

Town of Falmouth, Maine

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2022



TOWN OF FALMOUTH, MAINE
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2022

Prepared by:

Peter McHugh
Finance Director

TOWN OF FALMOUTH, MAINE
Comprehensive Annual Financial Report
For the year ended June 30, 2022

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INTRODUCTORY SECTION

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March 30, 2023

To the Town Council and Citizens of the Town of Falmouth:

Maine state statutes and the Falmouth Town Charter require that the Town issue annually a financial report audited in accordance with generally accepted auditing standards. Pursuant to these requirements, we hereby issue the annual financial report of the Town of Falmouth, Maine, for the fiscal year ended June 30, 2022.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Runyon Kersteen Ouellette, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Town of Falmouth, Maine’s financial statements for the year ended June 30, 2022. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The Town was required to undergo an annual single audit in conformity with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as total Federal Grants exceeded \$750,000 for the year ended June 30, 2022.

Profile of the Town of Falmouth

The Town of Falmouth, incorporated in 1718, is located in the southern part of the State of Maine, in Cumberland County, directly north of the City of Portland. The Town currently occupies a land area of 32 square miles and serves a population of approximately 11,885 persons (2020 Census). Under Maine statutes, the Town is empowered to levy a property tax on both real and personal property located within its boundaries.

The Town has operated under the Council-Manager form of government since 1962. Policy-making and legislative authority is vested in a seven-member Town Council. The Town Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the Town Manager. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing the heads of the Town's departments. The Council is elected on a non-partisan basis to three-year staggered terms. All Council members are elected at large.

The Town of Falmouth provides a full range of services, including police, emergency medical services and fire protection; the construction and maintenance of highways, streets, and other infrastructure; recreational activities; elementary and secondary education; harbor control and emergency preparedness; municipal planning, assessing, building inspection and code enforcement; and wastewater treatment. Under the Town Charter, the Town of Falmouth's Education department is a department of the Town with an elected school board and an appointed Superintendent of Schools.

The annual budget serves as the foundation for the Town of Falmouth's financial planning and control. Each fall, all departments of the Town, including the Education department, submit requests for appropriation to the Town Manager so that a budget may be prepared. The Town Manager uses these requests as the starting point for developing a proposed budget. The Town Manager then presents this budget to the Town Council for multiple reviews in the months January through April. The Town Council is required to hold a public hearing on the proposed budget before a final budget is adopted. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). (Note that Wastewater and the Vehicle Maintenance Internal Service Fund also carry a budget)

The budget includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The Town Manager may make transfers of appropriations within a function. Transfers of appropriations between functions require the approval of the Town Council. The legal level of budgetary control is the function level. Expenditures may not legally exceed budgeted appropriations at the function level without Town Council approval. Budget-to-actual comparisons are provided in this report for the general fund. This comparison is presented on page 36.

Local Economy

Falmouth is primarily a residential suburb of Portland, with two commercial corridors containing both retail and office developments. The Town exhibits above average wealth and housing levels with per capita growth outpacing that of the state. The Town experienced a rapid tax base growth in the late 1980's. This growth stabilized in the early 1990's and increased again during the late 1990's. The Town had another period of rapid tax base growth in the early 2000s (averaged 7.8% per year) and performed a re-valuation in 2009.

Since 2009, the Town experienced moderate annual growth of slightly over 1.1%, as TIF districts saw much of the growth. TIF valuations grew an average of 7.7% per year (increasing from 4% of the Town's total valuation to over 8.1% in 2021). From 2021 to 2022, the Town's taxable base grew by 1.8% while TIF district values grew by 1.5%. The Town's current-year property tax collection rate was a very healthy 99.0% collected by August 31, 2022.

Several factors continue to work in the Town's favor in the current economic climate. First, residential building activity and development in Falmouth showed continued stability. There were 56 building permits for new construction issued this year, including 51 permits for new single-family residential housing, 2 permits for multi-family housing and 3 permits for new commercial buildings.

Finally, relative to many other municipalities, the Town has an extremely diversified tax base, with its largest taxpayer comprising only 3.14% of its total tax base, and its top ten taxpayers combined representing only 8.93% of the total tax base. The commercial tax base is well balanced with strong retail, office, and service sectors. Major companies with headquarters or divisions located in the Town include a large national computer software firm and a large regional bank back-office facility.

The Town's two retail corridors have a very high occupancy rate with a variety of specialty stores and restaurants, as well as several large retail and supermarket outlets. According to the latest available census figures, an approximate total of 6,362 workers are employed in Falmouth. The Town also serves as a regional employment center, with over 63% of its total workforce residing in surrounding communities.

Long-range Planning

To prepare for the future, the Town identifies infrastructure and capital projects that are needed to meet the demand for services, while continuing to meet the rising fixed costs necessary to deliver services and programs to support the function of all operations. Among these capital investments and programs are road construction, planning for affordable housing, open space planning, recreational activities, equipment purchases, and building construction and renovations. These initiatives were accomplished in accordance with the Town's comprehensive planning document and its ten-year Capital Improvement Plan, which is reviewed and updated annually by the Town Council.

The 2022-23 capital plan calls for a variety of street construction projects throughout the Town, including continued road and sidewalk improvements, and the West Falmouth sewer extension project. Other projects included CCTV security camera replacements, Police cruiser laptop replacements, continued preliminary design of Central and West Falmouth station expansions, a Central Fire Station generator replacement, various parks & community programs projects including improved park amenities, replacement of the gym floor in the community center, a Mill Creek Garage door and construction of a North Falmouth Community Forest parking area.

The 2022-23 multi-year equipment replacement plan calls for major equipment additions including: a new hybrid police cruiser including vehicle prisoner transport systems and emergency lights, a new PD motorcycle unit, an PD administrative electric vehicle, a new street sweeper and dump/plow truck for Public Works, and a new engine/tank fire truck and replacement Assistant Chief Car for the Fire Department.

In addition to its multi-year capital improvement and equipment replacement plans, the Town continues to be engaged in significant long-range land use planning. In 2021-22, the Town made progress on long-range planning initiatives including the following:

1. Continued focus on the overall needs of senior citizens and what role the Town should have with offering and/or facilitating the delivery of services and assistance to senior citizens.
2. Continued review of land use ordinances to ensure growth is encouraged in areas targeted for growth and slow growth is maintained in rural areas.
3. Continued with implementation of a prioritized bicycle and pedestrian infrastructure plan.
4. Planned for the continued expansion of natural gas lines throughout the community.
5. Made significant progress in the development of a Climate Action Plan as part of a regional effort and is now completing a Town-wide strategic watershed management plan.
6. Completed preliminary engineering following the 2017 Vision Plan for the Route One North TIF commercial district with recommended improvements including intersection and roadway improvements, as well as pedestrian and bicycle amenities.

7. Developed a multi-modal transportation plan for the Route One corridor with the Towns of Cumberland, Yarmouth, and Freeport. The Town is currently considering next steps to implement the plan including a new bus route.
8. Applied to the State DECD to create 2 new Tax Increment Finance Districts, a Route 100 TIF in West Falmouth to support additional growth in that corridor, and a new Route One TIF incorporating 2 new 4-story Restaurant/Office/Residential buildings.

