

**TOWN OF YARMOUTH, MAINE**

**Annual Financial Report**

**For the year ended June 30, 2018**

**TOWN OF YARMOUTH, MAINE**  
**Annual Financial Report**  
**Year ended June 30, 2018**

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## Independent Auditor's Report

Town Council  
Town of Yarmouth, Maine

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Yarmouth, Maine as of and for the year ended June 30, 2018, 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, 2018, 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.

### ***Change in Accounting Principle***

As described in the notes to the financial statements, in 2018, the Town adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of Town's proportionate share of the net pension liability, the schedule of Town contributions, the schedule of changes in Town's total health plan OPEB liability and related ratios, the schedule of Town's proportionate share of the net OPEB liability, and the schedule of Town OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018 on our consideration of the Town of Yarmouth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Yarmouth, Maine's internal control over financial reporting and compliance.

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

December 21, 2018  
South Portland, Maine

**TOWN OF YARMOUTH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

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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, 2018. 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 \$52.4 million (net position). Of this amount, \$2.76 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 \$13.9 million – a 47% increase over last year largely due to the unspent bond proceeds.
- As of June 30, 2018, the General fund held \$6.2 million in fund balance – \$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 and the fiduciary funds. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The fiduciary activities are agency funds and are used to account for resources held for the benefit of others and are not available to support the Town's own programs. Agency funds only report a balance sheet and do not have a measurement focus. Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

**Government-wide Financial Statements**

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

The statement of net position presents information on all of the Town's assets 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 improving or deteriorating.

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

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

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

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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 nine 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, and Road Bond 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. The basic fiduciary fund financial statements can be found on page 21 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-49 of this report.

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



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

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**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 \$52.4 million at the close of the most recent fiscal year.

Statement of Net Position

		2018	2017 (Restated)	Increase (decrease)
Current and other assets	\$	17,731,778	12,792,837	4,938,941
Capital assets		59,568,604	60,496,099	(927,495)
Total assets		77,300,382	73,288,936	4,011,446
Deferred outflows of resources		1,034,948	1,558,081	(523,133)
Noncurrent liabilities		22,034,540	20,551,935	1,482,605
Other liabilities		3,558,730	3,049,583	509,147
Total liabilities		25,593,270	23,601,518	1,991,752
Deferred inflows of resources		337,598	131,405	206,193
Net investment in capital assets		46,149,596	45,567,521	582,075
Restricted		3,495,770	3,102,721	393,049
Unrestricted		2,759,096	2,443,852	315,244
Total net position	\$	52,404,462	51,114,094	1,290,368

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

The balance of unrestricted net position (\$2.8 million) may be used to meet the government's ongoing obligations to citizens and creditors.

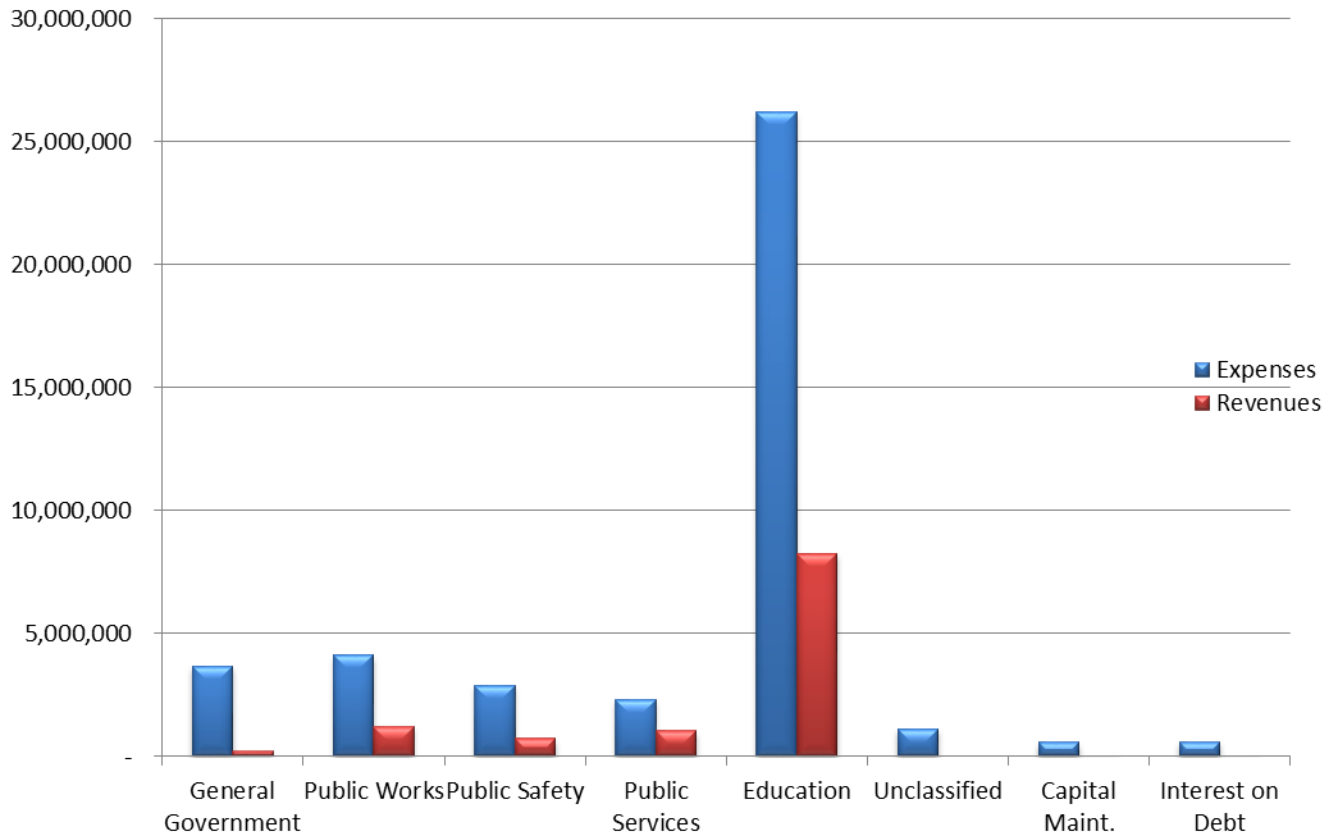
**TOWN OF YARMOUTH, MAINE**  
**Management's Discussion and Analysis, Continued**

Change in Net Position			
	2018	2017	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 3,621,078	\$ 3,552,895	68,183
Operating Grants & Contributions	7,766,552	7,073,061	693,491
Capital Grants & Contributions	-	247,338	(247,338)
General Revenues			
Property Taxes	28,291,177	27,719,797	571,380
Motor Vehicle Excise Tax	1,984,512	1,906,523	77,989
Interest and Costs on Taxes	36,581	47,076	(10,495)
State Revenue Sharing	466,315	458,199	8,116
Homestead Exemption	320,333	224,721	95,612
Other State Aid	124,659	102,775	21,884
Unrestricted Investment Earnings	45,819	14,191	31,628
Miscellaneous Revenues	26,507	192,913	(166,406)
<b>TOTAL REVENUES</b>	<b>42,683,533</b>	<b>41,539,489</b>	<b>1,144,044</b>
Program Expenses:			
General Government	3,666,440	4,846,797	(1,180,357)
Public Works	4,112,199	3,683,067	429,132
Public Safety	2,867,505	2,728,117	139,388
Health & Welfare	117,601	49,997	67,604
Public Services	2,182,772	2,230,742	(47,970)
Education (excluding debt service)	26,189,320	25,214,961	974,359
Unclassified	1,112,932	16,051	1,096,881
Capital Maintenance Expenses	567,609	370,645	196,964
Interest on Debt	576,787	587,317	(10,530)
<b>TOTAL EXPENSES</b>	<b>41,393,165</b>	<b>39,727,694</b>	<b>1,665,471</b>
Increase in net position	1,290,368	1,811,795	(521,427)
Net position – beginning of year, restated	51,114,094	50,001,260	1,112,834
Net position – end of year	\$ 52,404,462	\$ 51,813,055	591,407

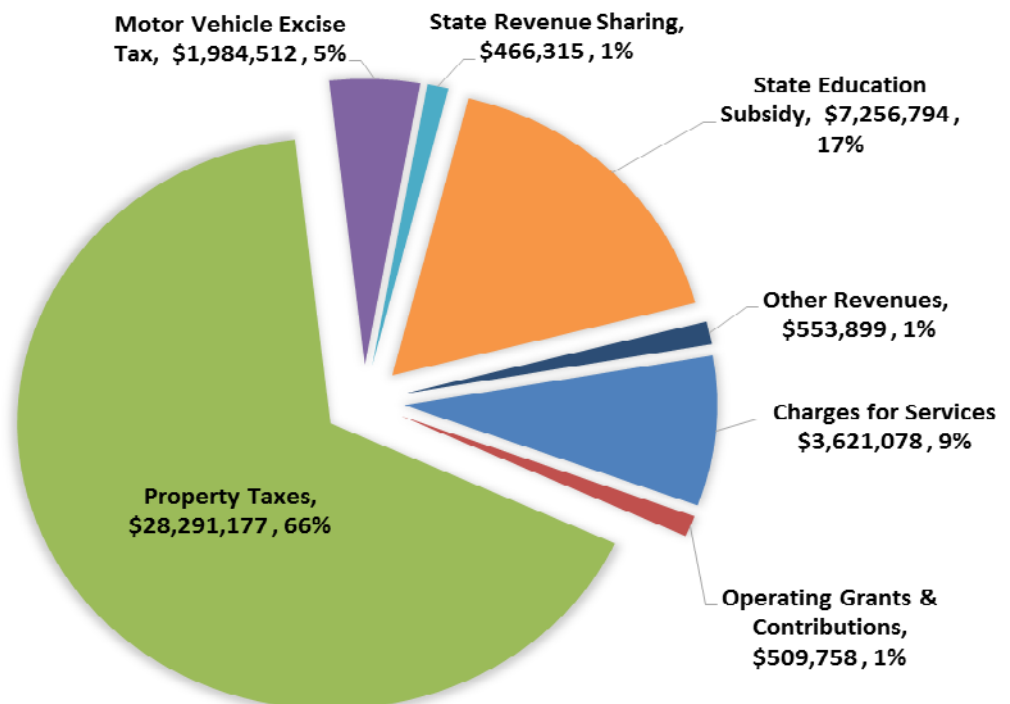
Governmental activities resulted in an increase in the Town of Yarmouth's net position of \$1.3 million with the majority of revenues (66%) coming from property taxes. Principal payments on bonds and lease payments totaled approximately \$2.3 million. These amounts are not considered expenses for purposes of full accrual financial statements. Governmental activities also included approximately \$2.65 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**

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**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

As of the end of the current fiscal year, the Town of Yarmouth's governmental funds reported combined ending fund balances of \$13.9 million. Approximately 7% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is restricted, committed or assigned to indicate that it is not available for new spending. It has been committed or assigned 1) to liquidate contracts and purchase orders of the prior period, 2) to fund future capital purchases, 3) to generate income for various charitable purposes and 4) for a variety of other unrestricted purposes.

The General Fund is the chief operating fund of the Town of Yarmouth. At the end of the current fiscal year, unassigned fund balance of the general fund was \$0.9 million, while total fund balance reached \$6.25 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 2.4% of total General Fund expenditures, while total fund balance represents approximately 16% of that same amount.

The Town has two other major funds - the York Trust Fund and the Road Bond Capital Project Fund. The York Trust Fund has a fund balance of \$1.98 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 \$3.27 million and accounts for bond funds for various road projects.

