

TOWN OF LYMAN, MAINE
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2018

TABLE OF CONTENTS

	Statement	Page
Independent Auditors' Report		3-4
Management's Discussion and Analysis		5-6
Basic Financial Statements		
<i>Government-wide Financial Statements:</i>		
Statement of Net Position	1	7
Statement of Activities	2	8
<i>Fund Financial Statements:</i>		
Balance Sheet – Governmental Funds	3	9
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	4	10-11
Statement of Net Position – Proprietary Funds	5	12
Statement of Revenues, Expenditures, & Changes in Net Position – Proprietary Funds	6	13
Statement of Cash Flows – Proprietary Funds	7	14
Notes to Financial Statements		15-23
Required Supplemental Information	Schedule	
Budgetary Comparison Schedule – General Fund	A	24
Other Supplemental Information		
Combining Balance Sheet – All Other Non-Major Funds	B	25
Statement of Revenues, Expenditures and Changes in Fund Balance – All Other Non-Major Funds	C	26
Schedule of Taxes Receivable	D	27
Schedule of Departmental Operations	E	28-29

Maine Municipal Audit Services, PA

Mindy J. Cyr, CPA

Independent Auditors' Report

To the Board of Selectmen
Town of Lyman
Lyman, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of Town of Lyman, Maine, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town'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 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. 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, the business-type activities and the aggregate remaining fund information of the Town of Lyman, Maine, as of June 30, 2018, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 5-6 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.

The budgetary comparison information on page 24 is required by accounting principles generally accepted in the United States of America. This 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. The budgetary comparison schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements.

Other Information

The other supplemental information section is the responsibility of management and the schedules 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 to the basic financial statements. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maine Municipal Audit Services, PA

Levant, Maine
August 7, 2018

Town of Lyman

Management's Discussion and Analysis

Fiscal Year ending June 30, 2018

www.lyman-me.gov

Management of the Town of Lyman offers this management's discussion and analysis report that will provide information that should be used in conjunction with the outside audit report for fiscal year ending June 30, 2018.

Overview of the Financial Statements:

The discussion and analysis report is intended to serve as an introductory to the full audit report. The audit report consists of three components: government-wide financial statements; fund financial statements, and the notes to the financial statements. This report is intended to explain some of these financial statements in a concise and non-financial terminology.

Government-wide Financial Statements:

The government-wide financial statements present the Town's financial position as of a certain date using some common financial reporting tools and using the modified accrual basis of accounting. The governmental activities that are reported include: general government, public safety, public works, health, social services, education and cemetery, parks and recreation activities.

Fund Financial Statements:

A fund is a group of related accounts that have been grouped together to maintain control over activities that are segregated for specific purposes and objectives. These funds include: trust fund accounts.

Trust Fund Accounts include funds set aside by a specific trust fund document or by state law.

Notes to the Financial Statements:

The notes provide the reader with additional information about the Town that will help understand the financial data provided by our outside audit firm and our financial statements.

Government Wide Financial Analysis:

The audit report shows that the Town increased our net position by \$429,072.50 for the year ending June 30, 2018. Ending Net Position is \$8,439,059.89. The Town general fund has no long-term debt in the year ended June 30, 2018.

Town of Lyman
Management's Discussion and Analysis
Fiscal Year ending June 30, 2018

www.lyman-me.gov

Differences between the original and final budget for the general fund are typically caused by the usage of assigned and unassigned fund balances along with applied revenues.

All Town departments finished the year under budget. The general fund actual revenues totaled \$7,366,400.79, with actual expenditures totaling \$7,118,395.63.

Goodwins Mills Fire and Rescue:

It was determined that Goodwins Mills Fire and Rescue should be considered a department of the Town of Lyman in 2016. Beginning with the year ended June 30, 2017, the financial activities for GMFR are reported as an Enterprise Fund (business-type activity) of the Town of Lyman.

Contacting the Town's Management:

If you have any questions about this report or need additional financial information, contact the Town Office at 11 South Waterboro Road, Lyman, Maine 04002.

