School maintenance	189,979	-	882	14,721	186,572	100,735	160,000	345,553	423,828
8522	School equipment	15,174	-	57	-	-	-	-	-	15,231
8523	School retirement	126,702	-	477	-	-	-	-	-	127,179
8524	Special education	148,681	-	522	-	12,438	-	-	-	136,765
8525	School textbooks	4,443	-	205	-	-	-	-	-	4,648
8526	Turf field	446,368	-	1,777	-	-	-	85,000	-	533,145
8527	Our House II FR	173,971	-	660	5,040	3,000	-	-	-	176,671
Total School reserves		1,105,798	-	4,582	19,761	202,010	100,735	245,000	845,553	1,917,949
General government:										
4003	Cable TV/technology	198,799	-	760	132,776	165,003	-	50,000	-	217,332
4005	Historical buildings	35,787	-	151	-	-	-	5,000	-	40,938
4008	Tax revaluation	2,271	-	22	-	1,011	-	5,000	-	6,282
4012	Property acquisitions	109,324	-	161	-	-	74,768	-	-	34,717
4014	Unemployment compensation	245	-	21	-	10	-	6,000	-	6,256
4017	Municipal buildings	106,390	-	678	31,945	30,272	-	73,000	-	181,741
Public works:										
4002	Road improvements	(83,976)	2,936	904	81,716	128,787	466,842	689,000	-	94,951
4007	Public works equipment	285,829	-	1,553	24,266	46,330	367,003	160,000	183,500	241,815
4009	Wastewater	763,366	347,350	2,868	-	298,295	19,155	-	(50,000)	746,134
4016	Solid waste	96,782	33,606	353	-	63,698	-	51,000	(45,000)	73,043
4018	Public works future project match	365,279	-	1,066	500,000	-	337,545	120,000	-	648,800
4027	Sidewalks	137,100	-	533	-	-	-	5,000	-	142,633
4030	Environmental H&H	-	-	668	-	-	-	200,000	-	200,668
Public safety:										
4001	Dam maintenance	5,198	-	195	-	-	-	44,000	13,000	62,393
4006	Fire-rescue equipment	438,175	96,151	1,459	-	31,763	52,480	-	-	451,542
4010	Cousins Island Dock	323,056	-	1,279	20,427	-	-	5,107	-	349,869
4013	Harbor and waterfront	8,741	-	53	-	6,346	-	11,500	(5,000)	8,948
4019	Dredging	101,709	-	450	-	-	-	20,000	-	122,159
4023	Police equipment	29,999	-	154	4,750	-	17,878	68,000	(55,000)	30,025
Health and welfare:										
4024	Housing support	72,909	-	289	31,918	25,000	-	-	-	80,116
4029	Senior tax assistance program	21,901	-	364	-	96,272	-	90,000	-	15,993
Public services:										
4004	Economic development	54,099	-	-	-	-	54,099	-	-	-
4011	Parks and playgrounds	125,201	-	638	-	38,553	1,380	110,000	(28,500)	167,406
4015	MM Library building	37,231	-	205	-	2,535	-	20,000	-	54,901
Total Town reserves		3,235,415	480,043	14,824	827,798	933,875	1,391,150	1,732,607	13,000	3,978,662