**General Fund Budgetary Highlights**

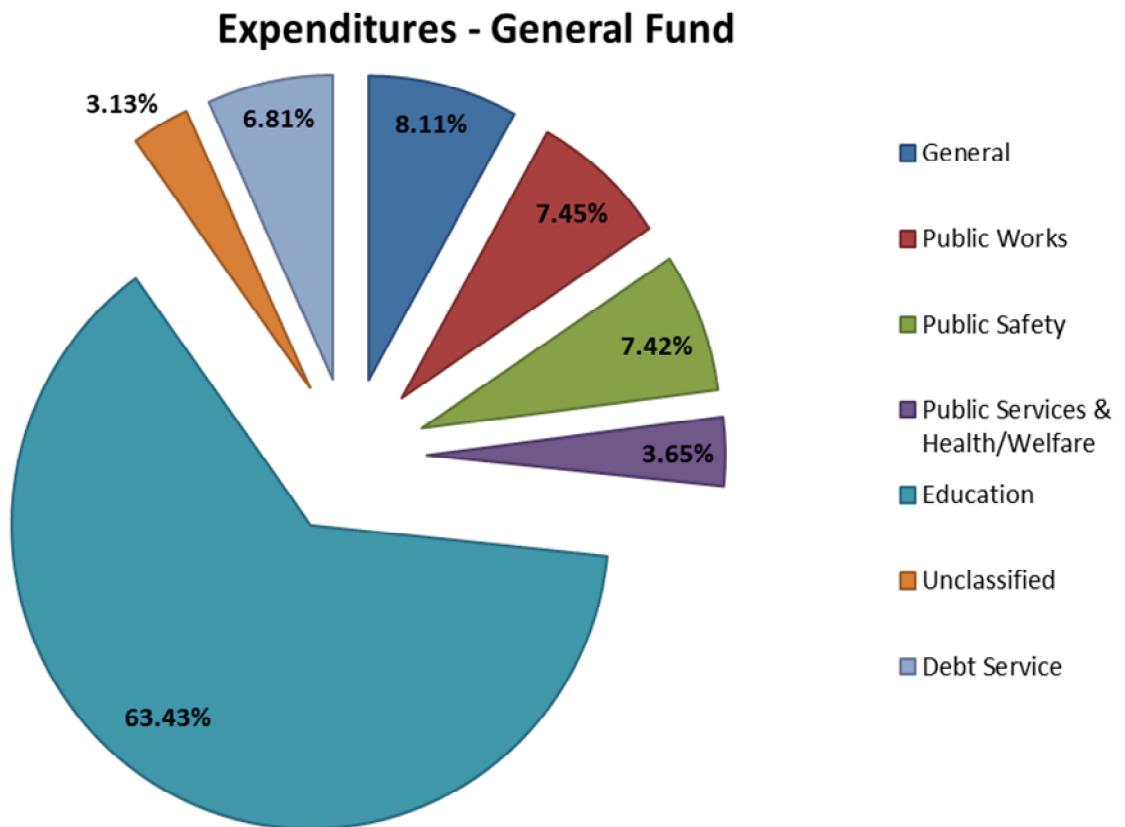
During the current fiscal year, revenues for the Town of Yarmouth exceeded expenditures by \$1.93 million, of which \$1.76 million were allocated for other uses such as capital expenditures. This was \$0.9 million more than budgeted. Actual revenues to budget had a surplus of \$223,613.

Variances on the expenditure side totaled \$642,427 under budget. School expenditures were \$66,269 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**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>			
Taxes	\$ 29,475,209	\$ 29,580,723	105,514
Intergovernmental	5,610,928	5,560,455	(50,473)
Other	1,567,500	1,736,072	168,572
<b>Total revenues</b>	<b>\$ 36,653,637</b>	<b>\$ 36,877,250</b>	<b>223,613</b>
<b>Expenditures:</b>			
General	\$ 2,874,167	\$ 2,833,610	40,557
Public Works	2,759,452	2,603,284	156,168
Public Safety	2,664,111	2,593,950	70,161
Health and Welfare	31,150	30,902	248
Public Services	1,341,775	1,243,856	97,919
Education	22,231,408	22,165,139	66,269
Unclassified	1,290,202	1,094,470	195,732
Debt Service	2,394,940	2,379,567	15,373
<b>Total expenditures</b>	<b>\$ 35,587,205</b>	<b>\$ 34,944,778</b>	<b>642,427</b>
<b>Excess Revenues</b>	<b>\$ 1,066,432</b>	<b>\$ 1,932,472</b>	<b>866,040</b>



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

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**Capital Assets and Debt Administration**

**Capital Assets**

The Town of Yarmouth's investment in capital assets (net of accumulated depreciation) as of June 30, 2018, was \$60 million. This investment in capital assets includes land, buildings and building improvements, furniture and equipment, vehicles, library collections and infrastructure assets such as roads, sidewalks, storm drains, traffic signals, sewer lines, and bridges.

During fiscal year 2018, the Town spent more than \$1.2 million on various capital assets - \$19,300 for Land, \$72,521 was spent on buildings & building improvements, \$550,676 was spent on infrastructure (road improvements and wastewater improvements) and \$591,211 was spent to purchase equipment and vehicles for the Town's public works, police, and school departments.

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

	<b>2018</b>	<b>2017</b>
Books and collections	\$ 870,302	\$ 870,302
Land	8,928,226	8,946,826
Construction in progress	651,725	127,128
Land Improvements	1,364,325	1,634,411
Buildings and building improvements	28,216,218	29,206,308
Furniture and equipment	985,865	992,193
Vehicles	2,050,341	2,027,326
Infrastructure	16,501,602	16,691,605
	<b><u>\$ 59,568,604</u></b>	<b><u>\$ 60,496,099</u></b>

**Long-term Debt**

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

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

**Town of Yarmouth's Outstanding Debt**

	<b>2018</b>	<b>2017</b>
General obligation bonds	\$ 14,969,914	\$ 13,440,066
Accrued compensated absences	999,719	945,280
Capital leases	1,624,894	1,383,202
Landfill post-closure costs	634,166	603,968
	<b><u>\$ 18,228,693</u></b>	<b><u>\$ 16,372,516</u></b>

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

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**Economic Factors and Next Year's Budget and Rates**

Yarmouth's economy continues to be strong with an unemployment rate below both the State of Maine and the national average. Estimated household income was \$73,234 (2010) with a population of 8,349 in 3,819 housing units. Yarmouth's residential/commercial tax base was fairly consistent. Next Era's Wyman Station real estate value had no decrease in FY18. There is a \$4 million decrease in real estate value for FY19.

The 2018-2019 budget increases expenditures by 2.97% with a projected decrease in revenues of approximately 3.2%. The tax rate for 2018-2019 is \$17.80 per thousand - a 3.72 % increase or \$0.64 cents per thousand.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers and investors, creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the *Finance Director, 200 Main Street, Yarmouth, ME 04096, phone 207-846-9036 or e-mail at [dmadden@yarmouth.me.us](mailto:dmadden@yarmouth.me.us)*.

## **BASIC FINANCIAL STATEMENTS**



**TOWN OF YARMOUTH, MAINE**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 14,370,583
Investments	2,361,489
Receivables:	
Accounts, net of allowance of \$109,242	316,899
Taxes - current year	456,526
Taxes - prior years	50,460
Tax liens	80,828
Sewer	47,127
Prepaid expenses	903
Inventories	46,963
Capital assets not being depreciated	10,450,253
Capital assets, net of accumulated depreciation	49,118,351
Total assets	77,300,382
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	1,015,288
Deferred outflows of resources related to OPEB	19,660
Total deferred outflows of resources	1,034,948
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	1,347,271
Accrued payroll	2,135,526
Accrued interest	75,933
Noncurrent liabilities:	
Due within one year	2,774,703
Due in more than one year	19,259,837
Total liabilities	25,593,270
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	150,374
Deferred inflows of resources related to OPEB	187,224
Total deferred inflows of resources	337,598
<b>NET POSITION</b>	
Net investment in capital assets	46,149,596
Restricted for:	
Permanent funds, nonexpendable	2,585,005
Permanent funds, expendable	157,154
Grants and other purposes	94,162
Tax increment financing districts	659,449
Unrestricted	2,759,096
Total net position	\$ 52,404,462

*See accompanying notes to basic financial statements.*

**TOWN OF YARMOUTH, MAINE**  
**Statement of Activities**  
**For the year ended June 30, 2018**

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	\$ 3,666,440	110,735	107,191	-	(3,448,514)
Public works	4,112,199	1,061,442	143,241	-	(2,907,516)
Public safety	2,867,505	673,085	29,621	-	(2,164,799)
Health and welfare	117,601	-	39,922	-	(77,679)
Public services	2,182,772	803,181	189,783	-	(1,189,808)
Education	26,189,320	972,635	7,256,794	-	(17,959,891)
Unclassified	1,112,932	-	-	-	(1,112,932)
Capital maintenance expenses	567,609	-	-	-	(567,609)
Interest on debt	576,787	-	-	-	(576,787)
Total governmental activities	41,393,165	3,621,078	7,766,552	-	(30,005,535)
<b>Total primary government</b>	<b>\$ 41,393,165</b>	<b>3,621,078</b>	<b>7,766,552</b>	<b>-</b>	<b>(30,005,535)</b>

General revenues:	
Property taxes, levied for general purposes	28,291,177
Motor vehicle excise taxes	1,984,512
Interest and costs on taxes	36,581
Grants and contributions not restricted to specific programs:	
State Revenue Sharing	466,315
Homestead exemption	320,333
Other State aid	124,659
Unrestricted investment earnings	45,819
Miscellaneous revenues	26,507
Total general revenues	31,295,903
Change in net position	1,290,368
Net position - beginning, restated	51,114,094
<b>Net position - ending</b>	<b>\$ 52,404,462</b>

*See accompanying notes to basic financial statements.*

**TOWN OF YARMOUTH, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General	York Trust Fund	Road Bond Capital Project	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 14,052,370	-	-	318,213	14,370,583
Investments	-	1,984,950	-	376,539	2,361,489
Receivables:					
Taxes - current year	456,526	-	-	-	456,526
Taxes - prior years	50,460	-	-	-	50,460
Tax liens	80,828	-	-	-	80,828
Accounts, net of allowance of \$109,242	101,649	-	-	51,567	153,216
Sewer	47,127	-	-	-	47,127
Due from other governments	86,609	-	-	77,074	163,683
Prepaid expenditures	365	-	-	538	903
Inventory	32,422	-	-	14,541	46,963
Interfund loans receivable	-	-	3,269,289	1,625,668	4,894,957
<b>Total assets</b>	<b>\$ 14,908,356</b>	<b>1,984,950</b>	<b>3,269,289</b>	<b>2,464,140</b>	<b>22,626,735</b>
<b>LIABILITIES</b>					
Accounts payable and payroll withholding	955,426	-	2,334	41,950	999,710
Accrued wages - Town	166,385	-	-	31,237	197,622
Accrued wages - School	1,937,904	-	-	-	1,937,904
Taxes paid in advance	347,561	-	-	-	347,561
Interfund loans payable	4,894,957	-	-	-	4,894,957
<b>Total liabilities</b>	<b>8,302,233</b>	<b>-</b>	<b>2,334</b>	<b>73,187</b>	<b>8,377,754</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	357,594	-	-	-	357,594
<b>Total deferred inflows of resources</b>	<b>357,594</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>357,594</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid and inventory	32,787	-	-	14,961	47,748
Principal	-	1,903,430	-	681,575	2,585,005
Restricted:					
Grants and other purposes	-	-	-	79,621	79,621
TIF funds	-	-	-	659,449	659,449
Permanent funds	-	81,520	-	75,634	157,154
Committed:					
Reserves - Town	3,200,057	-	-	-	3,200,057
Reserves - School	1,240,357	-	-	-	1,240,357
Recreation and other programs	-	-	-	522,982	522,982
Capital projects	-	-	3,266,955	414,103	3,681,058
Assigned for Town purposes	810,885	-	-	-	810,885
Unassigned:					
Education (teacher summer salaries and benefits)	(2,078,755)	-	-	-	(2,078,755)
Education - tax stability reserve	478	-	-	-	478
Town	3,042,720	-	-	-	3,042,720
Grants and other purposes	-	-	-	(57,372)	(57,372)
<b>Total fund balances</b>	<b>6,248,529</b>	<b>1,984,950</b>	<b>3,266,955</b>	<b>2,390,953</b>	<b>13,891,387</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 14,908,356</b>	<b>1,984,950</b>	<b>3,269,289</b>	<b>2,464,140</b>	