Town of Lyman, Maine
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 3,950,302.08	\$ 229,597.78	\$ 4,179,899.86
Investments	20,000.00	-	20,000.00
Accounts receivable	-	94,425.20	94,425.20
Due from other governments, current	-	37,382.89	37,382.89
Taxes receivable	27,313.75	-	27,313.75
Tax liens receivable	194,588.40	-	194,588.40
Tax acquired property	6,207.33	-	6,207.33
Total current assets	4,198,411.56	361,405.87	4,559,817.43
Non-current assets:			
Due from other governments, non-current portion	-	7,000.00	7,000.00
Capital assets, net of accumulated depreciation	4,601,094.68	-	4,601,094.68
Total non-current assets	4,601,094.68	7,000.00	4,608,094.68
TOTAL ASSETS	\$ 8,799,506.24	\$ 368,405.87	\$ 9,167,912.11
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 162,514.83	\$ 3,783.89	\$ 166,298.72
Gravel pit escrow deposits	158,000.00	-	158,000.00
Other current liabilities	5,334.43	-	5,334.43
Current portion of long-term lease	-	12,000.00	12,000.00
Total current liabilities	325,849.26	15,783.89	341,633.15
Non-current liabilities:			
Non-current portion of long-term debt:			
Long-term lease payable, net current portion	-	14,000.00	14,000.00
Total non-current liabilities	-	14,000.00	14,000.00
TOTAL LIABILITIES	325,849.26	29,783.89	355,633.15
DEFERRED INFLOWS OF RESOURCES:			
Prepaid property taxes	34,597.09	-	34,597.09
TOTAL DEFERRED INFLOWS OF RESOURCES	34,597.09	-	34,597.09
NET POSITION:			
Invested in capital assets, net of related debt	4,601,094.68	-	4,601,094.68
Unrestricted	3,837,965.21	338,621.98	4,176,587.19
TOTAL NET POSITION	8,439,059.89	338,621.98	8,777,681.87
TOTAL LIABILITIES AND NET POSITION	\$ 8,799,506.24	\$ 368,405.87	\$ 9,167,912.11

The accompanying notes are an integral part of this statement.

Town of Lyman, Maine
Statement of Activities
For the Year Ended June 30, 2018

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 674,306.55	\$ 23,238.20	\$ -	\$ -	\$ (651,068.35)	\$ -	\$ (651,068.35)
Public safety	353,323.87	-	-	-	(353,323.87)	-	(353,323.87)
Public works	545,355.99	-	-	49,464.00	(495,891.99)	-	(495,891.99)
Sanitation	152,637.59	34,352.02	-	-	(118,285.57)	-	(118,285.57)
Education	4,505,964.00	-	-	-	(4,505,964.00)	-	(4,505,964.00)
County tax	270,293.58	-	-	-	(270,293.58)	-	(270,293.58)
Social services	12,206.85	-	-	-	(12,206.85)	-	(12,206.85)
Recreation	43,314.13	-	978.62	-	(42,335.51)	-	(42,335.51)
Other	75,383.51	-	-	-	(75,383.51)	-	(75,383.51)
Depreciation	240,916.70	-	-	-	(240,916.70)	-	(240,916.70)
Total governmental activities	6,873,702.77	57,590.22	978.62	49,464.00	(6,765,669.93)	-	(6,765,669.93)
Business-Type activities:							
Goodwins Mills Fire and Rescue	734,249.44	664,682.50	-	-	-	(69,566.94)	(69,566.94)
Total business-type activities	734,249.44	664,682.50	-	-	-	(69,566.94)	(69,566.94)
Total primary government	7,607,952.21	722,272.72	978.62	49,464.00	(6,765,669.93)	(69,566.94)	(6,835,236.87)
General revenues:							
Property taxes, levied for general purposes					5,625,363.40	-	5,625,363.40
Excise taxes					1,054,732.26	-	1,054,732.26
Interest and lien fees					93,295.30	-	93,295.30
Licenses and permits					111,028.40	-	111,028.40
Grants and contributions not restricted to specific programs:							
State revenue sharing					127,971.17	-	127,971.17
Homestead exemption					124,773.00	-	124,773.00
Other					18,539.88	-	18,539.88
Unrestricted investment earnings					-	4,103.36	4,103.36
Miscellaneous revenues					83,833.59	-	83,833.59
Transfer from Town of Dayton					-	44,794.56	44,794.56
Transfer of capital asset, net					(44,794.57)	44,794.57	-
Total general revenues and transfers					7,194,742.43	93,692.49	7,288,434.92
Changes in net position					429,072.50	24,125.55	453,198.05
NET POSITION - BEGINNING					8,009,987.39	314,496.43	8,324,483.82
NET POSITION - ENDING					\$ 8,439,059.89	\$ 338,621.98	\$ 8,777,681.87

The accompanying notes are an integral part of this statement.