In 2023-23, the Town will continue to work on long-range planning initiatives. These initiatives include the following:

1. Prioritize capital improvements to ensure adequate supporting infrastructure is available to accommodate growth in growth areas.
2. Complete construction of the West Falmouth sewer extension that began in the Spring of 2022. This project will ensure the system can accommodate growth in West Falmouth while maintaining service levels.
3. Continue to analyze the long-term staffing needs of the Fire/EMS Department as demand for those services continues to grow and the number of volunteers continues to shrink.
4. Finalize engineering design for the Route One North TIF District infrastructure project.
5. Continue to implement the Town's 2018 Open Space Plan.
6. Continue to work with the State of Maine on infrastructure plans for Blackstrap and Johnson Roads.
7. Continue to explore a possible update of the West Falmouth Crossing Master Plan.
8. Continue to Investigate affordable housing opportunities.
9. Begin the process to incorporate the findings of the Town Vision and Values Plan into an update of the 2013 Comprehensive Plan.

Relevant Financial Policies

Unassigned fund balance in the general fund exceeds the target balance of 16.7% (two months) of budgeted expenditures specified in the Town of Falmouth's fund balance policy. The Town also reserves \$1,000,000 over that amount for future capital expenditures. According to the policy, funds in excess of the targeted balance may, with the approval of the Falmouth Town Council, be used for such non-operating fiscal purposes as additional capital improvements or debt reduction.

Major Initiatives

In addition to significant long-range planning initiatives, there are other major projects or initiatives, which will have a significant impact on the future of the Town. Some of these initiatives include but are not limited to:

1. Continue to identify and implement new TIF District opportunities to maximize benefits to the Town's taxpayers.
2. Complete the development of the Town's Watershed Management Plan.
3. Continue to participate in the Greater Portland Council of Government climate change assessment initiative to implement an impact mitigation plan for the Town and region.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Falmouth, Maine, for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the 30th consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated service of the Finance Department staff. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Credit must also be given to the Falmouth Town Council for its unfailing support for maintaining the highest standards of professionalism in the management of the Town's finances.

Sincerely,

Nathan Poore

Nathan A. Poore
Town Manager

Peter McHugh

Peter M. McHugh
Finance Director

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Falmouth
Maine**

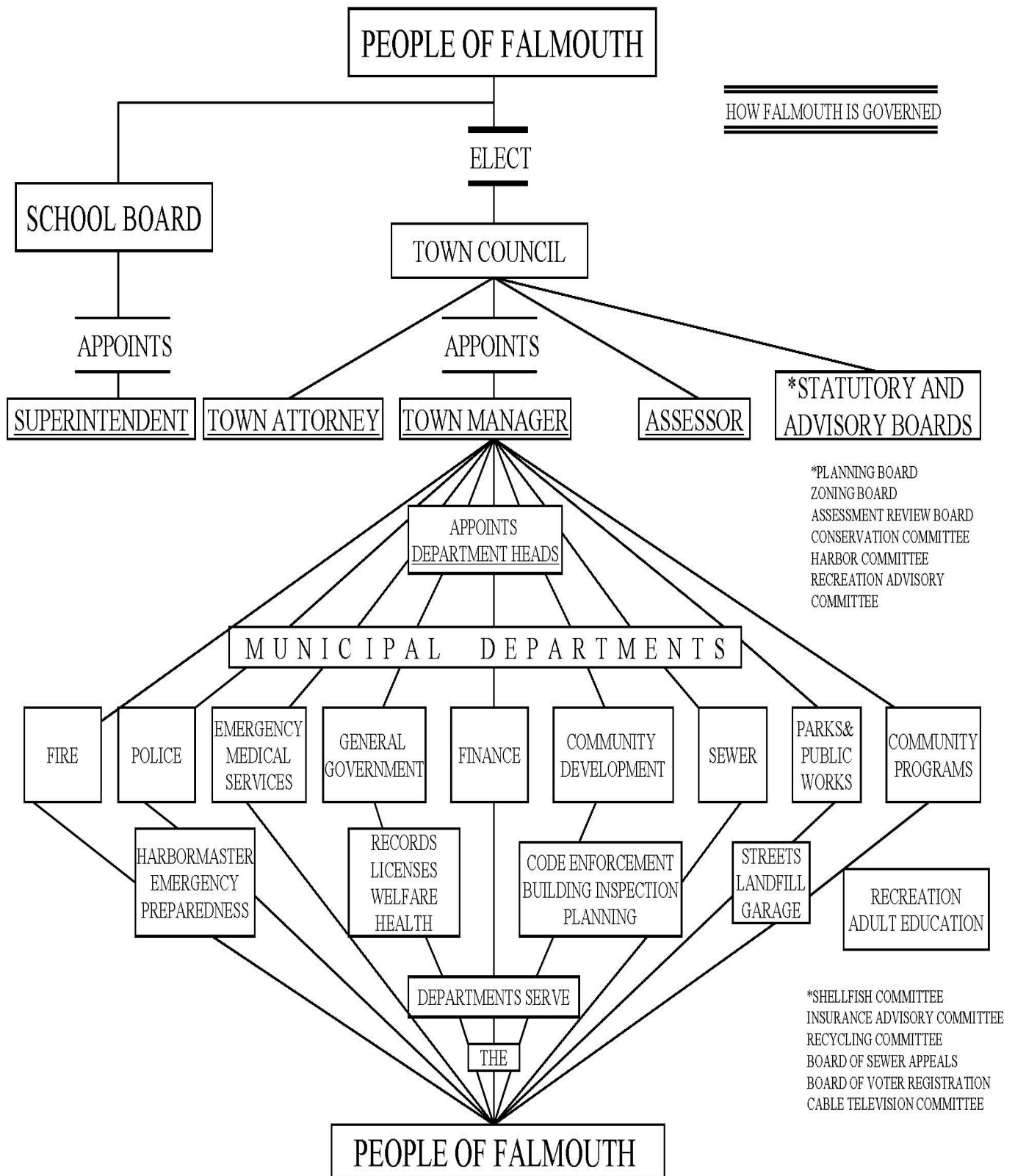
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

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TOWN OF FALMOUTH MAINE
List of Principal Officers
June 30, 2022

<u>Title</u>	<u>Name</u>
Council Member	Peter LaFond, Chair
Council Member	Hope Cahan, Vice Chair
Council Member	Ted Asherman
Council Member	Tommy Johnson
Council Member	Janice De Lima
Council Member	Amy Kuhn
Council Member	Jay Trickett
Town Manager	Nathan Poore
Assessor	Benjamin Thompson
Code Enforcement Officer	Justin Brown
Community Programs Director	Alexis D'Ascanio
Community Development Director	Ethan Croce
Economic Development Director	Adam Causey
Finance Director	Peter McHugh
Fire Chief	Howard Rice
Information Systems Director	Jennifer Phinney
Police Chief	John Kilbride
Public Works Director	Jeff Buxton
Town Clerk	Ellen Planer
Wastewater Treatment Superintendent	Daniel Marks
School Board member	Whitney Bruce, Chair
School Board member	Nicole Bezanson, Vice Chair
School Board member	Sara Juli
School Board member	Laurel Regan
School Board member	Christopher Hickey
School Board member	Jennifer Libby
School Board member	Matthew Pines

FINANCIAL SECTION

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Independent Auditor's Report

Town Council
Town of Falmouth, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Falmouth, Maine, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, each major fund, and the aggregate remaining fund information of the Town of Falmouth, Maine as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Falmouth, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in the notes to the financial statements, in 2022, the Town of Falmouth, Maine adopted new accounting guidance, GASBS No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Falmouth, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Falmouth, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Falmouth, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and schedules pertaining to the net pension and OPEB liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Finance Committee
Town of Falmouth, Maine

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Falmouth, Maine's basic financial statements. The accompanying individual and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual and combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023, on our consideration of the Town of Falmouth, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Falmouth, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Falmouth, Maine's internal control over financial reporting and compliance.