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.	59,568,604
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	357,594
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	(14,969,914)
Premiums on bonds	(470,033)
Capital leases	(1,624,894)
Accrued interest	(75,933)
Landfill liability	(634,166)
Accrued compensated absences	(999,719)
Net pension liability with related deferred outflows and inflows of resources	(1,279,287)
Other postemployment benefits liability with related deferred outflows and inflows of resources	(1,359,177)

**Net position of governmental activities** **\$ 52,404,462**

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, 2018**

	General	York Trust Fund	Road Bond Capital Project	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 29,580,723	-	-	710,775	30,291,498
Licenses and permits	257,385	-	-	-	257,385
Intergovernmental	7,390,245	-	-	608,304	7,998,549
Charges for services	2,046,735	-	-	1,302,225	3,348,960
Interest income	45,819	89,439	8,122	47,308	190,688
Unclassified	520,007	-	-	55,674	575,681
Total revenues	39,840,914	89,439	8,122	2,724,286	42,662,761
Expenditures:					
Current:					
General government	3,084,983	-	-	202,044	3,287,027
Public works	2,909,725	-	-	52,475	2,962,200
Public safety	2,752,764	-	-	18,520	2,771,284
Health and welfare	117,601	-	-	-	117,601
Public services	1,292,396	59,800	-	694,284	2,046,480
Education (excluding debt service)	24,311,041	-	-	1,339,297	25,650,338
Unclassified	1,094,470	-	-	18,462	1,112,932
Capital outlay	2,163,786	-	37,698	124,430	2,325,914
Debt service	2,379,567	-	50,524	-	2,430,091
Total expenditures	40,106,333	59,800	88,222	2,449,512	42,703,867
Excess (deficiency) of revenues over (under) expenditures	(265,419)	29,639	(80,100)	274,774	(41,106)
Other financing sources (uses):					
Capital lease proceeds	702,253	-	-	-	702,253
Proceeds from bond issuance	-	-	3,000,000	387,000	3,387,000
Premium on bond proceeds	-	-	347,055	25,805	372,860
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)	553,253	-	3,347,055	561,805	4,462,113
Net change in fund balances	287,834	29,639	3,266,955	836,579	4,421,007
Fund balances, beginning of year	5,960,695	1,955,311	-	1,554,374	9,470,380
Fund balances, end of year	\$ 6,248,529	1,984,950	3,266,955	2,390,953	13,891,387

*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, 2018**

Net change in fund balances - total governmental funds (from Statement 4)	\$ 4,421,007
Amounts reported for governmental activities in the Statement of Activities (Statement 2) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$2,646,439) and the loss on disposal of assets (\$39,361) exceeded capital outlay (\$1,758,305) in the current period.	(927,495)
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.	20,772
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These are the changes in other liabilities:	
Other postemployment benefits	164,513
Accrued compensated absences	(54,439)
Net pension liability	573,782
Deferred inflows and outflows of resources related to the net pension liability	(542,618)
Deferred inflows and outflows of resources related to the net OPEB liability	(186,708)
Landfill post closure care costs	(30,198)
Accrued interest payable	(11,985)
Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of lease proceeds (\$702,253), bond proceeds (\$3,387,000), and premium on bond issuance (\$372,860) exceeded principal payments (\$2,317,713) and the amortization of bond premium (\$8,137)	(2,136,263)
<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$ 1,290,368</b>

*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, 2018**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 29,796,562	29,475,209	29,580,723	105,514
Licenses and permits	208,800	208,800	257,385	48,585
Intergovernmental	5,289,575	5,610,928	5,560,455	(50,473)
Charges for services	1,319,500	1,319,500	1,409,373	89,873
Investment earnings	2,200	2,200	32,949	30,749
Unclassified	37,000	37,000	36,365	(635)
Total revenues	36,653,637	36,653,637	36,877,250	223,613
Expenditures:				
Current:				
General government	2,874,167	2,874,167	2,833,610	40,557
Public works	2,759,452	2,759,452	2,603,284	156,168
Public safety	2,664,111	2,664,111	2,593,950	70,161
Health and welfare	31,150	31,150	30,902	248
Public services	1,341,775	1,341,775	1,243,856	97,919
Education (excluding debt service)	22,231,408	22,231,408	22,165,139	66,269
Unclassified	1,290,202	1,290,202	1,094,470	195,732
Debt service	2,394,940	2,394,940	2,379,567	15,373
Total expenditures	35,587,205	35,587,205	34,944,778	642,427
Excess of revenues over expenditures	1,066,432	1,066,432	1,932,472	866,040
Other financing sources (uses):				
Use of prior year surplus	550,000	550,000	550,000	-
Appropriations for reserves	(1,467,432)	(1,467,432)	(1,467,432)	-
Transfers to general fund reserves	-	-	(137,618)	(137,618)
Transfers from other funds	1,000	1,000	1,000	-
Transfers to other funds	(150,000)	(150,000)	(150,000)	-
Total other financing uses	(1,066,432)	(1,066,432)	(1,204,050)	(137,618)
Net change in fund balance - budgetary basis	-	-	728,422	728,422
Reconciliation to GAAP:				
Appropriations for reserves			1,467,432	
Transfers to reserves from the General Fund			137,618	
Use of fund balance			(550,000)	
Reserves revenues			1,133,874	
Reserves expenditures			(2,551,571)	
Change in teacher summer salaries			(77,941)	
Net change in fund balance - GAAP basis			287,834	
Fund balance, beginning of year			5,960,695	
Fund balance, end of year	\$		6,248,529	

*See accompanying notes to basic financial statements.*

**TOWN OF YARMOUTH, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 224,228
<b>Total assets</b>	<b>224,228</b>
<b>LIABILITIES</b>	
Funds held on behalf of student groups	224,228
<b>Total liabilities</b>	<b>\$ 224,228</b>

*See accompanying notes to basic financial statements.*

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

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

**Government-wide and Fund Financial Statements**

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

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

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

**Measurement Focus, Basis of Accounting, and Basis of Presentation**

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



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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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.

Additionally, the Town reports the following fund type:

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

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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.

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

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

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

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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- *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.

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

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

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**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, teacher summer salaries, and activity in the General Fund reserves.

Maine Public Employees Retirement contributions are made by the State of Maine on behalf of the Yarmouth School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under accounting principles generally accepted in the United States of America of \$1,829,790. 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.

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

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STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

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**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:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>
2017-2018 budget as originally adopted	\$37,008,905	37,008,905	-
Overlay not included in budget	195,732	195,732	-
Appropriations for reserves - Town	-	(1,237,540)	(1,237,540)
Appropriations for reserves - School	-	(229,892)	(229,892)
Transfers to special revenue funds - Town	-	(85,000)	(85,000)
Transfers to special revenue funds - School	-	(65,000)	(65,000)
Transfers from trust funds - Town	(1,000)	-	1,000
Utilization of prior year balance - Town	(550,000)	-	550,000
<b>Total adjusted budget</b>	<b>\$ 36,653,637</b>	<b>35,587,205</b>	<b>(1,066,432)</b>

**C. Deficit Fund Balances**

At June 30, 2018, the following funds had deficit fund balances:

FEMA	\$ 52,475	Local entitlement	3,480
Planning Grant	948	Local entitlement preschool	61
Yarmouth Education Foundation	194	Title IV drug free	214

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

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

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**DEPOSITS AND INVESTMENTS**

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**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, 2018, the Town reported deposits of \$14,594,811 with a bank balance of \$15,099,706. All of the Town's bank balances were covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

The Town's deposits have been reported as follows:

Reported in governmental funds	\$ 14,370,583
Reported in fiduciary funds	<u>224,228</u>
<b>Total deposits</b>	<b><u>\$ 14,594,811</u></b>

**B. Investments**

At June 30, 2018, the Town had the following investments and maturities:

	Fair Value	Less than <u>1 year</u>	<u>1-5 years</u>	More than <u>5 years</u>
Equities/stock	\$ 838,431		N/A	
Mutual funds	198,173		N/A	
Exchange traded funds	<u>1,324,885</u>		<u>N/A</u>	
<b>Total investments</b>	<b><u>\$ 2,361,489</u></b>			

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, 2018 were valued using quoted market prices (level 1 inputs).

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

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

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

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

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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*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.

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**PROPERTY TAX**

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Property taxes for the current year were committed on August 31, 2017 on the assessed value listed as of the prior April 1<sup>st</sup> for all real and personal property located in the Town. Interest was charged at 7.0% on all taxes unpaid as of November 15, 2017 and May 2, 2018. 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 \$195,732 for the year ended June 30, 2018.

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, 2018 and 2017 levies:

	<u>2018</u>	<u>2017</u>
Assessed valuation:		
Land and buildings	\$ 1,592,731,500	1,573,033,600
Personal property	58,794,300	57,199,900
<b>Total assessed valuation</b>	<b>1,651,525,800</b>	<b>1,630,233,500</b>
Assessed valuation	1,651,525,800	1,630,233,500
Tax rate (per \$1,000)	17.16	17.06
Commitment	28,340,183	27,811,784
Supplemental taxes assessed	33,646	45,978
Total tax levy	28,373,829	27,857,762
Less:		
Collections, abatements and other adjustments	(27,917,303)	(27,383,534)
<b>Current year receivables at June 30</b>	<b>\$ 456,526</b>	<b>474,228</b>
Collection rate	98.39%	98.30%

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

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**CAPITAL ASSETS**

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Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Books and collections	\$ 870,302	-	-	870,302
Land	8,946,826	19,300	37,900	8,928,226
<u>Construction in progress</u>	<u>127,128</u>	<u>675,480</u>	<u>150,883</u>	<u>651,725</u>
Total capital assets, not being depreciated	9,944,256	694,780	188,783	10,450,253
Capital assets, being depreciated:				
Land improvements	4,774,282	-	-	4,774,282
Buildings and building improvements	47,304,509	72,521	13,018	47,364,012
Furniture and equipment	3,544,974	199,522	17,726	3,726,770
Vehicles	5,874,382	391,689	206,305	6,059,766
<u>Infrastructure</u>	<u>28,221,423</u>	<u>550,676</u>	<u>-</u>	<u>28,772,099</u>
Total capital assets being depreciated	89,719,570	1,214,408	237,049	90,696,929
Less accumulated depreciation for:				
Land improvements	3,139,871	270,086	-	3,409,957
Buildings and building improvements	18,098,201	1,062,611	13,018	19,147,794
Furniture and equipment	2,552,781	205,850	17,726	2,740,905
Vehicles	3,847,056	367,213	204,844	4,009,425
<u>Infrastructure</u>	<u>11,529,818</u>	<u>740,679</u>	<u>-</u>	<u>12,270,497</u>
Total accumulated depreciation	39,167,727	2,646,439	235,588	41,578,578
<u>Total capital assets being depreciated, net</u>	<u>50,551,843</u>	<u>(1,432,031)</u>	<u>1,461</u>	<u>49,118,351</u>
<b><u>Governmental activities capital assets, net</u></b>	<b><u>\$ 60,496,099</u></b>	<b><u>(737,251)</u></b>	<b><u>190,244</u></b>	<b><u>59,568,604</u></b>

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

<b>Governmental activities:</b>	
General government	\$ 352,878
Public safety	191,750
Public works, including depreciation of general infrastructure assets	1,119,801
Public services	136,292
<u>Education</u>	<u>845,718</u>
<b><u>Total depreciation expense – governmental activities</u></b>	<b><u>\$ 2,646,439</u></b>



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

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**INTERFUND BALANCES/TRANSFERS**

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Individual interfund receivables and payables and transfers at June 30, 2018 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
General Fund	\$ -	4,894,957	(149,000)
Road bond capital project	3,269,289	-	-
Other Governmental Funds:			
School Nutrition Program	48,790	-	65,000
Other Federal, State and Local Grants	88,156	-	-
Recreation Programs	331,193	-	85,000
Community Garden	9,475	-	-
Trust Funds	63,787	-	(1,000)
Capital Projects (TIF) Funds	1,084,267	-	-
Total Other Governmental Funds	1,625,668	-	149,000
<b>Totals</b>	<b>\$ 4,894,957</b>	<b>4,894,957</b>	<b>-</b>

These transfers were budgeted transfers to fund certain activities.