Town of Lyman, Maine
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,948,766.32	\$ 1,535.76	\$ 3,950,302.08
Investments	-	20,000.00	20,000.00
Taxes receivable, net	27,313.75	-	27,313.75
Tax liens receivable	194,588.40	-	194,588.40
Tax acquired property	6,207.33	-	6,207.33
TOTAL ASSETS	\$ 4,176,875.80	\$ 21,535.76	\$ 4,198,411.56
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts payable	\$ 162,514.83	\$ -	\$ 162,514.83
Gravel pit escrow deposits	158,000.00	-	158,000.00
Other current liabilities	5,334.43	-	5,334.43
<i>Total liabilities</i>	<i>325,849.26</i>	<i>-</i>	<i>325,849.26</i>
<i>Deferred inflows of resources:</i>			
Prepaid property taxes	34,597.09	-	34,597.09
Deferred property tax revenue	177,521.00	-	177,521.00
<i>Total deferred inflows of resources</i>	<i>212,118.09</i>	<i>-</i>	<i>212,118.09</i>
<i>Fund balances:</i>			
Non-spendable	6,207.33	-	6,207.33
Restricted	2,805.01	21,535.76	24,340.77
Assigned	482,856.05	-	482,856.05
Unassigned	3,147,040.06	-	3,147,040.06
<i>Total fund balances</i>	<i>3,638,908.45</i>	<i>21,535.76</i>	<i>3,660,444.21</i>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,176,875.80	\$ 21,535.76	
<i>Amounts reported for governmental activities in the statement of net position (Stmt. 1) are different because:</i>			
Depreciable and non-depreciable capital assets as reported in Stmt. 1			4,601,094.68
Deferred property taxes not reported on Stmt. 1			177,521.00
NET POSITION OF GOVERNMENTAL ACTIVITIES			\$ 8,439,059.89

The accompanying notes are an integral part of this statement.

Town of Lyman, Maine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Property taxes	\$ 5,644,624.40	\$ -	\$ 5,644,624.40
Excise taxes	1,054,732.26	-	1,054,732.26
Intergovernmental revenue	321,726.67	-	321,726.67
Charges for services	57,590.22	-	57,590.22
Licenses and permits	111,028.40	-	111,028.40
Interest income	92,865.25	430.05	93,295.30
Other revenues	83,833.59	-	83,833.59
<i>Total revenues</i>	<i>7,366,400.79</i>	<i>430.05</i>	<i>7,366,830.84</i>
EXPENDITURES:			
General government	674,306.55	-	674,306.55
Public safety	353,323.87	-	353,323.87
Public works	828,232.99	-	828,232.99
Health and sanitation	152,637.59	-	152,637.59
Social services	12,206.85	-	12,206.85
Education	4,505,964.00	-	4,505,964.00
County tax	270,293.58	-	270,293.58
Recreation	43,314.13	-	43,314.13
Unclassified	235,167.39	1,000.00	236,167.39
Reserve accounts	42,948.68	-	42,948.68
<i>Total expenditures</i>	<i>7,118,395.63</i>	<i>1,000.00</i>	<i>7,119,395.63</i>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>248,005.16</i>	<i>(569.95)</i>	<i>247,435.21</i>
OTHER FINANCING SOURCES (USES)			
Transfers out	(44,794.57)	-	(44,794.57)
<i>Total other financing sources (uses)</i>	<i>(44,794.57)</i>	<i>-</i>	<i>(44,794.57)</i>
<i>Net change in fund balances</i>	<i>203,210.59</i>	<i>(569.95)</i>	<i>202,640.64</i>
FUND BALANCES - BEGINNING	3,435,697.86	22,105.71	3,457,803.57
FUND BALANCES - ENDING	\$ 3,638,908.45	\$ 21,535.76	\$ 3,660,444.21

The accompanying notes are an integral part of this statement.

(Continued)

Town of Lyman, 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 (Statement 4)	\$ 202,640.64
Amounts reported for governmental activities in the Statement of Activities (Stmt. 2) are different due to the following items:	
Depreciation expense recorded on Statement of Activities, yet not required to be recorded as expenditures on Governmental Funds Report	(240,916.70)
Capital outlays expensed on the Governmental Funds Report (Stmt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmt. 2)	486,609.56
Revenues in the Statement of Activities (Stmt 2) that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes and other deferred revenue.	(19,261.00)
<hr/>	
Changes in net position of governmental activities (see Stmt. 2)	\$ 429,072.50

The accompanying notes are an integral part of this statement.