March 30, 2023
South Portland, Maine

TOWN OF FALMOUTH, MAINE
Management's Discussion and Analysis
June 30, 2022

As management of the Town of Falmouth, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Falmouth for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Falmouth exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$112,119,148 (*net position*). Of this amount, \$14,092,193 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town of Falmouth's total net position increased by \$5,384,892.
- The assets and deferred outflows of resources of the Town of Falmouth's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$91,687,525 (*net position*). Of this amount, \$9,758,408 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors. The Town of Falmouth's governmental activities total net position increased by \$5,480,107.
- The assets and deferred outflows of resources of the Town of Falmouth's business-type activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$20,431,623 (*net position*). Of this amount, \$4,333,785 (*unrestricted net position*) may be used to meet the Town's business activities ongoing obligations to citizens and creditors. The Town of Falmouth's business-type activities total net position decreased by \$95,215.
- As of the close of the current fiscal year, the Town of Falmouth's governmental funds reported combined ending fund balances of \$30,386,252, an increase of \$3,918,765 in comparison with the prior year. This is detailed as follows:
 - The general fund increased \$1,572,557. This was due to favorable operations of \$2,620,200 offset by current year net transfers and payments to refund bonds of (\$1,047,643).
 - The West Falmouth TIF fund increased \$677,954. Net spending for this TIF was \$963,309 which was offset by TIF tax revenues of \$1,052,554.
 - The Route One North TIF fund increased \$253,082 as net spending of \$291,060 was offset by TIF tax revenues of \$544,142.
 - Other governmental funds including CIP, special revenue funds and the remaining TIF districts, increased \$1,415,172. Revenues totaled \$8,019,223; consisting of miscellaneous revenues (\$871,487), investment earnings (\$5), charges for services (\$2,637,357), intergovernmental revenues (\$2,535,021), and property taxes (\$1,975,353). Expenditures of \$7,766,351 consisted of capital spending of \$1,619,146, school related expenditures (\$2,949,038), community programs and parks expenditures (\$986,064), and debt service (\$753,353). The balance is made up of expenditures in other departments such as public safety, general government, public works, and community development. Total revenues exceeded expenditures by \$252,572 bolstered by \$1,162,300 in net transfers from other funds.
- At the end of the current fiscal year, the Town unassigned fund balance for the general fund was \$13,801,021 and the school unassigned fund balance was \$2,608,362. The total unassigned fund balance for the Town general fund and school department general fund of \$16,409,383 equates to 27.2% of total general fund expenditures.
- During the fiscal year, the Town paid \$4,235,000 in principal payments on previously issued general obligation debt, and paid principle of \$324,000 on previously issued sewer revenue bond debt. Additionally, \$6,010,000 of prior debt was refunded with new debt which will net the Town \$267,455 in a reduction of future interest costs.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Falmouth's basic financial statements. The Town's financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Falmouth's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between these items 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 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).

Both government-wide financial statements distinguish functions of the Town of Falmouth that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works (highways, streets, and solid waste disposal), education, and parks and recreation. The Town has one business-type activity, its wastewater treatment operation. The government-wide financial statements can be found on pages 31-32 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 Falmouth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Falmouth maintains ten 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, ARPA fund, and the West Falmouth and Route 1 North TIF districts, 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.

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

The Town of Falmouth 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 33-35 of this report.

Proprietary funds. The Town of Falmouth maintains two different types of proprietary funds. The *enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Falmouth uses the enterprise fund to account for its wastewater treatment operations. The *internal service fund* is an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses the internal service fund to account for the maintenance of its motor vehicle fleet. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 37-39 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 statement because the resources of those funds are *not* available to support the Town of Falmouth's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 40-41 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 and required supplementary information can be found on pages 42-76 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 85-100 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Falmouth, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$112,119,148 at the close of the most recent fiscal year.

Town of Falmouth's Net Position							
	Governmental Activities		Business-type Activities		Total		
	2022	2021*	2022	2021*	2022	2021*	
Current and other assets	\$ 38,277,868	32,045,683	4,842,765	4,669,311	43,120,633	36,714,994	
Capital assets	104,692,566	108,057,607	17,717,838	18,231,364	122,410,404	126,288,971	
Total assets	142,970,434	140,103,290	22,560,603	22,900,675	165,531,037	163,003,965	
Deferred Outflow of Resources	5,482,364	3,926,917	152,302	80,782	5,634,666	4,007,699	
Non-current liabilities outstanding	44,615,670	51,797,739	1,806,934	2,357,047	46,422,604	54,154,786	
Other liabilities	6,982,283	5,163,301	192,429	90,499	7,174,712	5,253,800	
Total liabilities	51,597,953	56,961,040	1,999,363	2,447,546	53,597,316	59,408,586	
Deferred Inflows of Resources	5,167,320	861,749	281,919	7,073	5,449,239	868,822	
Net position:							
Net investment in capital assets	69,163,908	68,007,569	16,097,838	16,287,364	85,261,746	84,294,933	
Restricted	12,765,209	8,549,786	-	-	12,765,209	8,549,786	
Unrestricted	9,758,408	9,650,063	4,333,785	4,239,474	14,092,193	13,889,537	
Total net position	\$ 91,687,525	86,207,418	20,431,623	20,526,838	112,119,148	106,734,256	

* Restated

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

By far, the largest portion of the Town of Falmouth's net position (76.05%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's net 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.

An additional portion of the Town of Falmouth net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$14,092,193) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Falmouth can report positive balances in all categories of net position, including investment in capital assets, restricted net position, and unrestricted net position, both for the government as a whole, as well as for its separate business-type activities.

Further information on deferred outflows of resources and inflows of resources can be found in the Notes to Basic Financial Statements on pages 62-76.

	Town of Falmouth's Changes in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021*	2022	2021*	2022	2021*
Revenues:						
Program revenues:						
Charges for services	\$ 4,080,127	3,964,697	2,332,795	2,381,250	6,412,922	6,345,947
Operating grants and contributions	16,817,894	17,583,501	526,217	-	17,344,111	17,583,501
Capital grants and contributions	1,594,762	-	-	294,316	1,594,762	294,316
General revenues:						
Property taxes	44,250,294	42,504,313	-	-	44,250,294	42,504,313
Excise taxes	4,043,564	3,906,117	-	-	4,043,564	3,906,117
Cable TV franchise taxes	217,096	219,699	-	-	217,096	219,699
Grants not restricted to specific programs	2,492,858	2,360,873	-	196,465	2,492,858	2,557,338
Other	(246,543)	517,793	1,146	38,490	(245,397)	556,283
Total revenues	73,250,052	71,056,993	2,860,158	2,910,521	76,110,210	73,967,514
Expenditures:						
General government	4,519,730	3,413,002	-	-	4,519,730	3,413,002
Financial management	1,321,725	1,301,834	-	-	1,321,725	1,301,834
Public safety	7,417,859	6,853,258	-	-	7,417,859	6,853,258
Public Works	3,857,756	3,726,025	-	-	3,857,756	3,726,025
Community programs & parks	1,769,102	1,526,574	-	-	1,769,102	1,526,574
Community development	1,762,989	1,485,397	-	-	1,762,989	1,485,397
Education	46,095,082	46,887,328	-	-	46,095,082	46,887,328
Interest on long-term debt	1,025,702	1,522,026	-	-	1,025,702	1,522,026
Wastewater treatment	-	-	2,955,373	2,703,872	2,955,373	2,703,872
Total expenditures	67,769,945	66,715,444	2,955,373	2,703,872	70,725,318	69,419,316
Increase in net position	5,480,107	4,341,549	(95,215)	206,649	5,384,892	4,548,198
Net position--July 1	86,207,418	81,865,869	20,526,838	20,320,189	106,734,256	102,186,058
Net position--June 30	\$91,687,525	86,207,418	20,431,623	20,526,838	112,119,148	106,734,256