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Restated Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 13,440,066	3,387,000	1,857,152	14,969,914	2,342,152
Premium on bonds	105,310	372,860	8,137	470,033	29,498
Total bonds payable	13,545,376	3,759,860	1,865,289	15,439,947	2,371,650
Capital leases	1,383,202	702,253	460,561	1,624,894	403,053
Accrued compensated absences	945,280	54,439	-	999,719	-
Other postemployment benefits	1,356,126	-	164,513	1,191,613	-
Net pension liability	2,717,983	-	573,782	2,144,201	-
Landfill post closure care costs	603,968	30,198	-	634,166	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 20,551,935</b>	<b>4,546,750</b>	<b>3,064,145</b>	<b>22,034,540</b>	<b>2,774,703</b>

In FY 2018, the Town issued a refunding bond of \$387,000 to refund the existing 2013 Series B general obligation bond. The 2013 bond has an outstanding principal balance of \$387,000, with a balloon payment of \$387,000 due November 15, 2018. As of June 30, 2018, both the original 2013 bond and the refunding bond were both outstanding.

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

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**BONDS PAYABLE**

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Bonds payable at June 30, 2018 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, 2018</u>
General obligation bonds:					
2008 Road bonds	5/15/08	\$ 2,400,000	11/01/2019	2.3-5.5%	475,000
2009 CWSRLF	1/04/09	1,532,282	4/1/2023	1.415%	672,914
2009 General obligation	11/01/09	817,718	11/1/2019	2.0-5.5%	150,000
2011 Refunding bonds	6/1/11	13,155,000	11/15/2021	3.0-5.0%	4,710,000
2013 Series A GOB	10/1/13	5,493,000	11/15/2033	2.0-4.0%	5,188,000
2013 Series B GOB	10/1/13	387,000	11/15/2018	3.0%	387,000
2018 Series A GOB	5/1/18	3,000,000	11/15/2033	3.0-5.0%	3,000,000
2018 Series B bonds	5/1/18	387,000	11/15/2033	8.625%	387,000
<b>Total</b>					<b>\$ 14,969,914</b>

The annual requirements to amortize all outstanding bonds at June 30, 2018 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>
2019	\$ 2,342,152	546,704	2,888,856
2020	1,894,152	463,740	2,357,892
2021	1,602,152	392,489	1,994,641
2022	1,527,152	326,958	1,854,110
2023	762,152	285,011	1,047,163
2024 - 2028	3,087,154	1,104,506	4,191,660
2029 - 2033	3,105,000	476,769	3,581,769
2034	650,000	14,041	664,041
<b>Totals</b>	<b>\$ 14,969,914</b>	<b>3,610,218</b>	<b>18,580,132</b>

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.

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**SHORT-TERM DEBT**

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The Town issues tax anticipation notes to cover cash shortfalls during the year. The maturity date of the tax anticipation note was June 30, 2018. Tax anticipation note activity for the year ended June 30, 2018 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
<b>Tax anticipation note</b>	<b>\$ -</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>

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

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**CAPITAL LEASES**

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

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2018:

2019	\$ 433,959
2020	383,316
2021	149,231
2022	149,231
2023	149,231
2024-2028	448,253
<u>2029-2031</u>	<u>62,845</u>
Total minimum lease payments	1,776,066
Less amounts representing interest	(151,172)
<b>Present value of future minimum</b>	
<b><u>lease payments</u></b>	<b><u>\$ 1,624,894</u></b>

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**LANDFILL LIABILITY**

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Under State law, Maine communities had until December 31, 1994 to close existing landfills under a DEP approved plan. The Town currently has one landfill. The \$634,166 reported as landfill closure and post closure care liability at June 30, 2018 represents the estimated cost of closing the Town's landfill, and the monitoring tests at the site for thirty years after closure. The liability has been recognized in the government-wide financial statements only. The actual cost may be higher or lower due to inflation, changes in technology, engineering estimates, or changes in laws and regulations. The Town estimates that 93% of the capacity of the landfill has been used to date and that the remaining life of the landfill is twenty to thirty years.

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**OVERLAPPING DEBT**

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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, 2018, the Town's share is \$1,321,507 (3.71%) of Cumberland County's outstanding debt of \$35,585,000.

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**CONDUIT DEBT OBLIGATIONS**

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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, 2018, the principal amount of the revenue bonds payable was \$877,984.

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

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**STATUTORY DEBT LIMIT**

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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, 2018, the Town was in compliance with these limitations.

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**JOINTLY GOVERNED ORGANIZATION**

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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, 2018 includes total assets of \$62,899,434 total liabilities of \$17,719,973 and unrestricted net position of \$17,354,190. The liabilities include an accrual for landfill closure and postclosure care amounting to \$14,819,398. 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.

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**BUDGETARY VS GAAP BASIS OF ACCOUNTING**

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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, 2018, 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 Schedule 1 (GAAP basis)	\$ (837,920)
Items not included on a budgetary basis:	
Accrued wages and benefits	1,937,904
<b><u>Unassigned fund balance at June 30, 2018, budgetary accounting basis</u></b>	<b><u>\$1,099,986</u></b>

As required by generally accepted accounting principles (GAAP), the Town has recorded a revenue and expenditure/expense for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under generally accepted accounting principles of \$1,829,790. These amounts have been included as an intergovernmental revenue and an education expenditure in the General Fund on Statement 4 (GAAP basis) and an educational expense on the Statement of Activities. There is no effect on fund balance or net position at the end of the year.

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

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**FUND BALANCES**

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The General Fund unassigned fund balance total of \$964,443 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 \$3,042,720 and (\$2,078,755), respectively.

As of June 30, 2018, 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	\$ 32,787	-	-	-
Reserves	-	-	4,440,414	-
Carryforward accounts	-	-	-	810,885
York Trust	1,903,430	81,520	-	-
Road Bond Capital Project	-	-	3,266,955	-
Other Governmental Funds:				
Inventory and prepaid expenditures	14,961	-	-	-
Grants and other purposes	-	79,621	-	-
Tax increment financing districts	-	659,449	-	-
Recreation and other programs	-	-	522,982	-
Trusts	681,575	75,634	-	-
Capital projects	-	-	414,103	-
<b>Totals</b>	<b>\$2,632,753</b>	<b>896,224</b>	<b>8,644,454</b>	<b>810,885</b>

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

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**FUND BALANCES, CONTINUED**

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At June 30, 2018 and 2017, portions of the General Fund fund balance were assigned to future periods as follows:

	<u>2018</u>	<u>2017</u>
Budgeted use of surplus	\$ 550,000	550,000
Beth Condon memorial garden	3,631	3,387
Bike and pedestrian	8,700	-
Energy savers committee	-	2,131
Dog control	12,441	14,935
Development/Offsite improvements	2,000	-
Fire training facility	890	3,749
Herbie Tree Memorial	1,157	2,382
Jayne Giese special program	10,862	10,848
Memorial bandstand	981	981
Recycling committee	191	191
Safety committee	16,197	12,911
Sam Lacroix scholarship	2,789	389
Sanders-Winslow field	4,747	4,747
Shellfish conservation	25,249	26,190
Subdivision inspection	77,762	53,418
Town property energy projects	-	1,436
Woodchips	27,484	22,538
Westside trail	1,284	2,282
Yarmouth PD dog fund	5,433	6,469
Yarmouth tree program	59,087	56,097
<b>Total assigned fund balance</b>	<b>\$ 810,885</b>	<b>775,081</b>

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

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**FUND BALANCES, CONTINUED**

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Additionally, at June 30, 2018 and 2017, portions of the General Fund fund balances have been committed as follows:

	<u>2018</u>	<u>2017</u>
Town:		
Cousins Island dock maintenance	\$ 277,947	272,671
Dam maintenance	4,173	4,622
Dredging	101,212	100,944
Economic development	53,835	55,031
Fire equipment	332,306	282,638
Harbor and waterfront	23,178	36,709
Hillside	23,131	54,981
Historic building preservation	30,614	25,534
Housing support	66,588	48,845
Library maintenance	38,753	14,348
Municipal building maintenance	67,004	108,897
Police equipment	17,452	13,237
Property acquisitions	103,792	100,412
Parks and playgrounds	126,252	99,816
Public works equipment	318,854	270,931
Public works future projects	367,191	287,715
Road improvement	65,305	273,436
Sidewalk improvements	126,434	114,101
Wastewater	832,731	682,971
Solid waste	67,567	71,152
Stay program	344	49,368
Technology reserve	155,394	164,133
Unemployment compensation	-	6,893
<u>Total Town</u>	<u>3,200,057</u>	<u>3,139,385</u>
School Department:		
Our house II FR	166,123	50,000
School equipment	15,100	12,812
School maintenance	392,877	473,338
School retirement	126,083	128,149
Special education reserve	171,598	146,251
Turf field	359,464	294,107
Text book reserve	9,112	10,373
<u>Total School Department</u>	<u>1,240,357</u>	<u>1,115,030</u>
 <b><u>Total committed fund balance</u></b>	 <b><u>\$ 4,440,414</u></b>	 <b><u>4,254,415</u></b>

Additionally, the School Department had a tax stability reserve that was classified as unassigned. The amount at June 30, 2018 and 2017 was \$478 and \$477, respectively.

The above table does not include reserves with negative balances.

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

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**NET POSITION**

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**Net Position** - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net investment in capital assets was calculated as follows at June 30, 2018:

Capital assets	\$ 101,147,182
Accumulated depreciation	(41,578,578)
Unamortized premiums on bonds	(470,033)
Bonds payable	(14,969,914)
Capital leases	(1,624,894)
Unspent bond proceeds	3,645,833

<b><u>Net investment in capital assets</u></b>	<b><u>\$ 46,149,596</u></b>
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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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***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](http://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**

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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**PLD Plan** - Employees are required to contribute 8.0% of their annual pay. The Town's contractually required contribution rates for the year ended June 30, 2018 were 9.6% for the regular plan and 15.7% for the special plan of annual payroll. Contributions to the pension plan from the Town were \$287,930 for the year ended June 30, 2018.

**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, 2018, was 15.05% of annual payroll of which 3.97% of payroll was required from the Town and 11.08% was required from the State. Contributions to the pension plan from the Town were \$524,531 for the year ended June 30, 2018.

***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, 2017, 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, 2018, the Town reported a liability of \$2,031,455 for its proportionate share of the net pension liability. At June 30, 2017, the Town's proportion of the PLD Plan was 0.4962%.

**SET Plan** - At June 30, 2018, 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	\$ 112,746
State's proportionate share of the net pension liability associated with the Town	<u>15,138,373</u>
<b>Total</b>	<b><u>\$ 15,251,119</u></b>

At June 30, 2017, the Town's proportion of the SET Plan was 0.0078%.

For the year ended June 30, 2018, the Town recognized pension expense of \$344,877 for the PLD Plan and a pension expense of \$1,900,349 for the SET Plan with revenue of \$1,463,929 for support provided by the State.

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	92,856
Changes of assumptions	171,103	-
Net difference between projected and actual earnings on pension plan investments	-	57,518
Changes in proportion and differences between Town contributions and proportionate share of contributions	31,724	-
Town contributions subsequent to the measurement date	812,461	-
<b>Total</b>	<b>\$ 1,015,288</b>	<b>150,374</b>

\$812,461 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$(15,479)
2020	197,894
2021	14,383
2022	(144,345)

**Actuarial Assumptions** - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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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, 2017 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%
<b><u>Total</u></b>	<b><u>100%</u></b>	

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

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

<b><u>PLD Plan</u></b>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$4,075,723	2,031,455	492,438
<b><u>SET Plan</u></b>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$197,836	112,746	42,492

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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**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, 2018.