Statement 5

Town of Lyman, Maine
d/b/a Goodwins Mills Fire and Rescue
Statement of Net Position
June 30, 2018

	<u>2018</u>
ASSETS	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 229,597.78
Accounts receivable - Net of allowance (\$160,451.07)	94,425.20
Due from other governments	44,382.89
<i>Total current assets</i>	<u>368,405.87</u>
 TOTAL ASSETS	 \$ 368,405.87
LIABILITIES AND NET POSITION	
<i>Current liabilities:</i>	
Accounts payable	\$ 3,783.89
Current portion of long-term debt	12,000.00
<i>Total current liabilities</i>	<u>15,783.89</u>
 <i>Non-current liabilities:</i>	
Lease payable - net of current portion	14,000.00
<i>Total non-current liabilities</i>	<u>14,000.00</u>
 <i>Net position:</i>	
Unrestricted	338,621.98
<i>Total net position</i>	<u>338,621.98</u>
 TOTAL LIABILITIES AND NET POSITION	 \$ 368,405.87

The accompanying notes are an integral part of this statement.

Town of Lyman, Maine
d/b/a Goodwins Mills Fire and Rescue
Statement of Activities
For the Year Ended June 30, 2018

	2018
Revenues:	
Dayton contract	\$ 170,753.04
Lyman contract	317,112.00
Ambulance service	167,893.60
Miscellaneous other income	8,923.86
<i>Total revenues</i>	664,682.50
Expenditures:	
Wages and benefits	447,977.00
Supplies and equipment	52,996.45
Fleet	43,697.45
Utilities	25,396.28
Communications and information systems	5,036.18
Professional fees	14,764.14
Insurance	15,976.00
Training and education	8,040.00
FD reserve	93,757.67
Programs	11,033.63
Administration	15,574.64
<i>Total expenditures</i>	734,249.44
Operating income	(69,566.94)
Other revenues (expenses):	
Interest earned	4,103.36
Transfers from Town of Lyman	44,794.57
Transfers from Town of Dayton	44,794.56
<i>Total other revenues (expenses)</i>	93,692.49
<i>Change in net position before extraordinary items</i>	24,125.55
NET POSITION (DEFICIT) - BEGINNING	314,496.43
NET POSITION (DEFICIT) - ENDING	\$ 338,621.98

The accompanying notes are an integral part of this statement.

Town of Lyman, Maine
d/b/a Goodwins Mills Fire and Rescue
Statement of Cash Flows
For the Year Ended June 30, 2018

	2017
<i>Cash flows from operating activities:</i>	
Cash received from members and users	\$ 732,743.32
Cash payments to suppliers	(288,488.55)
Cash payments to employees	(447,977.00)
Net cash provided (used) by operating activities	(3,722.23)
<i>Net increase (decrease) in cash</i>	<i>(3,722.23)</i>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	233,320.01
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 229,597.78
<i>Reconciliation of operating income to net cash provided (used) by operating activities:</i>	
Change in net position	\$ 24,125.55
<i>Changes in operating assets and liabilities:</i>	
Increase (decrease) in notes payable, net	(6,000.00)
Decrease (increase) in accounts receivable	(23,907.34)
Increase (decrease) in accounts payable	2,059.56
Net cash provided (used) by operating activities	\$ (3,722.23)

The accompanying notes are an integral part of this statement.

TOWN OF LYMAN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town operates under a selectmen-treasurer form of government and is incorporated under the laws of the State of Maine.

The accounting policies of the Town conform to U.S. generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, and its amendments, established new financial reporting requirements for governments and caused the Town to restructure much of the information presented in the past. The more significant of the government’s accounting policies are described below.

In evaluating how to define the Town for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statement No. 14 *The Financial Reporting Entity* as amended by GASB Statement No. 39. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. Based on the criteria, it was determined that no other entities should be included in the Town’s financial statements.

Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 1989 that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB-pronouncements issued after that date to its business-type activities, the Town has chosen not to do so.

B. Basis of Presentation

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-Wide Financial Statements

The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reports information on all of the non-fiduciary activities of the Town as a whole.

The Statement of Net Position reports all financial and capital resources of the Town and reports the difference between assets and liabilities, as “net position” not fund balance or equity. The Statement of Activities shows the degree to which the direct expenses of a given function or segment are offset by program revenue and reflects the “net (expense) revenue” of the Town’s individual functions before applying general revenues.

**TOWN OF LYMAN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The Town has elected not to allocate indirect costs among programs. Program revenues include 1) charges to customers for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being aggregated and displayed in a single column. The General Fund is always a major fund.

Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented at the end of each applicable fund financial statement.

C. Measurement Focus and Basis of Accounting

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Permanent Fund – This fund is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs. A permanent fund would be used, for example, to account for the perpetual care endowment of a municipal cemetery.