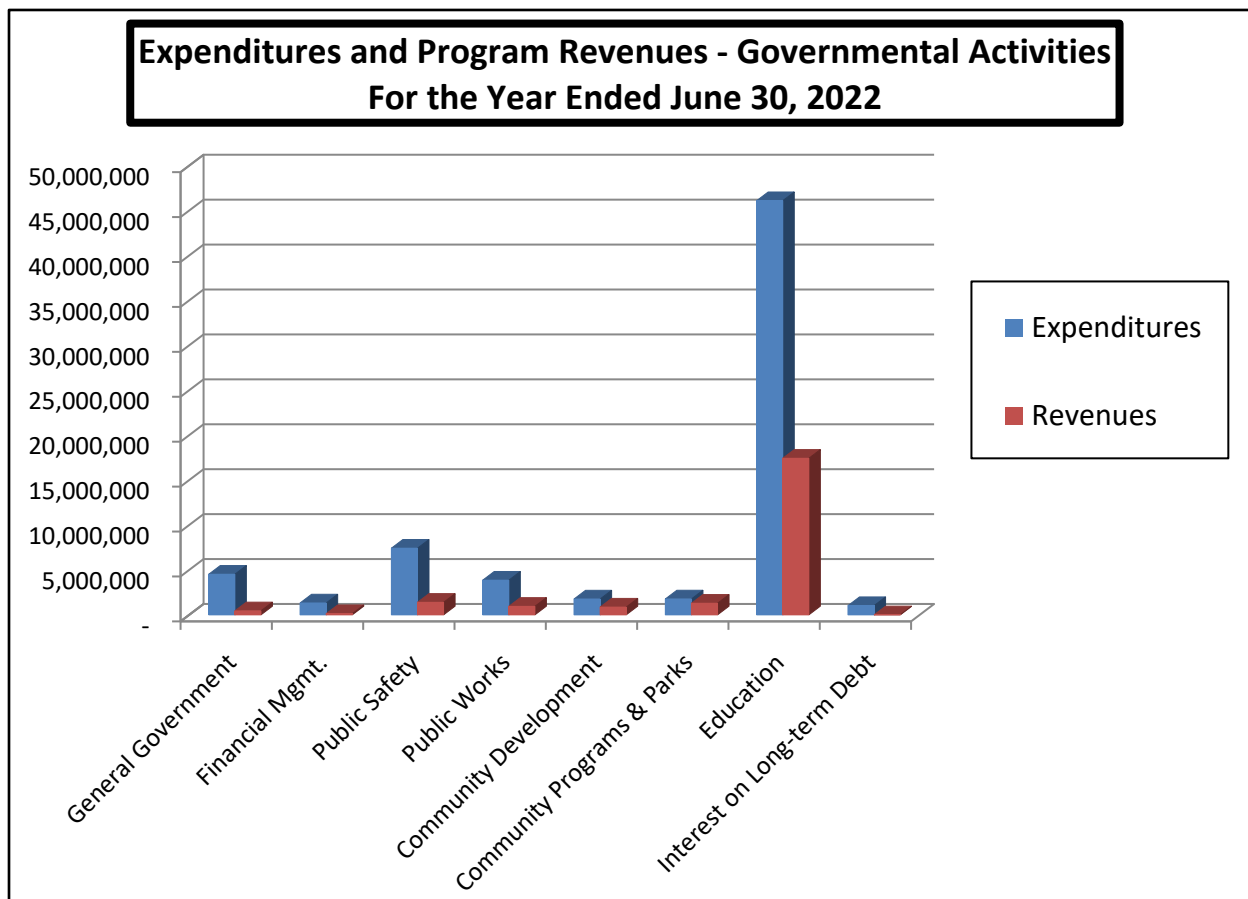
* 'Restated

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

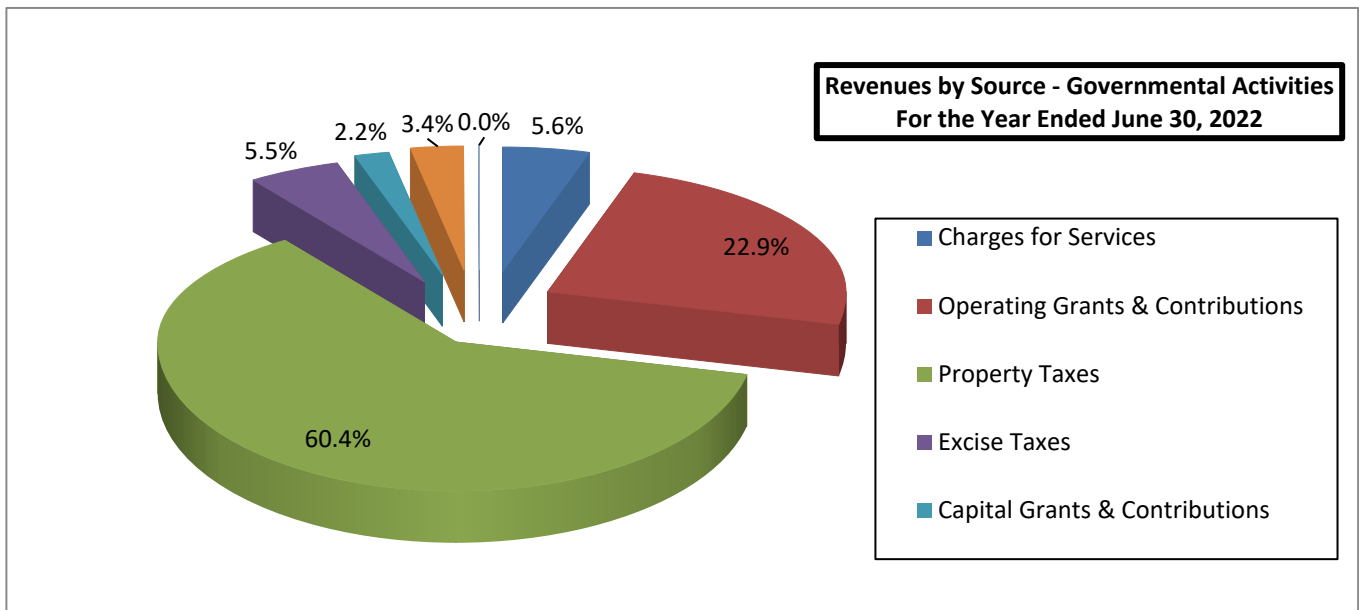
The Town of Falmouth's net position increased by \$5,384,892, or 5.05%, during the current fiscal year. Total governmental activities revenues increased by \$2,193,059 or 3.09% over the prior year primarily due to increases in taxes of \$1,745,981, capital grants of \$1,594,762, unrestricted grants of \$131,985, and charges for services of \$115,430 offset by a decrease in operating grant and contribution revenue of \$765,607, and other revenues of \$764,336.

Total governmental activities expenditures increased \$1,054,501 or 1.58% from the prior year. The increase was driven by increases in general government expenditures (\$1,106,728) primarily due to inflation and additional services provided, and an increase in public safety expenditures (\$564,601) due to the hiring of additional full-time Firefighter/EMS positions as the Fire Department continued its conversion from an all-volunteer to a full-time department. Those increases were primarily offset by decreases education expenditures of \$792,246 due to unfilled positions during the year and savings in student transportation and a decrease in debt interest expense of \$496,324 due to the reduction in bonds outstanding.

Governmental activities. Governmental activities increased the Town of Falmouth's net position by \$5,480,107 thereby accounting for 100% of the total growth in the Town's net position. The following charts illustrate total expenditures and revenues by program and revenues by source for all governmental activities.