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**OTHER RETIREMENT PLANS**

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**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, 2018 and 2017, the Town contributed \$153,921 and \$157,909, 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.

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**OTHER POSTEMPLOYMENT BENEFITS**

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***General Information about the OPEB Plans***

**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.maineper.org](http://www.maineper.org).

Additionally, 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*.

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

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**OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

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**Benefits Provided** - Under both the PLD and SET OPEB plans, 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.

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.

*Employees Covered by Benefit Terms* – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employee entitled to but not yet receiving benefits	-
Active employees	63
Total	<u>75</u>

**Contributions** – Premium rates for both the PLD and SET OPEB plans are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

PLD OPEB Plan - The Town is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the Town were \$19,660 for the year ended June 30, 2018. Employees are not required to contribute to the PLD OPEB plan.

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 \$29,844 for the year ended June 30, 2018. Employers and employees are not required to contribute to the SET OPEB plan.

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

The net OPEB liability for both the PLD and SET OPEB plans was measured as of June 30, 2017, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by actuarial valuations as of that date. The Town's proportion of the net OPEB liabilities was based on a projection of the Town's long-term share of contributions to the PLD and SET OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan - At June 30, 2018, the Town reported a liability of \$261,873 for its proportionate share of the net OPEB liability. At June 30, 2017, the Town's proportion was 1.5661%.

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

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**OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

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SET OPEB Plan - At June 30, 2018, 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 \$329,295 as of June 30, 2018. At June 30, 2017, the Town's proportion was 0.00%.

The Town's total Health Plan OPEB liability of \$929,740 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

*Changes in the Total Health Plan OPEB Liability*

	Total OPEB Liability
Balance at June 30, 2017	\$ 980,880
Changes for the year:	
Service Cost	37,238
Interest	37,921
Changes of benefit terms	-
Differences between expected and actual experience	(22,839)
Changes in assumptions or other inputs	(73,321)
Benefit payments	(30,139)
Net changes	(51,140)
Balance at June 30, 2018	\$ 929,740

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% and also a change in valuation method from Projected Unit Credit funding to the Entry Age Normal funding method.

For the year ended June 30, 2018, the Town recognized OPEB expense of \$8,855 for the PLD OPEB Plan. For the year ended June 30, 2018, the Town recognized OPEB expense of \$29,844 and also revenues of \$29,844 for support provided by the State related to the SET OPEB plan. At June 30, 2018, the Town reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	-
Changes of Assumptions	-	72,970
Net difference between projected and actual earnings on OPEB plan investments	-	12,537
Changes in proportion and differences between Town Contributions and proportionate share of contributions	-	17,577
Town contributions subsequent to the measurement date	19,660	-
Total	\$ 19,660	103,084

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

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**OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

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\$19,660 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, 2019. 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:**

2019	\$ (21,243)
2020	(21,243)
2021	(21,243)
2022	(21,243)
2023	(18,112)

For the year ended June 30, 2018, the Town recognized OPEB expense of \$33,000 related to the Health Plan. At June 30, 2018, 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	\$ -	19,984
Changes of assumption or other inputs	-	64,156
Total	\$ -	84,140

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

Year ended June 30:

2019	\$ 12,020
2020	12,020
2021	12,020
2022	12,020
2023	12,020
Thereafter	24,040

**Actuarial Assumptions and Other Inputs** - The total OPEB liability in the June 30, 2017 actuarial valuations for both the PLD and SET OPEB plans was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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**OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

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	<b>PLD OPEB Plan</b>	<b>SET OPEB Plan</b>
Inflation	2.75%	2.75%
Salary increases	2.75% - 9.00%	2.75% - 14.50%
Investment rate of return	6.875%	6.875%

Mortality rates for both the PLD and SET OPEB plans were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2017 valuations for both the PLD and SET OPEB plans were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The total OPEB liability in the January 1, 2018 actuarial valuation 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	3.00% per annum
Salary increases	2.75% per annum
Discount rate	3.44% per annum
Healthcare cost trend rates	8.27% for 2018, decreasing to 4.00% for 2032
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 Annuity Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 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.

The long-term expected rate of return on both PLD and SET 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US Government Securities	9.0%	2.3%
Total	100.0%	



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

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**OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

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**Discount Rate** - The rate used to measure the net OPEB liability for the PLD OPEB plan was 5.41% which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. 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 2052. Therefore, the portion of the future projected benefit payments after 2052 are discounted at the municipal bond index rate. 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 net OPEB liability for the SET OPEB plan was 6.875%. 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.

The rate used to measure the total OPEB liability for the Health plan was 3.44% 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 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 5.41%, 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 (4.41%) or 1 percentage-point higher (6.41%) than the current rate:

	1% Decrease (4.41%)	Discount Rate (5.41%)	1% Increase (6.41%)
Net OPEB liability	\$ 351,450	261,873	191,156

**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 3.44%, 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 (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$ 1,057,392	929,740	824,812

**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 of 8.27%, 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 (7.27%) or 1 percentage-point higher (9.27%) than the current healthcare cost trend rates:

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

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OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

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		1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$	818,583	929,740	1,067,794

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

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RISK MANAGEMENT

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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, 2018.

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SIGNIFICANT TAXPAYER

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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 2018 is \$42,000,000.

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TAX INCREMENT FINANCING DISTRICT

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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:

	Original <u>value</u>	Increase in <u>value</u>	Percent <u>captured</u>	Captured <u>value</u>	Captured <u>taxes</u>
Downtown TIF	\$ 49,620,500	17,598,300	100%	17,598,300	301,987
Route One North	33,177,400	8,120,000	100%	8,120,000	139,339
Route One South	27,929,900	14,697,000	100%	14,697,000	252,201
Affordable Housing	-	1,005,100	100%	1,005,100	17,248

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".

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

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**TAX INCREMENT FINANCING DISTRICT**

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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, 2018, the Town captured and paid out real estate taxes totaling \$17,248 through the credit enhancement agreement as follows:

TIF District CEA Entity	Beginning Duration	Percentage of Assessed Value Abated	Amount Paid in FY 2018
Affordable Housing Bartlet Circle 2 LP	April 1, 2016 30 years	100%	\$17,248

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**NEW PRONOUNCEMENTS AND RESTATEMENT OF NET POSITION**

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For the fiscal year ended June 30, 2018, the Town has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. As a result of implementing GASB Statement No. 75, the Town has restated beginning net position in the government-wide statement of net position to account for the addition of the Town’s net OPEB liability of \$698,961 which effectively decreased the Town’s net position as of July 1, 2017 by \$698,961.

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**SUBSEQUENT EVENTS**

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In August 2018, the Town Council approved the issuance of a lease of dewatering equipment for \$1,000,000, which shall mature on July 15, 2028. The lease will be issued through Gorham Savings Leasing Group with annual payments of \$122,102.

In November 2018, the Town approved two bond issuances at referendum, one for \$39,800,000 to fund part I of the school facilities plan and the other for \$8,500,000 to fund the construction of the fire-rescue station.

**TOWN OF YARMOUTH, MAINE**  
**Required Supplementary Information**

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**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>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
<b><u>PLD Plan</u></b>				
Town's proportion of the net pension liability	0.4962%	0.4833%	0.4907%	0.4802%
Town's proportionate share of the net pension liability	\$ 2,031,455	2,567,746	1,565,502	738,914
Town's covered payroll	2,205,002	2,016,980	1,933,689	1,780,742
Towns' proportionate share of the net pension liability as a percentage of its covered payroll	92.13%	127.31%	80.96%	41.49%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%
<b><u>SET Plan</u></b>				
Town's proportion of the net pension liability	0.0078%	0.0085%	0.0059%	0.0054%
Town's proportionate share of the net pension liability	\$ 112,746	150,237	79,468	58,003
State's proportionate share of the net pension liability associated with the Town	15,138,373	17,704,106	13,415,265	10,519,065
<b><u>Total</u></b>	<b><u>\$15,251,119</u></b>	<b><u>17,854,343</u></b>	<b><u>13,494,733</u></b>	<b><u>10,577,068</u></b>
 Town's covered payroll	 \$ 12,693,280	 11,873,465	 11,471,223	 10,927,004
 Town's proportion share of the net pension liability as a percentage of its covered payroll	 0.89%	 1.27%	 0.69%	 0.53%
 Plan fiduciary net position as a percentage of of the total pension liability	 80.78%	 76.21%	 81.18%	 83.91%

\* Only four years of information available.

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

**TOWN OF YARMOUTH, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Town Contributions**

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

Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 287,930	254,302	226,771	191,898
Contributions in relation to the contractually required contribution	(287,930)	(254,302)	(226,771)	(191,898)

<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
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Town's covered payroll	2,374,192	2,205,002	2,016,980	1,933,689
Contributions as a percentage of covered payroll	12.13%	11.53%	11.24%	9.92%

**SET Plan**

Contractually required contribution	\$ 524,531	426,494	398,948	303,987
Contributions in relation to the contractually required contribution	(524,531)	(426,494)	(398,948)	(303,987)

<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
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Town's covered payroll	13,212,359	12,693,280	11,873,465	11,471,223
Contributions as a percentage of covered payroll	3.97%	3.36%	3.36%	2.65%

\* Only four years of information available.

**TOWN OF YARMOUTH, MAINE**  
**Required Supplementary Information, Continued**

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

	<u><b>2018</b></u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 37,238
Interest	37,921
Changes of benefit terms	-
Differences between expected and actual experience	(22,839)
Changes of assumptions or other inputs	(73,321)
Benefit payments	<u>(30,139)</u>
<b>Net change in total OPEB Liability</b>	<u>(51,140)</u>
 Total OPEB liability - beginning	 <u>980,880</u>
Total OPEB liability - ending	\$ <u><u>929,740</u></u>
 Covered-employee payroll	 \$ 3,622,859
Total OPEB liability as a percentage of covered-employee payroll	25.70%

**TOWN OF YARMOUTH, MAINE**  
**Required Supplementary Information, Continued**

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

	<u><b>2018</b></u>
<b><u>PLD OPEB Plan</u></b>	
Town's proportion of the net OPEB liability	1.5661%
Town's proportionate share of the net OPEB liability	\$ 261,873
Town's covered-employee payroll	2,205,002
Town's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	11.83%
Plan fiduciary net position as a percentage of the total OPEB liability	47.42%
<b><u>SET OPEB Plan</u></b>	
Town's proportion of the net OPEB liability	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>329,295</u>
Total	<u><u>329,295</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	47.29%

\* Only one year of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

**TOWN OF YARMOUTH, MAINE**  
**Required Supplementary Information, Continued**

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**Schedule of Town OPEB Contributions**  
Last 10 Fiscal Years\*

	<u><b>2018</b></u>
<b><u>PLD OPEB Plan</u></b>	
Contractually required contribution	\$ 19,660
Contributions in relation to the contractually required contribution	<u>(19,660)</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
 Town's covered-employee payroll	 \$ 2,374,192
Contributions as a percentage of covered-employee payroll	0.82%

*\* Only one year of information available.*



**TOWN OF YARMOUTH, MAINE**  
**Notes to Required Supplementary Information**

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**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>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate – PLD	6.875%	7.125%	7.250%
Discount rate – SET	6.875%	7.125%	7.125%
Inflation rate	2.75%	3.50%	3.50%
Salary increases – PLD	2.75-9.00%	3.50-9.50%	3.50-9.50%
Salary increases – SET	2.75-14.50%	3.50-13.50%	3.50-13.50%
Cost of living increases – PLD	2.20%	2.55%	3.12%
Cost of living increases – SET	2.20%	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 Health Annuitant Mortality Table.