Proprietary Fund Type

Goodwins Mills Fire and Rescue – A business-type fund used to account for the activities related to the operations of the Goodwins Mills Fire and Rescue. The Lyman-Dayton Fire Commission was established by the Boards of Selectmen of the Town of Dayton, Maine and the Town of Lyman, Maine to act as a governing board for the Lyman-Dayton Joint Fire and Emergency Rescue Department, referred to as “Goodwins Mills Fire and Rescue”.

Bylaws were formulated in accordance with the Interlocal Agreement dated December 20, 2010, as amended, between the Towns of Dayton and Lyman for the joint operation of fire and emergency rescue services.

Goodwins Mills Fire and Rescue is operated as an enterprise fund and is administered by the Towns of Dayton and Lyman under an interlocal agreement.

**TOWN OF LYMAN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

The Government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting in accordance with GASB #34. 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 which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

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

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Board of Selectmen or required by law.

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with financial institutions, and other accounts with an original maturity of three months or less when purchased. Investments are recorded at fair value.

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

TOWN OF LYMAN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets 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 costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-50
Infrastructure	50-100
Machinery and Equipment	3-50

Net Position and Fund Balances

In the Government-wide financial statements, the difference between the Town's total assets and total liabilities represents net position. Net position displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net assets available for future operations.

In the Fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. These designations are categorized as follows:

Non-spendable – Funds that are not in spendable form, such as funds that are legally required to be maintained in tact (corpus of a permanent fund).

Restricted – Funds that can be spent only for specific purposes because of constitutional provisions or enabling legislation.

Assigned – Funds intended to be used for specific purposes set by the Board of Selectmen.

Unassigned – Funds available for any purpose.

**TOWN OF LYMAN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue arises when resources are received by the Town before it has legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Property Taxes

Property taxes for the current year were committed on August 16, 2017, on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Payment of taxes was due on October 2, 2017 and April 2, 2018, with interest at 7% on all tax bills unpaid as of the due date.

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 \$139,016.08 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.

Risk Management

The Town pays insurance premiums to certain agencies to cover risks that may occur in normal operations. The Town purchases employee fidelity bond coverage. There have been no significant reductions in insurance coverage from the prior year. No settlements of claims have exceeded insurance coverage in the current year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk of deposits is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized or collateralized by securities held by the pledging financial institution’s trust department but not in the Town’s name. At June 30, 2018, cash deposits had a carrying value of \$4,179,899.86. Of the deposited amounts, \$250,000 of demand deposits and \$250,000 of savings deposits per bank were covered by federal depository insurance. Deposits above FDIC are covered by an irrevocable stand by letter of credit. Accordingly, the Town was not exposed to credit risk at June 30, 2018.

TOWN OF LYMAN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Currently the Town does not have a policy for custodial credit risk for investments, but instead follows the state statutes, which authorize the Town to invest in obligations of the U.S. Treasury, agencies, mutual funds, and repurchase agreements. The Town's investment in U.S. Treasury Obligations, \$20,000, is not exposed to custodial credit risk because the security is registered in the Town's name.

3. CAPITAL ASSETS

Governmental activities:	Balance 7/1/17	Additions	Deletions	Balance 6/30/18
<i>Capital assets:</i>				
Land & land improvements	\$ 500,850.50	\$ -	\$ -	\$ 500,850.50
Buildings & improvements	1,586,530.50	122,956.53	-	1,709,487.03
Equipment & vehicles	1,297,383.00	35,393.03	-	1,332,776.03
Infrastructure	2,901,647.00	328,260.00	-	3,229,907.00
Total capital assets	6,286,411.00	486,609.56	-	6,773,020.56
<i>Less accumulated depreciation</i>	<i>(1,931,009.18)</i>	<i>(240,916.70)</i>	<i>-</i>	<i>(2,171,925.88)</i>
Governmental activities Capital assets, net	\$ 4,355,401.82	\$ 245,692.86	\$ -	\$ 4,601,094.68

Depreciation expense can be allocated to departments as follows:

General government	\$ 8,359.39
Public works	178,691.00
Fire department	67,872.31
Parks & recreation	<u>1,597.00</u>
	<u>\$ 256,519.70</u>

4. PENDING LITIGATION

According to Town management, there are no matters that would result in adverse losses, claims, or assessments against the Town through the date of the audit report.