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 (deficits) end of year
		Charges for services	Interest	Other	Non-capital expenditures	Capital outlay			
General government:									
5031 Sam Lacroix Scholarship	\$ 2,789	-	-	-	-	-	-	-	2,789
5045 Jayne Giese special program	10,862	-	-	-	-	-	-	-	10,862
5047 Safety committee	13,908	-	-	3,902	-	-	-	-	17,810
5055 General Asst Heating Fund	-	-	-	4,289	-	-	-	-	4,289
Public works:									
5006 Tree program	64,314	-	-	350	2,108	-	-	1,000	63,556
5033 Recycling committee	191	-	-	-	-	-	-	-	191
5035 Wood chips	36,370	-	-	-	-	-	-	-	36,370
5048 Natural gas inspections	17,446	59,690	-	-	76,520	-	-	-	616
5052 Development/offsite improvements	2,000	-	-	5,000	-	-	-	-	7,000
Public safety:									
5001 Dog control	10,709	7,761	-	-	12,460	-	-	-	6,010
5008 Shellfish conservation	32,945	3,425	-	-	13,283	-	-	7,500	30,587
5016 YPD dog fund	4,100	-	-	-	499	-	-	-	3,601
5025 Fire training facility	3,402	-	-	11,408	14,810	-	-	-	-
Public services:									
5005 Subdivision inspection	75,618	19,226	-	-	14,197	-	-	-	80,647
5018 Sanders Winslow Field	4,747	-	-	-	-	-	-	-	4,747
5019 Beth Condon Memorial Garden (restricted)	4,631	-	-	100,000	-	-	-	-	104,631
5020 Memorial bandstand	981	-	-	-	-	-	-	-	981
5040 Westside Trail	22,714	-	-	20,850	-	39,164	-	-	4,400
5041 Bike and pedestrian FBC	8,700	-	-	-	3,000	-	-	-	5,700
5053 Parks and rec projects	1,640	-	-	130,153	87,302	-	-	-	44,491
5054 Brown tail moth	9,880	-	-	-	470	-	-	-	9,410
Total Town assigned	327,947	90,102	-	275,952	224,649	39,164	-	8,500	438,688
Total reserves	\$ 4,669,160	570,145	19,406	1,123,511	1,360,534	1,531,049	1,977,607	867,053	6,335,299

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.

Student Activity Funds

This fund accounts for revenues and expenditures related to student activities.

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.

Public Safety Building

This fund accounts for the debt issuance and expenditure related to the construction of the new public safety building.

TOWN OF YARMOUTH, MAINE
Other Governmental Funds
Combining Balance Sheet
June 30, 2020

	Special Revenue Funds					Permanent Funds (Trust Funds)	Capital Project Funds	Totals
	School Nutrition Program	Other Federal, State, and Local Grants	Student Activity Funds	Recreation Programs	Community Garden			
ASSETS								
Cash and cash equivalents	\$ 5,626	-	250,016	25	-	357,527	-	613,194
Investments	-	-	-	-	-	580,332	-	580,332
Accounts receivable	-	11,317	-	4,444	-	5,691	-	21,452
Due from other governments	10,019	278,142	-	9,384	-	-	-	297,545
Inventory	34,187	-	-	-	-	-	-	34,187
Interfund loans receivable	1,659	-	-	486,865	9,529	31,280	6,588,174	7,117,507
Total assets	51,491	289,459	250,016	500,718	9,529	974,830	6,588,174	8,664,217
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	160	52,747	-	10,484	720	-	809,996	874,107
Accrued wages	-	-	-	20,721	1,319	-	14,235	36,275
Interfund loans payable	-	55,263	-	-	-	-	-	55,263
Bond anticipation notes	-	-	-	-	-	-	6,500,000	6,500,000
Total liabilities	160	108,010	-	31,205	2,039	-	7,324,231	7,465,645
Fund balances (deficits):								
Nonspendable	34,187	-	-	-	-	885,449	-	919,636
Restricted	17,144	37,304	-	-	-	89,381	947,089	1,090,918
Committed	-	148,155	250,016	469,513	7,490	-	-	875,174
Unassigned	-	(4,010)	-	-	-	-	(1,683,146)	(1,687,156)
Total fund balances (deficits)	51,331	181,449	250,016	469,513	7,490	974,830	(736,057)	1,198,572
Total liabilities and fund balances	\$ 51,491	289,459	250,016	500,718	9,529	974,830	6,588,174	8,664,217