*\* 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.*

**Net OPEB Liability**

**Changes of Benefit Terms** - None

**Changes of Assumptions** - None related to the GTL plan. Under the Health Plan, 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>Fiscal Year</u>	<u>Discount Rate</u>
2018	3.44%
2017	3.78%

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

## **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, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,052,370	9,210,597
Receivables:		
Taxes - current year	456,526	474,228
Taxes - prior years	50,460	37,903
Tax liens	80,828	82,180
Accounts, net of allowance of \$109,242 and \$70,996	101,649	152,799
Due from other governments	86,609	47,442
Sewer	47,127	53,246
Prepaid expenditures	365	4,597
Inventory	32,422	17,539
<b>Total assets</b>	<b>\$ 14,908,356</b>	<b>10,080,531</b>
<b>LIABILITIES</b>		
Accounts payable and payroll withholding	955,426	819,176
Accrued wages - Town	166,385	163,212
Accrued wages - School	1,937,904	1,919,708
Taxes paid in advance	347,561	10,023
Interfund loans payable	4,894,957	870,895
<b>Total liabilities</b>	<b>8,302,233</b>	<b>3,783,014</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	357,594	336,822
<b>Total deferred inflows of resources</b>	<b>357,594</b>	<b>336,822</b>
<b>FUND BALANCE</b>		
Nonspendable for inventory and prepaids	32,787	22,136
Committed for Town reserves	3,200,057	3,139,385
Committed for School reserves	1,240,357	1,115,030
Assigned for Town purposes	810,885	775,081
Unassigned:		
Education (teacher summer salaries and benefits)	(2,078,755)	(2,000,814)
Education - tax stabilization	478	477
Town	3,042,720	2,909,400
<b>Total fund balance</b>	<b>6,248,529</b>	<b>5,960,695</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 14,908,356</b>	<b>10,080,531</b>

**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, 2018**  
**(with comparative totals for the year ended June 30, 2017)**

	2018		Variance positive (negative)	2017 Actual
	Final budget	Actual		
Revenues:				
Taxes:				
Property taxes - Town	\$ 8,724,352	8,654,573	(69,779)	9,040,273
Property taxes - School	18,905,057	18,905,057	-	18,296,392
Excise taxes	1,804,800	1,984,512	179,712	1,906,523
Interest and costs on taxes	41,000	36,581	(4,419)	47,076
Total taxes	29,475,209	29,580,723	105,514	29,290,264
Licenses and permits:				
Public safety permits and fees	24,300	26,179	1,879	24,448
Code enforcement fees	103,000	147,048	44,048	170,441
Permit fees	70,000	71,622	1,622	66,952
Business licenses	1,600	1,924	324	1,825
Other clerk fees	9,900	10,612	712	10,275
Total licenses and permits	208,800	257,385	48,585	273,941
Intergovernmental revenues:				
State Revenue Sharing	520,000	466,315	(53,685)	458,199
Homestead reimbursement	320,333	320,333	-	224,721
General Assistance - State reimbursement	4,800	9,836	5,036	13,893
Snowmobile refund	650	695	45	503
Veterans reimbursement	9,000	6,682	(2,318)	7,546
BETE reimbursement	117,172	117,282	110	94,726
MDOT Grant	-	-	-	76,640
Education - State subsidies	4,633,973	4,633,973	-	4,144,201
State Agency subsidy	5,000	5,339	339	12,061
Total intergovernmental revenues	5,610,928	5,560,455	(50,473)	5,032,490
Charges for services:				
Agent fees	26,000	26,577	577	26,796
Harbor and waterfront fees	58,500	66,527	8,027	59,301
Rescue billings	240,000	240,000	-	280,000
Sewer fees	615,000	616,843	1,843	644,528
Recycling fees	39,000	40,974	1,974	47,464
Library fines and fees	6,000	6,000	-	6,000
School Department rental income	5,000	2,440	(2,560)	3,011
School Department tuition and fees	330,000	410,012	80,012	392,548
Total charges for services	1,319,500	1,409,373	89,873	1,459,648
Investment earnings:				
Interest income	2,200	32,949	30,749	8,753
Total investment income	2,200	32,949	30,749	8,753
Other revenues:				
Miscellaneous - Town	12,000	26,507	14,507	52,372
Miscellaneous - School	25,000	9,858	(15,142)	13,354
Total other revenues	37,000	36,365	(635)	65,726
Total revenues	36,653,637	36,877,250	223,613	36,130,822

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

	2018		Variance positive (negative)	2017 Actual
	Final budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 772,616	829,382	(56,766)	776,031
Insurance	217,800	209,009	8,791	201,790
Employee benefits	1,739,287	1,664,009	75,278	1,565,247
Town buildings	144,464	131,210	13,254	136,752
Total general government	2,874,167	2,833,610	40,557	2,679,820
Public works:				
Highways	842,785	812,140	30,645	775,500
Solid waste	587,387	574,388	12,999	588,348
Wastewater	947,577	854,382	93,195	830,344
Mechanical	341,703	321,126	20,577	302,818
Tree care	40,000	41,248	(1,248)	36,008
Total public works	2,759,452	2,603,284	156,168	2,533,018
Public safety:				
Police department	1,166,298	1,108,153	58,145	1,103,163
Fire/rescue department	652,678	650,461	2,217	616,725
Communications division	202,971	205,445	(2,474)	193,833
Harbor and waterfront	54,037	46,765	7,272	48,193
Miscellaneous	588,127	583,126	5,001	581,316
Total public safety	2,664,111	2,593,950	70,161	2,543,230
Health and welfare:				
General assistance	26,300	26,052	248	27,461
Human services agencies	4,850	4,850	-	5,350
Total health and welfare	31,150	30,902	248	32,811
Public services:				
Library	507,206	477,926	29,280	465,400
Parks	425,509	370,937	54,572	391,296
Cemeteries	20,400	22,746	(2,346)	20,496
Community development	81,184	83,065	(1,881)	51,840
Planning	307,476	289,182	18,294	334,159
Total public services	1,341,775	1,243,856	97,919	1,263,191

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

	2018		Variance positive (negative)	2017 Actual
	Final budget	Actual		
Expenditures, continued				
Current, continued:				
Education (excluding debt service):				
Regular instruction	\$ 10,839,959	10,844,273	(4,314)	10,419,049
Special education instruction	3,455,605	3,442,757	12,848	3,363,004
Career and technical instruction	129,523	129,518	5	99,041
Other instruction	980,321	963,263	17,058	980,237
Student and staff support	2,309,832	2,315,274	(5,442)	2,119,432
System administration	843,400	778,788	64,612	736,214
School administration	1,107,267	1,113,982	(6,715)	1,101,724
Transportation	825,838	851,538	(25,700)	796,753
Facilities and maintenance	1,739,663	1,725,746	13,917	1,718,512
Total education	22,231,408	22,165,139	66,269	21,333,966
Unclassified:				
County tax	1,094,470	1,094,470	-	1,037,987
Overlay	195,732	-	195,732	-
Total unclassified	1,290,202	1,094,470	195,732	1,037,987
Debt service:				
Town:				
Principal	749,889	749,889	-	793,760
Interest and fees	254,321	250,883	3,438	277,050
Interest T.A.N.	13,000	1,065	11,935	3,003
Education:				
Principal	1,126,000	1,126,000	-	1,126,000
Interest	251,730	251,730	-	277,400
Total debt service	2,394,940	2,379,567	15,373	2,477,213
Total expenditures	35,587,205	34,944,778	642,427	33,901,236
Excess of revenues over expenditures	1,066,432	1,932,472	866,040	2,229,586

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

	2018		Variance positive (negative)	2017 Actual
	Final budget	Actual		
Other financing sources (uses):				
Appropriations for reserves - Town	(1,237,540)	(1,237,540)	-	(1,485,940)
Appropriations for reserves - School	(229,892)	(229,892)	-	(204,200)
Transfer to reserves - Town	-	(8,700)	(8,700)	(55,000)
Transfer to reserves - School	-	(128,918)	(128,918)	(217,275)
Transfers to special revenue funds	(150,000)	(150,000)	-	(150,000)
Transfer from trust funds	1,000	1,000	-	1,000
Utilization of stabilization reserve - School	-	-	-	362,275
Utilization of prior year surplus - Town	550,000	550,000	-	350,000
Total other financing uses	(1,066,432)	(1,204,050)	(137,618)	(1,399,140)
Net change in fund balance - budgetary basis	-	728,422	728,422	830,446
Reconciliation to GAAP:				
Appropriations for reserves		1,467,432		1,690,140
Transfers to reserves from General Fund		137,618		272,275
Use of fund balance		(550,000)		(712,275)
Reserves revenues		1,133,874		1,067,157
Reserves expenditures		(2,551,571)		(2,651,101)
Transfer in to reserves from other funds		-		55,000
Change in teacher summer salaries		(77,941)		(149,517)
Net change in fund balance - GAAP basis		287,834		402,125
Fund balance, beginning		5,960,695		5,558,570
<b>Fund balance, ending</b>	<b>\$</b>	<b>6,248,529</b>		<b>5,960,695</b>



**TOWN OF YARMOUTH, MAINE**  
**General Fund Reserves**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2018**

		Fund balances beginning of year	Revenues			Expenditures		Current Year Appropriation	Transfers	Fund balances end of year
			Charges for services	Interest	Other	Non-capital expenditures	Capital outlay			
Education:										
7140	Tax stability reserve	\$ 477	-	1	-	-	-	-	-	478
8521	School maintenance	473,338	-	1,231	1,350	192,087	75,955	185,000	-	392,877
8522	School equipment	12,812	-	21	-	5,733	-	-	8,000	15,100
8523	School retirement	128,149	-	340	-	20,324	-	-	17,918	126,083
8524	Special education	146,251	-	347	-	-	-	-	25,000	171,598
8525	School textbooks	10,373	-	158	-	1,419	-	-	-	9,112
8526	Turf field	294,107	-	716	10,000	15,251	-	44,892	25,000	359,464
8527	Our House II FR	50,000	-	223	66,257	3,357	-	-	53,000	166,123
Total School reserves		1,115,507	-	3,037	77,607	238,171	75,955	229,892	128,918	1,240,835
General government:										
4003	Cable TV/technology	164,133	-	355	126,669	135,763	-	-	-	155,394
4005	Historical buildings	25,534	-	80	-	-	-	5,000	-	30,614
4008	Tax revaluation	(9,090)	-	-	-	5,649	-	12,000	-	(2,739)
4012	Property acquisitions	100,412	-	291	35,100	12,711	19,300	-	-	103,792
4014	Unemployment compensation	6,893	-	6	-	17,201	-	4,500	-	(5,802)
4017	Municipal buildings	108,897	-	283	62,061	74,716	72,521	18,000	25,000	67,004
Public works:										
4002	Road improvements	273,436	3,583	1,401	79,888	150,144	867,259	724,400	-	65,305
4007	Public works equipment	270,931	-	1,223	35,000	-	275,800	160,000	127,500	318,854
4009	Wastewater	682,971	362,585	2,009	-	138,825	31,009	-	(45,000)	832,731
4016	Solid waste	71,152	32,511	151	-	16,247	-	-	(20,000)	67,567
4018	Public works future project match	287,715	-	961	-	-	1,485	80,000	-	367,191
4026	Hillside	54,981	-	131	-	-	31,981	-	-	23,131
4027	Sidewalks	114,101	-	333	-	-	-	12,000	-	126,434
Public safety:										
4001	Dam maintenance	4,622	-	13	-	1,462	-	1,000	-	4,173
4006	Fire-rescue equipment	282,638	182,766	501	1,000	87,097	47,502	-	-	332,306
4010	Cousins Island Dock	272,671	-	736	-	-	-	4,540	-	277,947
4013	Harbor and waterfront	36,709	-	106	-	21,222	15,815	28,400	(5,000)	23,178
4019	Dredging	100,944	-	268	-	-	-	-	-	101,212
4023	Police equipment	13,237	-	78	-	22,818	3,245	67,700	(37,500)	17,452
Health and welfare:										
4024	Housing support	48,845	-	157	30,086	12,500	-	-	-	66,588
4029	Senior tax assistance program	49,368	-	175	-	74,199	-	25,000	-	344
Public services:										
4004	Economic development	55,031	-	145	-	-	1,341	-	-	53,835
4011	Parks and playgrounds	99,816	-	348	-	10,592	18,320	75,000	(20,000)	126,252
4015	MM Library building	14,348	-	82	-	5,677	-	20,000	10,000	38,753
Total Town reserves		3,130,295	581,445	9,833	369,804	786,823	1,385,578	1,237,540	35,000	3,191,516