**TOWN OF LYMAN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

5. SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including the audit report date, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

6. JOINT VENTURES

The Town is a member of a joint venture with 45 other municipalities throughout Cumberland, Oxford, and York counties. Ecomaine is a solid waste management corporation that creates electricity through its processing of waste and operates as an extensive recycling program. Interlocal agreements between ecomaine and the participating communities require the members to deliver certain solid waste produced within the community to ecomaine for processing, and to make payments and pay tipping fees for such processing. The Town has no measurable equity interest and therefore has not reported an asset in the financial statements in connection with its participation in ecomaine.

7. DEFERRED COMPENSATION PLAN

The Town offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Management Association Retirement Corporation (ICMA-RC). The plan allows employees to defer a portion of their salary, plus town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The contribution requirements of plan members and the Town are established and may be amended by a vote of the Board of Selectmen. Typically, the Town will contribute 3% of the annual salary of a full-time employee participating in the plan.

The Town's contributions to the plan including employee contributions for the year ended June 30, 2018 totaled \$16,963.

**TOWN OF LYMAN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

8. FUND BALANCES

Non-spendable:

Tax acquired property	<u>\$ 6,207.33</u>
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Restricted:

Animal control	\$ 2,805.01
Non-major permanent funds (Schedule C)	<u>21,535.76</u>
	<u>\$ 24,340.77</u>

Assigned:

Revaluation account	\$ 110,607.90
Fire truck account	64,929.10
Capital improvements account	124,553.83
Computer reserve	17,099.86
Tax map reserve	3,485.29
Transfer station revenue reserve	49,560.29
Town hall reserve	56,763.96
Transfer station reserve	1,030.81
Ambulance reserve	16,015.17
Bunganut Park improvements	12,471.24
GMFR facilities and equipment	9,211.73
GMFR health insurance fund	9,451.75
Fire hydrants reserve	4,150.78
Heating oil fund	3,370.73
Giving tree	<u>153.61</u>
	<u>\$ 482,856.05</u>

**TOWN OF LYMAN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

9. LONG-TERM DEBT

	Balance 7/1/2017	Additions	(Reductions)	Balance 6/30/2018
<i>Business-type activities:</i>				
US Bank Equipment Lease (Defibrillators), due monthly for 5 years	\$ 38,000.00	\$ -	\$ (12,000.00)	\$ 26,000.00
Total	\$ 38,000.00	\$ -	\$ (12,000.00)	\$ 26,000.00

Per the interlocal agreement, the Town of Dayton is responsible for one-half of the defibrillator lease. The Town of Lyman bills the Town of Dayton annually for their share of the debt obligation. A receivable has been accrued on the financial statements for \$13,000 (\$6,000 as a current asset).

10. GOODWINS MILLS FIRE AND RESCUE

It was determined that per the interlocal agreement, the Goodwins Mills Fire and Rescue should be treated as a department of the Town of Lyman. Beginning with the year ended June 30, 2017, the financial activities for GMFR are reported as an Enterprise Fund (business-type activity) of the Town of Lyman.

Town of Lyman, Maine
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Positive (negative)
REVENUES:				
Property taxes	\$ 5,629,753.84	\$ 5,629,753.84	\$ 5,644,624.40	\$ 14,870.56
Excise taxes	800,000.00	800,000.00	1,054,732.26	254,732.26
Intergovernmental revenue	313,332.81	313,332.81	321,726.67	8,393.86
Charges for services	-	34,352.02	57,590.22	23,238.20
Licenses and permits	14,678.75	14,678.75	111,028.40	96,349.65
Interest income	-	7,285.52	92,865.25	85,579.73
Other revenues	-	2,325.92	83,833.59	81,507.67
Total revenues	6,757,765.40	6,801,728.86	7,366,400.79	564,671.93
EXPENDITURES:				
General government	744,279.00	744,279.00	674,306.55	69,972.45
Public safety	356,085.75	357,986.96	353,323.87	4,663.09
Public works	842,464.00	842,464.00	828,232.99	14,231.01
Health and sanitation	170,030.00	170,030.00	152,637.59	17,392.41
Social services	13,700.00	13,700.00	12,206.85	1,493.15
Education	4,505,964.00	4,505,964.00	4,505,964.00	-
County tax	270,293.58	270,293.58	270,293.58	-
Recreation	51,925.00	51,925.00	43,314.13	8,610.87
Unclassified	412,908.00	412,908.00	235,167.39	177,740.61
Reserve accounts	101,500.00	570,599.30	42,948.68	527,650.62
Total expenditures	7,469,149.33	7,940,149.84	7,118,395.63	821,754.21
Excess (deficiency) of revenues over (under) expenditures	(711,383.93)	(1,138,420.98)	248,005.16	1,386,426.14
OTHER FINANCING SOURCES (USES):				
Transfer to enterprise fund	-	-	(44,794.57)	(44,794.57)
Total other financing sources	-	-	(44,794.57)	(44,794.57)
Net changes in fund balances			203,210.59	
FUND BALANCES - BEGINNING			3,435,697.86	
FUND BALANCES - ENDING			\$ 3,638,908.45	