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



Key elements of the increase in governmental revenues are as follows:

- Property tax revenues increased by \$1,745,981 or 4.12% during the year. The tax rate increased from 17.05 mills to 17.43 mills in 2022 or 2.23%. This, along with a 1.8% increase in total property valuation, and strong tax collection efforts, reflected in the Town's continued high tax collection rate of 99.0% collected by August 31, 2022 resulted in the increase.
- Excise taxes increased \$137,447 or 3.52% from the prior year as new car sales and leases continued to grow faster than anticipated.
- Capital grants and contributions increased \$1,594,762 due to a large increase in state and federal grants and local contributions for public works, police communications, and fire department building projects.

Business-type activities. The Town's one business-type activity, its wastewater treatment operation, decreased the Town of Falmouth's net position by \$95,215. Key elements of this year's activity are as follows:

- Charges for services decreased by \$48,455 or 2.03% from the prior year.
- Total grants and contributions increased \$35,436 due to an increase in shared projects.
- Expenses increased by \$251,501 or 9.30% primarily due to increased maintenance and repair activity and rising cost of supplies necessary for the treatment process.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Falmouth uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Falmouth'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 Falmouth's governmental funds reported combined ending fund balances of \$30,386,252, an increase of \$3,918,765 from the prior year. This increase is primarily due to operational savings realized in the general fund, amounts collected for TIF districts which will be reserved for future spending, and capital grant and contributions which will be held for future projects. Approximately 43.5% of this total amount (\$13,207,942) constitutes *unassigned fund balance*, which is available for spending at the Town's discretion.

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

The general fund is the chief operating fund of the Town of Falmouth. At the end of the current fiscal year, the fund balance of the general fund was \$16,489,312, \$2,688,291 of which has been designated by management, the Town Council, or an outside government as assigned, committed, restricted, or non-spendable. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22.85% of total general fund expenditures, while total fund balance represents 27.31% of that same amount.

The remainder of the fund balance is as follows: *special revenue funds* (\$4,495,588); which are restricted or committed for a specified purpose; *capital project funds* which are restricted or committed to capital projects (\$2,087,093); *permanent Funds* (\$9,184) which are assets held by the Town that are legally restricted; *West Falmouth TIF funds* (\$2,657,899), and Route 1 North TIF funds (\$4,647,176) which are restricted to use in those TIF districts. Also, the Town has American Rescue Plan Funds (\$1,256,597) which are unspent grant funds that are required to be spent by December 31, 2024.

The fund balance of the Town of Falmouth's general fund increased by \$1,572,557 during the current fiscal year. Major factors in this year's fund balance activity are as follows:

- General fund property tax revenues increased by \$1,477,264 (3.77%) during the year. This increase reflects both a 1.8% increase in total property valuation, and an increase of 2.23% in the mil rate (from 16.05 to 17.43 mils), as well as strong tax collection efforts, reflected in the Town's continued high tax collection rate of 99.0% collected by August 31, 2022.
- Intergovernmental revenue increased by \$2,735,521 from the prior year primarily due to an increase in the amount of state municipal revenue sharing and state education subsidy.
- A \$137,447 increase in excise taxes from prior year exceeded budget by \$472K as car sales continued to exceed projections.
- A \$107,590 increase in charges for services, was offset by a \$129,044 decrease in license, fees and permits as permits and fees slowed due to related slowing of development in the town; there was a \$356,897 decrease in investment earnings due to a reduction in interest rates and a large unrealized net investment loss; and there was a \$15,216 decrease in fines and forfeitures revenue.
- Net other financing uses of \$1,047,643 resulting from new bond proceeds offset by payments to bond escrow agents and transfers to other funds.
- Total general fund expenditures increased by \$3,596,211 or 6.33% primarily due to increased education expenditures and additional staffing for public safety. Total expenditures were \$973K lower than budget, primarily due delays in hiring open positions throughout the year which resulted in savings for wages and benefits. See a more detailed budget analysis on pages 23, 24, and 36.

The West Falmouth TIF fund increased by \$677,954 due to spending on community development and capital projects (\$522,782) and debt service (\$440,527) offset by property tax collections (\$1,052,554) and Maine DOT and Portland Water District capital contributions (\$588,709).

The Route One North TIF fund increased by \$253,082 due to \$291,060 in preliminary design costs for the future Route 1 North infrastructure project offset by \$544,142 in property tax transfers from the general fund.

The ARPA fund received \$1,301,853 of fiscal recovery funds during the year. However, only \$45,447 of these funds can be recognized as revenues to be matched with the eligible expenditures for the year. The remaining amount is reported as unearned revenue and will be recognized to offset spending in future years.

The combined fund balance of the other (nonmajor) governmental funds increased by \$1,415,172 primarily due to TIF district collections and capital contributions that exceeded current year expenditures. These excess funds will be utilized in future years for eligible projects. Net revenues for other governmental funds of \$252,872 were further supplemented by net financing sources of \$1,162,300.

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

Proprietary funds. The Town of Falmouth's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Town's wastewater treatment fund amounted to \$4,333,785, and net position of the fleet maintenance internal service fund was \$0. The total decrease in net position for the wastewater treatment fund was \$95,215. The total operating income for the internal service fund was \$0.

General Fund Budgetary Highlights

Revenue for the general fund totaled \$59,059,606 (on the budgetary basis of accounting) in the fiscal year ended June 30, 2022. Actual revenues exceeded budget by \$971,934.

General Fund Revenues Budget to Actual Summary

	Budget	Actual	Variance
Revenues:			
Taxes	\$ 44,240,164	\$ 44,703,456	\$ 463,292
Intergovernmental	11,987,407	12,914,053	926,646
Licenses, permits, fees and fines	598,095	598,159	64
Charges for services	1,044,473	1,080,945	36,472
Investment income	185,000	(294,421)	(479,421)
All other	32,533	57,414	24,881
Total revenues	\$ 58,087,672	\$ 59,059,606	\$ 971,934

The revenue sources responsible for the surplus include the following:

- Taxes were above budget by \$463K primarily due to increased auto excise tax as new car purchases far exceeded expectations.
- Intergovernmental revenues were above budget by \$926K primarily due to increases in state aid for education and additional state revenue sharing which exceeded budget by \$697k and 360K, respectively.
- License, permits, fees, and fines exceeded budget by \$64 as all growth-related permits and fees came in as expected.
- The investment income shortfall of \$479K is due to unrealized losses of \$488K partially offset by interest earnings \$9K higher than budget.

General Fund Expenditures Budget to Actual Summary

	Budget	Actual	Variance
Expenditures:			
General Government	\$ 1,418,207	\$ 1,365,485	\$ (52,722)
Finance	1,384,872	1,321,725	(63,147)
Public Safety	6,734,006	6,526,181	(207,825)
Public Works	1,951,704	1,872,722	(78,982)
Community Development	526,124	506,840	(19,284)
Parks and Community Programs	600,510	582,755	(17,755)
Non-departmental/ other agencies	3,188,540	2,769,106	(419,434)
Education	37,202,886	37,095,287	(107,599)
Debt Service	4,290,523	4,284,648	(5,875)
Total Expenditures	\$ 57,297,372	\$ 56,324,749	\$ (972,623)

Expenditures for the general fund totaled \$56,324,749 (on the budgetary basis of accounting) in the fiscal year ended June 30, 2022.