## TOWN OF YARMOUTH, MAINE

## General Fund Reserves

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

		Fund balances beginning of year	Revenues			Expenditures		Current Year Appropriation	Transfers	Fund balances end of year
			Charges for services	Interest	Other	Non-capital expenditures	Capital outlay			
General government:										
5023	Energy savers committee	\$ 2,131	-	-	-	2,131	-	-	-	-
5031	Sam Lacroix Scholarship	389	-	-	2,400	-	-	-	-	2,789
5045	Jayne Giese special program	10,848	-	-	14	-	-	-	-	10,862
5047	Safety committee	12,911	-	-	5,052	1,766	-	-	-	16,197
5049	Town property energy projects	1,436	-	-	-	1,436	-	-	-	-
Public works:										
5006	Tree program	56,097	-	-	2,990	-	-	-	-	59,087
5030	Herbie Tree Memorial	2,382	-	-	-	1,225	-	-	-	1,157
5033	Recycling committee	191	-	-	-	-	-	-	-	191
5035	Wood chips	22,538	4,946	-	-	-	-	-	-	27,484
5052	Development/offsite improvements	-	-	-	2,000	-	-	-	-	2,000
Public safety:										
5001	Dog control	14,935	4,506	-	-	7,000	-	-	-	12,441
5008	Shellfish conservation	26,190	6,059	-	-	7,000	-	-	-	25,249
5016	YPD dog fund	6,469	-	-	375	1,411	-	-	-	5,433
5025	Fire training facility	3,749	-	-	7,945	10,804	-	-	-	890
Public services:										
5005	Subdivision inspection	53,418	40,406	-	-	16,062	-	-	-	77,762
5018	Sanders Winslow Field	4,747	-	-	-	-	-	-	-	4,747
5019	Beth Condon Memorial Garden	3,387	-	-	244	-	-	-	-	3,631
5020	Memorial bandstand	981	-	-	-	-	-	-	-	981
5040	Westside Trail	2,282	-	-	15,211	16,209	-	-	-	1,284
5041	Bike and pedestrian FBC	-	-	-	-	-	-	-	8,700	8,700
Total Town assigned		225,081	55,917	-	36,231	65,044	-	-	8,700	260,885
Total reserves		\$ 4,470,883	637,362	12,870	483,642	1,090,038	1,461,533	1,467,432	172,618	4,693,236

## **OTHER GOVERNMENTAL FUNDS**

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

Special revenue funds are established for the following purposes:

### **School Nutrition Program**

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

### **Other Federal, State, and Local Grants**

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

### **Recreation Programs**

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

### **Community Garden**

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

Permanent funds are established for the following purposes:

### **Trust Funds**

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

Capital project funds are established for the following purposes:

### **Tax Increment Financing (TIF) Funds**

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

**TOWN OF YARMOUTH, MAINE**  
**Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2018**

	Special Revenue Funds				Permanent	Capital	
	School	Other Federal,	Recreation	Community	Funds	Project	
	Nutrition	State and Local	Programs	Garden	(Trust	Funds	Totals
	Program	Grants			Funds)		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,305	-	25	-	316,883	-	318,213
Investments	-	-	-	-	376,539	-	376,539
Accounts receivable	7,080	69,994	51,567	-	-	-	128,641
Prepaid expenditures	-	118	-	-	-	420	538
Inventory	14,541	-	-	-	-	-	14,541
Interfund loans receivable	48,790	88,156	331,193	9,475	63,787	1,084,267	1,625,668
<b>Total assets</b>	<b>\$ 71,716</b>	<b>158,268</b>	<b>382,785</b>	<b>9,475</b>	<b>757,209</b>	<b>1,084,687</b>	<b>2,464,140</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	1,504	27,390	8,204	674	-	4,178	41,950
Accrued wages	-	-	23,500	1,200	-	6,537	31,237
<b>Total liabilities</b>	<b>1,504</b>	<b>27,390</b>	<b>31,704</b>	<b>1,874</b>	<b>-</b>	<b>10,715</b>	<b>73,187</b>
Fund balances:							
Nonspendable	14,541	-	-	-	681,575	420	696,536
Restricted	55,671	23,950	-	-	75,634	659,449	814,704
Committed	-	164,300	351,081	7,601	-	414,103	937,085
Unassigned	-	(57,372)	-	-	-	-	(57,372)
<b>Total fund balances</b>	<b>70,212</b>	<b>130,878</b>	<b>351,081</b>	<b>7,601</b>	<b>757,209</b>	<b>1,073,972</b>	<b>2,390,953</b>
<b>Total liabilities and fund balances</b>	<b>\$ 71,716</b>	<b>158,268</b>	<b>382,785</b>	<b>9,475</b>	<b>757,209</b>	<b>1,084,687</b>	<b>2,464,140</b>

**TOWN OF YARMOUTH, MAINE**  
**Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2018**

	Special Revenue Funds				Permanent	Capital	
	School	Other Federal,	Recreation	Community	Funds	Project	
	Nutrition	State and Local	Programs	Garden	(Trust	Funds	Totals
	Program	Grants			Funds)		
Revenues:							
Taxes	\$ -	-	-	-	-	710,775	710,775
Intergovernmental	152,838	449,354	6,112	-	-	-	608,304
Charges for services	560,183	114,141	611,424	16,477	-	-	1,302,225
Interest income	-	-	-	-	8,295	1,298	9,593
Gain (loss) on investments	-	-	-	-	37,715	-	37,715
Unclassified	1,257	19,445	4,089	2,205	28,678	-	55,674
Total revenues	714,278	582,940	621,625	18,682	74,688	712,073	2,724,286
Expenditures:							
Current:							
General government	-	2,564	-	-	-	199,480	202,044
Public works	-	52,475	-	-	-	-	52,475
Public safety	-	18,520	-	-	-	-	18,520
Public services	-	7,716	630,595	22,153	33,820	-	694,284
Education	800,738	533,159	-	-	5,400	-	1,339,297
Unclassified	-	-	-	-	-	18,462	18,462
Capital outlay	-	-	-	-	-	124,430	124,430
Total expenditures	800,738	614,434	630,595	22,153	39,220	342,372	2,449,512
Excess (deficiency) of revenues over (under) expenditures	(86,460)	(31,494)	(8,970)	(3,471)	35,468	369,701	274,774
Other financing sources (uses):							
Proceeds from bond issuance	-	-	-	-	-	387,000	387,000
Premium on bond proceeds	-	-	-	-	-	25,805	25,805
Transfers from other funds	65,000	-	85,000	-	-	-	150,000
Transfers to other funds	-	-	-	-	(1,000)	-	(1,000)
Total other financing sources (uses)	65,000	-	85,000	-	(1,000)	412,805	561,805
Net change in fund balances	(21,460)	(31,494)	76,030	(3,471)	34,468	782,506	836,579
Fund balances, beginning of year	91,672	162,372	275,051	11,072	722,741	291,466	1,554,374
Fund balances, end of year	\$ 70,212	130,878	351,081	7,601	757,209	1,073,972	2,390,953

**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, 2018**

	<b>Fund balances (deficits) beginning of year</b>	<b>Program Revenues</b>			<b>Program expenditures</b>	<b>Fund balances (deficits) end of year</b>
		<b>Federal</b>	<b>State</b>	<b>Local</b>		
<b>Town Programs:</b>						
<b>State and local:</b>						
2309 Underage drinking	\$ 2,470	-	965	-	-	3,435
2310 Wellness grant	-	-	-	2,564	2,564	-
2311 Small harbor improvement grant	-	-	13,325	-	13,325	-
<b>Federal:</b>						
2614 Bureau of highway safety	(816)	2,847	-	-	2,031	-
2615 FEMA	-	-	-	-	52,475	(52,475)
2616 Bullet proof vests	-	1,626	-	-	1,626	-
2620 Justice assistance grant	-	1,538	-	-	1,538	-
2626 Project canopy assistance	(7,175)	7,175	-	-	-	-
2628 Planning grant	-	6,768	-	-	7,716	(948)
<b>Total Town Programs</b>	<b>(5,521)</b>	<b>19,954</b>	<b>14,290</b>	<b>2,564</b>	<b>81,275</b>	<b>(49,988)</b>
<b>School Programs:</b>						
0205 Yarmouth Education Foundation	-	-	-	16,881	17,075	(194)
0208 ecomaine SNP grant	23	-	-	-	-	23
0209 SNP breakfast grant	63	-	-	-	-	63
0223 MLTI grant	-	-	11,800	-	11,800	-
0225 School health grant	390	-	-	-	-	390
0230 Title 1A	(106)	62,965	-	-	61,735	1,124
0232 Proficiency based education	25,164	-	-	-	18,948	6,216
0233 PEPG grant	1	-	-	-	-	1
0240 Title IVA	-	4,618	-	-	4,618	-
0245 Certification grant	3,479	-	-	-	-	3,479
0247 Local entitlement	(3,277)	299,589	-	-	299,792	(3,480)
0251 Local entitlement - preschool	(61)	-	-	-	-	(61)
0260 Title IV - drug free	(214)	-	-	-	-	(214)
0270 Title IIA - teacher quality	(5,198)	36,138	-	-	30,940	-
0274 National Semiconductor HS Photo	17	-	-	-	-	17
0275 National Semiconductor Roots	216	-	-	-	-	216
0276 Noyce Foundation	2,677	-	-	-	-	2,677
0280 High school teacher	5,434	-	-	-	-	5,434
0290 Other private grants	2,017	-	-	-	1,142	875
0650 Daycare Rowe School	137,268	-	-	114,141	87,109	164,300
<b>Total School Programs</b>	<b>167,893</b>	<b>403,310</b>	<b>11,800</b>	<b>131,022</b>	<b>533,159</b>	<b>180,866</b>
<b>Total</b>	<b>\$ 162,372</b>	<b>423,264</b>	<b>26,090</b>	<b>133,586</b>	<b>614,434</b>	<b>130,878</b>

**TOWN OF YARMOUTH, MAINE**  
**Permanent Funds (Trust Funds)**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2018**

		<b>Fund balances beginning of year</b>	<b>Investment Income</b>	<b>Contributions</b>	<b>Gain (loss) on Investments</b>	<b>Expenditures</b>	<b>Transfers</b>	<b>Fund balances end of year</b>
0800	Yarmouth High School Scholarships	\$ 66,757	14	4,750	-	5,400	-	66,121
6001	Baptist Fund	67,070	896	-	4,284	3,000	(1,000)	68,250
6002	Coombs Fund	22,870	-	22,928	-	15,500	-	30,298
6003	Farwell Fund	90,156	1,029	-	3,038	4,500	-	89,723
6004	Humphrey Fund	537	7	-	34	-	-	578
6005	Ledge Fund	3,530	47	-	225	-	-	3,802
6006	Mann Fund	10,718	143	-	685	-	-	11,546
6007	Mayall Fund	7,640	102	-	488	-	-	8,230
6008	Plummer Fund	15,686	209	-	1,002	500	-	16,397
6009	Sherburne Fund	17,203	230	-	1,099	500	-	18,032
7001	Doughty Fund	249,825	3,336	-	15,956	5,820	-	263,297
7002	Fitts Fund	5,300	71	-	338	-	-	5,709
7003	Grange Trust	2,139	29	-	137	-	-	2,305
7004	Hector Hebert Fund	15,769	211	1,000	1,007	-	-	17,987
7005	Johnson Fund	49,316	659	-	3,150	1,500	-	51,625
7006	O'Brien Fund	13,248	177	-	846	500	-	13,771
7007	Swegustagoe Fund	11,325	151	-	723	-	-	12,199
7008	Wilder Fund	2,909	39	-	186	-	-	3,134
7009	Ayer	70,743	945	-	4,517	2,000	-	74,205
<b>Total</b>		<b>\$ 722,741</b>	<b>8,295</b>	<b>28,678</b>	<b>37,715</b>	<b>39,220</b>	<b>(1,000)</b>	<b>757,209</b>