Town of Lyman, Maine
Combining Balance Sheet - All Other Non-Major Governmental Funds
June 30, 2018

	<i>PERMANENT FUNDS</i>	
	H. Cousens Educational Fund	Total Non-Major Governmental Funds
ASSETS:		
Cash	\$ 1,535.76	\$ 1,535.76
Investments	20,000.00	20,000.00
TOTAL ASSETS	\$ 21,535.76	\$ 21,535.76
LIABILITIES AND FUND BALANCE:		
<i>Fund Balance:</i>		
Restricted	21,535.76	21,535.76
<i>Total fund balance</i>	21,535.76	21,535.76
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,535.76	\$ 21,535.76

Schedule C

Town of Lyman, Maine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Other Non-Major Governmental Funds
For the Year Ended June 30, 2018

	<i>PERMANENT FUNDS</i> H. Cousens	Total Non-Major Governmental
	<u>Educational Fund</u>	<u>Funds</u>
REVENUES:		
Interest income	\$ 430.05	\$ 430.05
<i>Total revenues</i>	<u>430.05</u>	<u>430.05</u>
EXPENDITURES:		
Scholarships awarded	<u>1,000.00</u>	<u>1,000.00</u>
<i>Total expenditures</i>	<u>1,000.00</u>	<u>1,000.00</u>
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	<u>(569.95)</u>	<u>(569.95)</u>
<i>NET CHANGE IN FUND BALANCES</i>	(569.95)	(569.95)
FUND BALANCE - BEGINNING OF YEAR	<u>22,105.71</u>	<u>22,105.71</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 21,535.76</u></u>	<u><u>\$ 21,535.76</u></u>

Town of Lyman, Maine
Schedule of Taxes Receivable
General Fund
June 30, 2018

Taxes receivable:

Real	\$ 3,134.90	
Personal property	<u>24,178.85</u>	
		\$ 27,313.75

Tax liens receivable:

2018	136,687.64	
2017	56,322.24	
2016	<u>1,578.52</u>	
		194,588.40

Tax acquired property

<u>6,207.33</u>	
	<u>6,207.33</u>

TOTAL TAXES RECEIVABLE AND TAX LIENS RECEIVABLE		<u><u>\$ 228,109.48</u></u>
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Town of Lyman, Maine
Schedule of Departmental Operations
For the Year Ended June 30, 2018

	Balance 7/1/2017	Appropriations	Transfers & Additional Appropriations	Total Available	Expenditures	Transfers	Lapsed	Balances Carried
GENERAL GOVERNMENT								
Wages and salaries	\$ -	\$ 418,680.00	\$ -	\$ 418,680.00	\$ 406,318.80	\$ -	\$ 12,361.20	\$ -
Operating expenses	-	106,090.00	-	106,090.00	89,112.63	-	16,977.37	-
Professional services	-	53,508.00	-	53,508.00	41,299.00	-	12,209.00	-
Town building repairs and maintenance	-	22,001.00	-	22,001.00	14,994.70	-	7,006.30	-
Insurance	-	118,500.00	-	118,500.00	104,588.22	-	13,911.78	-
Contingency	-	8,000.00	-	8,000.00	4,524.00	-	3,476.00	-
Mowing and maintaining town grounds	-	15,000.00	-	15,000.00	13,185.87	-	1,814.13	-
Safety and security	-	2,500.00	-	2,500.00	283.33	-	2,216.67	-
<i>Total</i>	-	744,279.00	-	744,279.00	674,306.55	-	69,972.45	-
PUBLIC SAFETY								
GMFD	-	317,112.00	-	317,112.00	317,112.00	-	-	-
Animal control	1,901.21	15,295.00	-	17,196.21	14,391.20	-	-	2,805.01
Inspectors	-	14,678.75	-	14,678.75	14,678.75	-	-	-
Street signs	-	3,000.00	-	3,000.00	1,122.73	-	1,877.27	-
Street lights/electricity	-	6,000.00	-	6,000.00	6,019.19	-	(19.19)	-
<i>Total</i>	1,901.21	356,085.75	-	357,986.96	353,323.87	-	1,858.08	2,805.01
PUBLIC WORKS								
Road construction	-	219,464.00	-	219,464.00	219,464.00	-	-	-
Road resurfacing	-	153,000.00	-	153,000.00	153,000.00	-	-	-
Road repairs	-	95,000.00	-	95,000.00	80,846.97	-	14,153.03	-
Plowing/sanding	-	375,000.00	-	375,000.00	374,922.02	-	77.98	-
<i>Total</i>	-	842,464.00	-	842,464.00	828,232.99	-	14,231.01	-
HEALTH AND SANITATION								
Solid waste disposal	-	170,030.00	-	170,030.00	152,637.59	-	17,392.41	-
<i>Total</i>	-	170,030.00	-	170,030.00	152,637.59	-	17,392.41	-