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

All areas had expenditure surpluses due to management efforts to control budgeted expenditures during the fiscal year:

- Non-departmental/other agencies were \$419K lower than budget as use of contingency funds was lower than budget (\$146K). Contingency funds were budgeted to cover potential COVID needs and to have a reserve to cover union negotiations. In addition, the Town overlay, an additional contingency amount of \$240K, was not utilized.
- Public safety was \$208K lower primarily due to delays in hiring 14 full-time Firefighters as part of phase 2 of the conversion from an all-volunteer department to a full-time department (\$198K).
- Public works was \$79K favorable due to a mild winter and delays in hiring an Engineering Technician and Plow Driver.
- Finance was \$63K lower than budget due to a favorable experience rate for workers compensation (\$25K) and lower than budget computer network expenditures (\$15K).
- General Government was \$53K lower than budget due to lower legal expenses (\$62K) resulting from reduced usage of the Town attorney. Highland Lake algae mitigation expenses were \$20K below budget as actual needs were less than anticipated. Those favorable expenses were offset by unanticipated Town Hall HVAC maintenance expenses (\$19K).
- Education was underspent by \$108K due to savings in wages and benefits resulting from unfilled positions.

The Town's written fund balance policy, which authorizes funds exceeding the Town's required minimum unassigned fund balance of two months (or 16.7%) of operating expenditures to be appropriated for "one-time" capital or non-operating uses. The Town also reserves \$1,000,000 in addition to that amount for future capital expenditures.

Capital Asset and Debt Administration

Capital assets. The Town of Falmouth's investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounts to \$122,410,404 (net of accumulated depreciation), a decrease of \$3,878,567. This investment in capital assets includes land, buildings and system, land improvements, machinery and equipment, and infrastructure. The total decrease in the Town of Falmouth's investment in net capital assets for the current fiscal year was 3.07% (a 3.11% decrease for governmental activities and a 2.82% decrease for business-type activities).

	Town of Falmouth's Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Totals	
	2022	2021*	2022	2021	2022	2021
Land	\$ 9,926,737	9,926,737	511,344	511,344	10,438,081	10,438,081
Construction-in-progress	108,180	24,981	500,184	294,702	608,364	319,683
Buildings & improvements	47,735,881	50,004,627	5,165,633	5,398,839	52,901,514	55,403,466
Improvements other than buildings	217,945	274,499	-	-	217,945	274,499
Machinery and equipment	6,378,056	6,364,798	1,110,687	1,231,906	7,488,743	7,596,704
Infrastructure	40,325,767	41,461,965	10,429,990	10,794,573	50,755,757	52,256,538
Total	\$104,692,566	108,057,607	17,717,838	18,231,364	122,410,404	126,288,971

* Restated

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

Major capital asset events during the 2022 fiscal year included the following:

- A variety of street construction projects throughout the Town were undertaken, including the start of the West Falmouth sewer extension project; Lunt Road resurfacing and sidewalk extension; and continued road and sidewalk improvements. Other projects included CITRIX server replacements, continued preliminary design of Central and West Falmouth station expansions, various parks & community programs projects including a locker room upgrade for the community center, and park and tennis court improvements.
- Major equipment additions included: two new hybrid police cruisers including replacement vehicle prisoner transport systems and emergency lights, and a new animal control truck for the police department, new ambulance to replace ambulance unit 3 for the Fire Department, and a Ventrac mower for the parks department.

Additional information on the Town of Falmouth's capital assets can be found in the notes to the basic financial statements on pages 52-53 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Falmouth had total bonded debt outstanding of \$36,195,000. Of this amount, \$34,575,000 consists of general obligation debt backed by the full faith and credit of the Town. It should be noted that the State of Maine has been funding school debt payments for the 2017 refunding of the outstanding \$845,000 2011 high school construction bond and 84.2% of the 2018 refunding of the outstanding \$18,120,000 2011 elementary school construction bond. The State contribution toward debt service totaled \$3,053,774 in 2022. The remaining \$1,620,000 of the Town's debt consists of sewer revenue bonds secured solely by sewer user fees.

All Governmental activities long-term debt service requirements are paid by either the General Fund, the Route One South TIF District Fund, the West Falmouth TIF District Fund, or the State of Maine.

Town of Falmouth's Outstanding Debt						
General Obligation and Revenue Bonds						
	Governmental activities		Business-type debt		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$34,575,000	38,820,000	-	-	34,575,000	38,820,000
Revenue bonds	-	-	1,620,000	1,944,000	1,620,000	1,944,000
Total	\$34,575,000	38,820,000	1,620,000	1,944,000	36,195,000	40,764,000

During the fiscal year, the Town paid \$4,235,000 in principal payments on previously issued general obligation debt, and paid principle of \$324,000 on previously issued sewer revenue bond debt. The Town also partially refunded two bonds by issuing \$6,000,000 in new debt during 2022.

During the fiscal year, The Town of Falmouth maintained both its "AAA" credit rating from Standard & Poor's and "Aaa" credit rating from Moody's Investors Service.

State statutes limit the amount of total debt (for all municipal purposes) that a municipality may issue up to 15% of its total state assessed valuation. The current debt limitation for the Town of Falmouth is \$460,395,000. The Town's actual total outstanding debt of \$36,195,000 (for all municipal purposes) is significantly below the authorized state limit. Additional information on the Town of Falmouth's long-term debt can be found in the notes to the basic financial statements on pages 54-57 of this report.

Economic Factors and Next Year's Budgets and Rates

- The Town of Falmouth's property tax base continues to remain stable, paced by a stable building and real estate construction market. Falmouth's taxable valuation base grew by 1.8% in fiscal year 2021-22. A total of 56 building permits for new construction were issued in 2021-22, including 51 permits for new single-family residential housing, 2 for new multi-family housing, and 3 permits for new commercial buildings.
- Certain economic areas continued to show strength. For example, the automobile market's continued strength has led to a continued increase in automobile excise collections despite the impacts of the pandemic. This amount increased 3.6% over the prior year to \$4,006,623 in fiscal year 2021-22.
- The Town makes a continual effort to ensure that its property tax base is assessed at close to 100% of market value. A revaluation of commercial and residential properties began in the spring of 2021 and was completed in the summer of 2022. These revaluations ensure that the Town is fairly and equitably assessing its properties and is utilizing its full property tax base.
- Despite a statewide decline in elementary and secondary school enrollment, the Town's school enrollment figures remain stable. These enrollment figures ensure that the Town will continue to receive its fair share of state educational aid, which is distributed to municipalities under a formula, which places great weight on student enrollment.
- The major concern for future budget planning is the continuing need to add full-time Firefighters to replace the losses of volunteer Firefighters the department is experiencing while call volumes continue to increase.
- The town has received \$3.1 million in American Rescue Plan Act funds from the State of Maine. These funds will be available until December 2024 to support the Town in efforts to recover from the COVID-19 pandemic.

Where applicable, the factors above were considered in preparing the Town of Falmouth's budget for the 2023 fiscal year. The primary budgetary objective was to provide basic and referendum-approved Town services to its citizens while attempting to keep the property tax rate as low as possible. Unfortunately, Fire Department and School funding needs resulted in an 8.9% increase in the property tax requirement for fiscal year 2022-23. Town valuation for 2023 increased significantly due to the recently completed revaluation. The new valuation of \$4,104,443,400 was 61.7% higher than the prior year valuation. The tax rate decreased from the projected \$18.98 per thousand of valuation to \$11.92 per thousand of valuation.