TOWN OF YARMOUTH, MAINE
Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	Special Revenue Funds					Permanent Funds (Trust Funds)	Capital Project Funds	Totals
	School Nutrition Program	Other Federal, State, and Local Grants	Student Activity Funds	Recreation Programs	Community Garden			
Revenues:								
Taxes	\$ -	-	-	-	-	-	951,385	951,385
Intergovernmental	171,294	846,280	-	12,982	-	-	-	1,030,556
Charges for services	433,834	-	-	530,720	15,031	-	-	979,585
Student activity fees and fundraisers	-	-	252,388	-	-	-	-	252,388
Interest income	-	-	-	-	-	9,211	1,403	10,614
Gain (loss) on investments	-	-	-	-	-	(7,049)	-	(7,049)
Contributions	-	-	-	-	-	323,120	-	323,120
Unclassified	1,679	26,609	-	4,031	1,567	-	-	33,886
Total revenues	606,807	872,889	252,388	547,733	16,598	325,282	952,788	3,574,485
Expenditures:								
Current:								
General government	-	7,784	-	-	-	-	98,231	106,015
Public works	-	3,988	-	-	-	-	19,279	23,267
Public safety	-	149,728	-	-	-	-	-	149,728
Public services	-	56,656	-	656,631	18,934	29,249	245,906	1,007,376
Education	740,129	654,211	-	-	-	7,650	-	1,401,990
Student activities	-	-	201,898	-	-	-	-	201,898
Capital outlay	-	-	-	-	-	-	2,224,582	2,224,582
Total expenditures	740,129	872,367	201,898	656,631	18,934	36,899	2,587,998	5,114,856
Excess (deficiency) of revenues over (under) expenditures	(133,322)	522	50,490	(108,898)	(2,336)	288,383	(1,635,210)	(1,540,371)
Other financing sources (uses):								
Premium on bond anticipation note	-	-	-	-	-	-	20,724	20,724
Transfers from other funds	65,000	-	-	85,000	-	-	-	150,000
Total other financing sources (uses)	65,000	-	-	85,000	-	-	20,724	170,724
Net change in fund balances	(68,322)	522	50,490	(23,898)	(2,336)	288,383	(1,614,486)	(1,369,647)
Fund balances, beginning of year, restated	119,653	180,927	199,526	493,411	9,826	686,447	878,429	2,568,219
Fund balances (deficits), end of year	\$ 51,331	181,449	250,016	469,513	7,490	974,830	(736,057)	1,198,572

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, 2020

	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	\$ 4,400	-	-	-	4,400
2310	Wellness grant	-	-	-	2,354	152
2312	MMA Safety	-	-	-	3,988	-
2319	Maine Fire Service Institute	-	-	-	9,500	-
Federal:						
2615	FEMA	-	139,094	-	-	-
2616	Bullet proof vests	-	412	-	-	-
2620	Justice assistance grant	-	722	-	-	-
2628	Planning grant	-	11,316	-	-	-
2633	Recreational trail fund	(4,660)	50,000	-	-	-
2634	Coronavirus relief fund	-	5,430	-	-	-
Total Town Programs		(260)	206,974	-	15,994	4,552
School Programs:						
0205	Yarmouth Education Foundation	(194)	-	-	10,615	(194)
0208	ecomaine SNP grant	23	-	-	-	23
0209	SNP breakfast grant	63	-	-	-	63
0223	MLTI grant	11,800	-	11,800	-	23,600
0225	School health grant	390	-	-	-	-
0230	Title 1A	1,124	64,870	-	-	1,124
0232	Proficiency based education	6,216	-	-	-	6,216
0233	PEPG grant	1	-	-	-	1
0240	Title IVA	-	10,433	-	-	850
0245	Certification grant	3,479	-	-	-	-
0247	Local entitlement	(3,480)	475,560	-	-	(3,480)
0249	Coronavirus relief fund	-	38,750	-	-	-
0251	Local entitlement - preschool	(61)	-	-	-	(122)
0260	Title IV - drug free	(214)	-	-	-	(214)
0270	Title IIA - teacher quality	-	37,893	-	-	-
0274	National Semiconductor HS Photo	17	-	-	-	-
0275	National Semiconductor Roots	216	-	-	-	-
0276	Noyce Foundation	2,677	-	-	-	-
0280	High school teacher	5,434	-	-	-	-
0290	Other private grants	875	-	-	-	875
0650	Daycare Rowe School	152,821	-	-	-	148,155
Total School Programs		181,187	627,506	11,800	10,615	176,897
Total		\$ 180,927	834,480	11,800	26,609	181,449