Town of Lyman, Maine
Schedule of Departmental Operations
For the Year Ended June 30, 2018

	Balance 7/1/2017	Appropriations	Transfers & Additional Appropriations	Total Available	Expenditures	Transfers	Balances Lapsed	Carried
SOCIAL SERVICES								
General assistance	-	2,500.00	-	2,500.00	1,006.85	-	1,493.15	-
Agency donations	-	11,200.00	-	11,200.00	11,200.00	-	-	-
<i>Total</i>	-	13,700.00	-	13,700.00	12,206.85	-	1,493.15	-
EDUCATION	-	4,505,964.00	-	4,505,964.00	4,505,964.00	-	-	-
COUNTY TAX	-	270,293.58	-	270,293.58	270,293.58	-	-	-
RECREATION								
Bunganut Lake park	-	32,050.00	-	32,050.00	30,541.81	-	1,508.19	-
Parks and recreation	-	19,875.00	-	19,875.00	12,772.32	-	7,102.68	-
<i>Total</i>	-	51,925.00	-	51,925.00	43,314.13	-	8,610.87	-
UNCLASSIFIED								
Conservation committee	-	2,501.00	-	2,501.00	2,500.00	-	1.00	-
Cemetery/Military graves	-	4,200.00	-	4,200.00	535.44	-	3,664.56	-
Cousens School - hazardous materials	-	321,000.00	-	321,000.00	146,924.95	-	174,075.05	-
Community library	-	85,207.00	-	85,207.00	85,207.00	-	-	-
<i>Total</i>	-	412,908.00	-	412,908.00	235,167.39	-	177,740.61	-
RESERVE ACCOUNTS								
Computer reserve account	14,844.09	2,000.00	255.77	17,099.86	-	-	-	17,099.86
Capital improvement reserve account	111,455.71	15,000.00	1,913.65	128,369.36	3,815.53	-	-	124,553.83
Revaluation account	98,909.57	10,000.00	1,698.33	110,607.90	-	-	-	110,607.90
Town hall reserve account	50,890.37	5,000.00	873.59	56,763.96	-	-	-	56,763.96
Transfer station revenue reserve	14,954.10	-	34,606.19	49,560.29	-	-	-	49,560.29
Tax maps	5,347.78	2,000.00	87.51	7,435.29	3,950.00	-	-	3,485.29
Road resurfacing reserve	34,654.83	-	528.32	35,183.15	35,183.15	-	-	-
GMFR facilities and equipment reserve	6,005.81	12,500.00	107.45	18,613.26	-	9,401.53	-	9,211.73
GMFR health insurance reserve	5,834.02	3,500.00	117.73	9,451.75	-	-	-	9,451.75
Fire hydrant reserve	1,755.24	1,500.00	1,192.17	4,447.41	-	296.63	-	4,150.78
Ambulance reserve	15,747.49	-	267.68	16,015.17	-	-	-	16,015.17
Transfer station reserve	1,013.61	-	17.20	1,030.81	-	-	-	1,030.81
Bunganut park improvements	12,262.79	-	208.45	12,471.24	-	-	-	12,471.24
Giving tree	107.80	-	45.81	153.61	-	-	-	153.61
Heating oil fund	2,188.42	-	1,182.31	3,370.73	-	-	-	3,370.73
Fire truck reserve	49,164.21	50,000.00	861.30	100,025.51	-	35,096.41	-	64,929.10
<i>Total</i>	425,135.84	101,500.00	43,963.46	570,599.30	42,948.68	44,794.57	-	482,856.05
TOTAL EXPENDITURES	\$ 427,037.05	\$ 7,469,149.33	\$ 43,963.46	\$ 7,940,149.84	\$ 7,118,395.63	\$ 44,794.57	\$ 291,298.58	\$ 485,661.06