**TOWN OF YARMOUTH, MAINE**  
**Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2018**

	<b>TIF Downtown District</b>	<b>TIF Route One North</b>	<b>TIF Route One South</b>	<b>TIF Affordable Housing</b>	<b>Public Works Garage</b>	<b>Totals</b>
Revenues:						
Taxes	\$ 301,987	139,339	252,201	17,248	-	710,775
Interest income	-	-	-	-	1,298	1,298
Total revenues	301,987	139,339	252,201	17,248	1,298	712,073
Expenditures:						
Current:						
General government	48,312	-	133,920	-	-	182,232
Unclassified	5,940	1,211	11,311	-	-	18,462
Credit enhancement payments	-	-	-	17,248	-	17,248
Capital outlay	7,457	112,000	4,973	-	-	124,430
Total expenditures	61,709	113,211	150,204	17,248	-	342,372
Excess of revenues over expenditures	240,278	26,128	101,997	-	1,298	369,701
Other financing uses:						
Proceeds from bond issuance	-	-	-	-	387,000	387,000
Premium on refunding bonds	-	-	-	-	25,805	25,805
Total other financing uses	-	-	-	-	412,805	412,805
Net change in fund balances	240,278	26,128	101,997	-	414,103	782,506
Fund balances, beginning of year	177,990	97,667	15,809	-	-	291,466
<b>Fund balances, end of year</b>	<b>\$ 418,268</b>	<b>123,795</b>	<b>117,806</b>	<b>-</b>	<b>414,103</b>	<b>1,073,972</b>



## **AGENCY FUNDS**

**TOWN OF YARMOUTH, MAINE**  
**Combining Schedule of Cash Receipts, Disbursements, and Changes in Balances**  
**Fiduciary Funds - Agency Funds**  
**School Activity Funds**  
**For the year ended June 30, 2018**

		Balance			Balance
		July 1, 2017	Additions	Deductions	June 30, 2018
Activity Fund:					
Yarmouth High School	Exhibit C-2	\$ 146,810	281,026	277,962	149,874
Harrison Middle School	Exhibit C-3	47,742	53,896	49,816	51,822
Yarmouth Elementary School	N/A	5,696	3,223	898	8,021
Rowe School	N/A	10,739	4,084	312	14,511
<b>Total</b>		<b>\$ 210,987</b>	<b>342,229</b>	<b>328,988</b>	<b>224,228</b>

**TOWN OF YARMOUTH, MAINE**  
**Agency Fund - Yarmouth High School Activity Fund**  
**Statement of Cash Receipts, Disbursements and Changes in Balances**  
**For the year ended June 30, 2018**

<b>Account name</b>	<b>Beginning balance (deficit)</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance (deficit)</b>
Ambassadors Club	\$ 250	-	-	250
Art: clay	20	-	-	20
Art: photo	183	-	219	(36)
Art: other	241	-	-	241
Athletic Trainer	6,056	-	-	6,056
Athletics	6,965	48,162	50,611	4,516
Band	1,806	1,901	2,117	1,590
Cheer	182	181	-	363
Class 16	2,885	-	-	2,885
Class 17	8,099	-	6,635	1,464
Class 18	8,718	6,191	12,573	2,336
Class 19	5,971	13,947	7,195	12,723
Class 20	1,274	4,512	1,671	4,115
Class 21	-	3,074	883	2,191
Community Backpack Program	-	445	-	445
Curriculum Enrichment	1,562	-	-	1,562
District School Garden	853	-	96	757
Drama	25,948	33,779	41,372	18,355
Environmental Club	878	-	-	878
Field Trips Account	506	11,657	11,369	794
Field Hockey Boosters	6,096	14,116	14,232	5,980
French Club	85	-	-	85
Freshman Team	1,017	1,465	1,265	1,217

*continued*

**TOWN OF YARMOUTH, MAINE**  
**Agency Fund - Yarmouth High School Activity Fund**  
**Statement of Cash Receipts, Disbursements and Changes in Balances**  
**For the year ended June 30, 2018**

<b>Account name</b>	<b>Beginning balance (deficit)</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance (deficit)</b>
General (Reimb) \$	(6,439)	6,126	2,043	(2,356)
Global Action Club	2,449	252	671	2,030
GSA	134	-	-	134
Guidance	(1,374)	57,707	53,508	2,825
Industrial Arts	100	-	-	100
Interact	430	750	-	1,180
Ken Nye Poetry Fund	100	-	-	100
Laptop Repair Fund	34,987	16,411	29,293	22,105
Library	531	490	45	976
Literary Arts Special Projects	2,400	-	-	2,400
Outing Club	777	-	-	777
Pits	135	-	-	135
Project graduation	14,620	24,400	17,253	21,767
Principal's Acct	557	2,915	2,738	734
Robotics Club	439	3,738	3,837	340
Special Olympics	1	-	-	1
Spirits Club	927	-	927	-
Staff Wellness	60	-	-	60
Stem	92	2,100	1,065	1,127
Student Assistance Fund	1,904	613	165	2,352
Student Senate	274	-	-	274
Student Support	1,425	-	-	1,425
Temp Fundraisers	634	5,878	3,345	3,167
Temporary Textbooks Account	1,646	191	411	1,426
Tulip Garden	421	-	93	328
Turkish Exchange Account	564	-	-	564
Western Maine Conference	663	300	240	723
Yearbook	3,703	19,725	12,090	11,338
YPAC Piano Fund	3,085	-	-	3,085
YPAC Sign	1,970	-	-	1,970
<b>Totals</b>	<b>\$ 146,810</b>	<b>281,026</b>	<b>277,962</b>	<b>149,874</b>

**TOWN OF YARMOUTH, MAINE**  
**Agency Fund - Harrison Middle School Activity Fund**  
**Statement of Cash Receipts, Disbursements and Changes in Balances**  
**For the year ended June 30, 2018**

<b>Account name</b>	<b>Beginning balance (deficit)</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance (deficit)</b>
Drama	\$ 5,510	5,984	3,910	7,584
Grade 5	215	235	188	262
Grade 8	108	-	108	-
General	1,365	426	-	1,791
Guidance	346	220	390	176
Laptop Insurance	15,645	19,063	10,291	24,417
Lets Go	200	-	-	200
Lexus Challenge	171	-	-	171
Library	502	7,534	7,203	833
Music	179	-	141	38
Music Boosters	6,117	100	5,682	535
Principal	634	6,489	4,690	2,433
QSP	4,738	8,907	12,941	704
Robotics	(39)	1,503	779	685
Special Olympics	600	-	-	600
Steingert Scholarship	5,828	-	894	4,934
Student Council	2,552	-	447	2,105
Technology	500	-	-	500
Textbooks	20	-	-	20
Yearbook	2,551	3,435	2,152	3,834
<b>Totals</b>	<b>\$ 47,742</b>	<b>53,896</b>	<b>49,816</b>	<b>51,822</b>

## **SCHEDULES**

**TOWN OF YARMOUTH, MAINE**  
**School Department - General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Budgetary Basis**  
**For the year ended June 30, 2018**  
**(with comparative totals for the year ended June 30, 2017)**

	2018			Variance positive (negative)	2017 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Property taxes	\$ 19,226,410	18,905,057	18,905,057	-	18,296,392
State education subsidy--school	4,312,620	4,633,973	4,633,973	-	4,144,201
State Agency subsidy	5,000	5,000	5,339	339	12,061
Tuition and fees	330,000	330,000	410,012	80,012	392,548
Rental income	5,000	5,000	2,440	(2,560)	3,011
Miscellaneous	25,000	25,000	9,858	(15,142)	13,354
Other financing sources:					
Use of prior year fund balance (transfer from reserves)	-	-	-	-	362,275
Total revenues and other financing sources	23,904,030	23,904,030	23,966,679	62,649	23,223,842
Expenditures:					
Current:					
Regular instruction	10,848,166	10,839,959	10,844,273	(4,314)	10,419,049
Special education instruction	3,455,605	3,455,605	3,442,757	12,848	3,363,004
Career and technical instruction	129,523	129,523	129,518	5	99,041
Other instruction	977,064	980,321	963,263	17,058	980,237
Student and staff support	2,305,762	2,309,832	2,315,274	(5,442)	2,119,432
System administration	843,400	843,400	778,788	64,612	736,214
School administration	1,106,387	1,107,267	1,113,982	(6,715)	1,101,724
Transportation	824,338	825,838	851,538	(25,700)	796,753
Facilities and maintenance	1,741,163	1,739,663	1,725,746	13,917	1,718,512
Debt service	1,377,730	1,377,730	1,377,730	-	1,403,400
Other financing uses:					
Transfer to reserves	229,892	229,892	229,892	-	421,475
Transfer to school nutrition program	65,000	65,000	65,000	-	65,000
Total expenditures and other financing uses	23,904,030	23,904,030	23,837,761	66,269	23,223,841
Net change in fund balance - budgetary basis	-	-	128,918	128,918	1
Reconciliation to GAAP:					
Change in teacher summer salaries			(77,941)		(149,517)
Transfer to reserves			229,892		421,475
Transfer from reserves			-		(362,275)
Reserves revenues			80,644		39,941
Reserves expenditures			(314,126)		(317,655)
Net change in fund balance - GAAP basis			47,387		(368,030)
Fund balance (deficit), beginning of year			(885,307)		(517,277)
<b>Fund balance (deficit), end of year</b>	<b>\$</b>		<b>(837,920)</b>		<b>(885,307)</b>
Consisting of:					
Reserve accounts	\$		1,240,835		1,115,507
Unassigned (teacher summer salaries and benefits)			(2,078,755)		(2,000,814)
<b>Total</b>	<b>\$</b>		<b>(837,920)</b>		<b>(885,307)</b>

**TOWN OF YARMOUTH, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2018**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- through Grantor's Number</b>		<b>Total Federal Expenditures</b>	<b>Cluster Totals</b>	<b>Passed Through to Subrecipients</b>
U. S. Department of Education, passed through the Maine Department of Education:						
Title I, Part A	84.010	3107	\$	61,735		-
Title IIA - Supporting Effective Instruction	84.367	3042		30,940		-
Title IV - Student Support and Academic Enrichment	84.424	3345		4,618		-
Special Education Cluster:						
Local Entitlement	84.027	3046		299,792		-
Total Special Education Cluster					299,792	
Total U. S. Department of Education				397,085		-
U.S. Department of Homeland Security, passed through Maine Emergency Management Agency:						
Disaster Grants - Public Assistance	97.036	N/A		52,475		-
Total U.S. Department of Homeland Security				52,475		-
U. S. Department of the Interior, Historic Preservation Fund Grants	15.904	N/A		7,717		-
Total U.S. Department of interior				7,717		-
U.S. Department of Justice, direct:						
Bulletproof vests	16.607	N/A		1,626		-
passed through the Maine Department of Public Safety:						
Justice Assistance Grant	16.738	N/A		1,538		-
Total U.S. Department of Justice				3,164		-
U. S. Department of Transportation, passed through the Maine Bureau of Highway Safety:						
Highway Safety Cluster:						
National Highway Traffic Safety Administration Discretionary Safety Grant	20.600	N/A		2,030	2,030	-
Total U.S. Department of Transportation				2,030		-
U. S. Department of Agriculture, passed through the Maine Department of Education:						
Child Nutrition Cluster:						
School Lunch	10.555	3024		91,800		-
Donated Commodities	10.555	N/A		35,430		-
Breakfast Program	10.553	3014		17,822		-
Summer food program	10.559	3016		5,970		-
Total Child Nutrition Cluster					145,052	
Total U.S. Department of Agriculture				151,022		-
<b>Totals</b>			<b>\$</b>	<b>613,493</b>		<b>-</b>