Affecting the future development for the Town:

- The private expansion of natural gas lines throughout the Town is continuing. Installation of the distribution system will represent a significant investment in Falmouth. The entire project is expected to take between five and ten years. In addition, the Ocean View senior community continues to expand at a rapid pace. Both of these major developments are in the Ocean View/Natural Gas TIF District.
- In other TIF developments, two new 4-story Restaurant/Office/Residential buildings are currently being constructed on Route One in Falmouth. The Town has applied to the State DECD to have these buildings included in a new TIF District on Route One. In addition, 2 new subdivisions in West Falmouth off Route 100 have been included in a new Route 100 TIF District recently approved by the State DECD allowing the Town to capture \$35 million in new valuation in that TIF.
- The Town continues to implement a prioritized bicycle and pedestrian infrastructure plan.
- Private, multi-story mixed use development continues to expand in the Route 1 South commercial district following the 2016 completion of the Town's \$12M infrastructure investment.
- The Town developed a multi-modal transportation plan for the Route One corridor with the Towns of Cumberland, Yarmouth, and Freeport. The Town is considering next steps to implement the plan including a new bus route.
- Following the 2017 Vision Plan for the Route 1 North commercial district, the Town has completed preliminary engineering for the recommended improvements for this area, which include intersection and roadway improvements, as well as pedestrian and bicycle amenities. The Town recently got State DECD approval to

extend this TIF District for an additional 7 years. The Plans is to implement this plan over the remaining life of the TIF primarily through the use of the existing TIF Fund balance.

- Maine DOT is progressing with preparation of construction documents for the replacement of two bridges over Interstate 295 in the next couple of years (at Bucknam Road and Johnson Road). Replacement of the third bridge (at Lunt Road) has already been completed. This will ensure continued accessibility between east and west Falmouth and Interstate 295.
- The Town is began construction of the West Falmouth sewer extension in the Spring of 2022 to ensure the system can accommodate growth in West Falmouth while maintaining service levels.
- The Town will begin the process to incorporate the findings of the current Town Vision and Values Plan into an update of the 2013 Comprehensive Plan in FY2023.
- The Town has prepared a Climate Action Plan as part of a regional effort and is now completing a Town-wide Strategic Watershed Management Plan. These two plans will be the basis for climate and watershed projects over the next couple of years.
- The Town continues to focus on the overall needs of senior citizens and what role the Town should have with offering and/or facilitating the delivery of services and assistance to senior citizens.
- The Town is currently investigating affordable housing opportunities with developers.
- The Town continues to identify and implement new TIF District opportunities as they arise to maximize benefits to the Town's taxpayers.

Requests for Information

This financial report is designed to provide a general overview of the Town of Falmouth's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town of Falmouth, Maine, 271 Falmouth Road, Falmouth, Maine 04105.

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BASIC FINANCIAL STATEMENTS

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TOWN OF FALMOUTH, MAINE
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 27,984,318	-	27,984,318
Investments	12,046,629	-	12,046,629
Receivables:			
Taxes	727,473	-	727,473
Accounts	468,701	449,653	918,354
Due from other governments	672,025	-	672,025
Leases	229,929	-	229,929
Internal balances	(4,347,155)	4,347,155	-
Inventories	171,832	-	171,832
Prepaid items	28,532	26,258	54,790
Tax-acquired property	5,545	-	5,545
Net pension asset	290,039	19,699	309,738
Capital assets not being depreciated	10,034,917	1,011,528	11,046,445
Capital assets net of accumulated depreciation	94,657,649	16,706,310	111,363,959
Total assets	142,970,434	22,560,603	165,531,037
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	1,403,979	-	1,403,979
Deferred outflows of resources related to OPEB	746,390	9,856	756,246
Deferred outflows of resources related to pensions	3,331,995	142,446	3,474,441
Total deferred outflows of resources	5,482,364	152,302	5,634,666
LIABILITIES			
Accounts payable and other current liabilities	2,838,775	116,246	2,955,021
Accrued payroll	3,935,915	49,685	3,985,600
Accrued interest	194,976	26,498	221,474
Taxes paid in advance	12,617	-	12,617
Noncurrent liabilities:			
Due within one year	3,979,339	360,456	4,339,795
Due in more than one year	40,636,331	1,446,478	42,082,809
Total liabilities	51,597,953	1,999,363	53,597,316
DEFERRED INFLOWS OF RESOURCES			
Lease related	225,032	-	225,032
Deferred inflows of resources related to OPEB	681,348	13,409	694,757
Deferred inflows of resources related to pensions	4,260,940	268,510	4,529,450
Total deferred inflows of resources	5,167,320	281,919	5,449,239
NET POSITION			
Net investment in capital assets	69,163,908	16,097,838	85,261,746
Restricted for:			
Tax incremental financing	9,901,022	-	9,901,022
Perpetual care, nonexpendable	9,648	-	9,648
Education	2,848,875	-	2,848,875
Grants and restricted programs	5,664	-	5,664
Unrestricted	9,758,408	4,333,785	14,092,193
Total net position	\$ 91,687,525	20,431,623	112,119,148

TOWN OF FALMOUTH, MAINE
Statement of Activities
For the year ended June 30, 2022

		Program Revenues			Net (expense) revenue and changes in net position		
Functions/programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 4,519,730	345,606	97,644	1,065	(4,075,415)	-	(4,075,415)
Financial management	1,321,725	43,756	87,129	-	(1,190,840)	-	(1,190,840)
Public safety	7,417,859	634,828	160,897	598,692	(6,023,442)	-	(6,023,442)
Public works	3,857,756	796,550	-	148,880	(2,912,326)	-	(2,912,326)
Community development	1,762,989	235,918	37,407	588,709	(900,955)	-	(900,955)
Community programs and parks	1,769,102	964,906	68,258	257,416	(478,522)	-	(478,522)
Education	46,095,082	1,058,563	16,366,559	-	(28,669,960)	-	(28,669,960)
Interest on long-term debt	1,025,702	-	-	-	(1,025,702)	-	(1,025,702)
Total governmental activities	67,769,945	4,080,127	16,817,894	1,594,762	(45,277,162)	-	(45,277,162)
Business-type activities:							
Wastewater treatment	2,955,373	2,332,795	526,217	-	-	(96,361)	(96,361)
Total business-type activities	2,955,373	2,332,795	526,217	-	-	(96,361)	(96,361)
Total primary government	\$ 70,725,318	6,412,922	17,344,111	1,594,762	(45,277,162)	(96,361)	(45,373,523)
General revenues:							
Property taxes					\$ 44,250,294	-	44,250,294
Excise taxes					4,043,564	-	4,043,564
Cable TV franchise taxes					217,096	-	217,096
Grants not restricted to specific programs:							
State revenue sharing					1,662,837	-	1,662,837
Homestead exemption					798,641	-	798,641
Other governmental revenues					31,380	-	31,380
Unrestricted investment earnings (loss)					(294,421)	1,146	(293,275)
Miscellaneous revenues					47,878	-	47,878
Total general revenues					50,757,269	1,146	50,758,415
Change in net position					5,480,107	(95,215)	5,384,892
Net position - beginning, as restated					86,207,418	20,526,838	106,734,256
Net position - ending					\$ 91,687,525	20,431,623	112,119,148

See accompanying notes to financial statements.