TOWN OF YARMOUTH, MAINE
Permanent Funds (Trust Funds)
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

		Fund balances beginning of year	Investment Income	Contributions	Gain (loss) on Investments	Expenditures	Transfers	Fund balances end of year
0800	Yarmouth High School Scholarships	\$ 61,998	162	300,350	-	7,650	-	354,860
6001	Baptist Fund	71,858	1,097	-	(854)	-	-	72,101
6002	Coombs Fund	31,681	-	21,770	-	19,920	-	33,531
6004	Humphrey Fund	608	9	-	(7)	-	-	610
6005	Ledge Fund	4,003	61	-	(48)	-	-	4,016
6006	Mann Fund	12,156	186	-	(145)	-	-	12,197
6007	Mayall Fund	8,665	132	-	(103)	-	-	8,694
6008	Plummer Fund	16,764	256	-	(199)	500	-	16,321
6009	Sherburne Fund	18,485	282	-	(220)	500	-	18,047
7001	Doughty Fund	273,470	4,175	-	(3,253)	2,329	-	272,063
7002	Fitts Fund	6,011	92	-	(71)	-	-	6,032
7003	Grange Trust	2,427	37	-	(29)	500	-	1,935
7004	Hector Hebert Fund	19,698	301	1,000	(234)	-	-	20,765
7005	Johnson Fund	52,354	799	-	(623)	2,000	-	50,530
7006	O'Brien Fund	13,999	214	-	(166)	-	-	14,047
7007	Swegustagoe Fund	12,844	196	-	(153)	-	-	12,887
7008	Wilder Fund	3,299	50	-	(39)	500	-	2,810
7009	Ayer	76,127	1,162	-	(905)	3,000	-	73,384
Total		\$ 686,447	9,211	323,120	(7,049)	36,899	-	974,830

TOWN OF YARMOUTH, MAINE
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	TIF Downtown District	TIF Route One North	TIF Route One South	TIF Affordable Housing	Public Safety Building	Totals
Revenues:						
Taxes	\$ 374,345	239,986	291,572	45,482	-	951,385
Interest income	-	-	-	-	1,403	1,403
Total revenues	374,345	239,986	291,572	45,482	1,403	952,788
Expenditures:						
Current:						
General government	21,627	14,243	16,879	-	-	52,749
Public works	13,150	-	-	-	6,129	19,279
Public services	99,697	67,098	79,111	-	-	245,906
Credit enhancement payments	-	-	-	45,482	-	45,482
Capital outlay	286,179	77,139	198,643	-	1,662,621	2,224,582
Total expenditures	420,653	158,480	294,633	45,482	1,668,750	2,587,998
Excess (deficiency) of revenues over (under) expenditures	(46,308)	81,506	(3,061)	-	(1,667,347)	(1,635,210)
Other financing sources (uses):						
Premium on bond anticipation note	-	-	-	-	20,724	20,724
Total other financing sources (uses)	-	-	-	-	20,724	20,724
Net change in fund balances	(46,308)	81,506	(3,061)	-	(1,646,623)	(1,614,486)
Fund balances (deficit), beginning of year	490,961	190,623	233,368	-	(36,523)	878,429
Fund balances (deficit), end of year	\$ 444,653	272,129	230,307	-	(1,683,146)	(736,057)

TOWN OF YARMOUTH, MAINE
Student Activity Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2020

	Fund Balance June 30, 2019	Revenues	Expenditures	Fund Balance June 30, 2020
Yarmouth High School	\$ 123,136	194,419	155,321	162,234
Harrison Middle School	55,857	41,834	30,283	67,408
Yarmouth Elementary School	6,681	13,242	12,213	7,710
Rowe School	13,852	2,893	4,081	12,664
Total	\$ 199,526	252,388	201,898	250,016