TOWN OF FALMOUTH, MAINE
Balance Sheet
Governmental Funds
June 30, 2022

	General	ARPA	West Falmouth TIF	Route 1 North TIF	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 27,792,452	-	-	-	191,866	27,984,318
Investments	12,046,629	-	-	-	-	12,046,629
Receivables:						
Taxes	527,422	-	-	-	-	527,422
Liens	200,051	-	-	-	-	200,051
Accounts	165,825	-	-	-	302,876	468,701
Due from other governments	-	-	-	-	672,025	672,025
Leases	229,929	-	-	-	-	229,929
Due from other funds	-	1,256,597	2,674,494	4,686,230	6,652,546	15,269,867
Inventories	330	-	-	-	38,233	38,563
Prepaid items	28,532	-	-	-	-	28,532
Tax-acquired property	5,545	-	-	-	-	5,545
Total assets	40,996,715	1,256,597	2,674,494	4,686,230	7,857,546	57,471,582
LIABILITIES						
Accounts payable	653,535	7,301	8,797	31,718	863,922	1,565,273
Accrued payroll	3,825,274	-	7,798	7,336	85,211	3,925,619
Taxes paid in advance	12,617	-	-	-	-	12,617
Unearned revenues	-	1,249,296	-	-	-	1,249,296
Due to other funds	19,201,707	-	-	-	316,548	19,518,255
Total liabilities	23,693,133	1,256,597	16,595	39,054	1,265,681	26,271,060
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	426,821	-	-	-	-	426,821
Unavailable revenues - ambulance fees	162,417	-	-	-	-	162,417
Related to leases	225,032	-	-	-	-	225,032
Total deferred inflows of resources	814,270	-	-	-	-	814,270
FUND BALANCES						
Nonspendable	28,862	-	-	-	9,648	38,510
Restricted	2,659,429	-	2,657,899	4,647,176	2,798,609	12,763,113
Committed	-	-	-	-	4,376,687	4,376,687
Unassigned	13,801,021	-	-	-	(593,079)	13,207,942
Total fund balances	16,489,312	-	2,657,899	4,647,176	6,591,865	30,386,252
Total liabilities, deferred inflows of resources, and fund balances	\$ 40,996,715	1,256,597	2,674,494	4,686,230	7,857,546	
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.						104,692,566
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.						589,238
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:						
Accrued compensated absences						(1,668,239)
Accrued interest						(194,976)
Net pension liability with related deferred outflows and inflows of resources						(863,727)
Net OPEB liability with related deferred outflows and inflows of resources						(5,717,379)
Deferred charge from refunding						1,403,979
Bonds payable, including unamortized premiums						(36,940,189)
Net position of governmental activities						\$ 91,687,525

See accompanying notes to financial statements.

TOWN OF FALMOUTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2022

	General	ARPA	West Falmouth TIF	Route 1 North TIF	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 40,659,892	-	1,052,554	544,142	1,975,353	44,231,941
Excise	4,043,564	-	-	-	-	4,043,564
Licenses, permits and fees	552,856	-	-	-	-	552,856
Intergovernmental	16,855,309	45,447	588,709	-	2,535,021	20,024,486
Charges for services	1,080,945	-	-	-	2,637,357	3,718,302
Fines and forfeitures	45,303	-	-	-	-	45,303
Investment earnings (loss)	(294,421)	-	-	-	5	(294,416)
Miscellaneous	57,414	-	-	-	871,487	928,901
Total revenues	63,000,862	45,447	1,641,263	544,142	8,019,223	73,250,937
EXPENDITURES						
Current:						
General government	1,365,485	25,651	-	-	247,378	1,638,514
Financial management	1,321,725	-	-	-	-	1,321,725
Public safety	6,526,181	15,416	-	-	133,549	6,675,146
Public works	1,872,722	-	-	-	716,750	2,589,472
Community development	506,840	-	514,324	262,253	355,958	1,639,375
Community programs and parks	582,755	4,380	-	-	986,064	1,573,199
Education	41,036,543	-	-	-	1,773,526	42,810,069
Non-departmental	918,029	-	-	-	5,115	923,144
County tax	1,851,077	-	-	-	-	1,851,077
Food service	-	-	-	-	1,175,512	1,175,512
Debt service:						
Principal	3,345,322	-	299,678	-	590,000	4,235,000
Interest	939,326	-	140,849	-	94,075	1,174,250
Bond issuance costs	114,657	-	-	-	69,278	183,935
Capital outlay:						
Capital improvements	-	-	8,458	28,807	1,619,146	1,656,411
Total expenditures	60,380,662	45,447	963,309	291,060	7,766,351	69,446,829
Excess (deficiency) of revenues over (under) expenditures	2,620,200	-	677,954	253,082	252,872	3,804,108
Other financing sources (uses):						
Refunding bonds issued	6,000,000	-	-	-	-	6,000,000
Premium on refunding bonds issued	575,985	-	-	-	-	575,985
Payment to refunded bond escrow agent	(6,461,328)	-	-	-	-	(6,461,328)
Transfers in	-	-	-	-	1,195,100	1,195,100
Transfers out	(1,162,300)	-	-	-	(32,800)	(1,195,100)
Total other financing sources (uses)	(1,047,643)	-	-	-	1,162,300	114,657
Net change in fund balances	1,572,557	-	677,954	253,082	1,415,172	3,918,765
Fund balances - beginning, restated	14,916,755	-	1,979,945	4,394,094	5,176,693	26,467,487
Fund balances - ending	\$ 16,489,312	-	2,657,899	4,647,176	6,591,865	30,386,252

See accompanying notes to financial statements.

TOWN OF FALMOUTH, 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, 2022

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Net change in fund balances - total governmental funds (from Statement 4)	\$	3,918,765
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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.

Capital outlays	1,532,309	
Less: depreciation expense	(4,891,485)	
Less: loss on disposal	(5,865)	
		(3,365,041)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in unavailable revenues.		(885)
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Change in accruals are recorded on the statement of net position, but
not on the governmental fund balance sheet. This is the change in:

Accrued compensated absences	(12,764)	
Accrued interest	(10,658)	
Deferred charge on refunding	(143,456)	
Other post employment benefits and related deferred inflows and outflows	(161,804)	
Net pension liability and related deferred inflows and outflows	649,010	
		320,328

The issuance of long-term debt (e.g., bonds, notes) provides current
financial resources to governmental funds, while the repayment of
the principal of long-term debt consumes the current financial resources
of governmental funds. Neither transaction, however, has any effect on
net position. Also, governmental funds report the effect of premiums,
discounts, and similar items when debt is first issued, whereas
these amounts are deferred and amortized in the statement of activities.

Issuance of refunding bonds	(6,000,000)	
Payment to escrow agent	6,461,328	
Bond principal repayments	4,235,000	
Bond premium proceeds	(575,985)	
Amortization of premium	486,597	
		4,606,940

Change in net position of governmental activities (see Statement 2)	\$	5,480,107
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See accompanying notes to financial statements.

TOWN OF FALMOUTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2022

	Budgeted amounts		Actual amounts	Variance with final budget positive (negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 40,668,914	40,668,914	40,659,892	(9,022)
Excise	3,571,250	3,571,250	4,043,564	472,314
Licenses, permits and fees	536,095	536,095	552,856	16,761
Intergovernmental	11,987,407	11,987,407	12,914,053	926,646
Charges for services	1,044,473	1,044,473	1,080,945	36,472
Fines and forfeitures	62,000	62,000	45,303	(16,697)
Investment earnings	185,000	185,000	(294,421)	(479,421)
Miscellaneous	32,533	32,533	57,414	24,881
Total revenues	58,087,672	58,087,672	59,059,606	971,934
EXPENDITURES				
Current:				
General government	1,418,207	1,418,207	1,365,485	52,722
Financial management	1,384,872	1,384,872	1,321,725	63,147
Public safety	6,734,006	6,734,006	6,526,181	207,825
Public works	1,951,704	1,951,704	1,872,722	78,982
Community development	526,124	526,124	506,840	19,284
Community programs and parks	600,510	600,510	582,755	17,755
Education	37,202,886	37,202,886	37,095,287	107,599
Non-departmental	1,337,463	1,337,463	918,029	419,434
County tax	1,851,077	1,851,077	1,851,077	-
Debt service:				
Principal	3,345,322	3,345,322	3,345,322	-
Interest	945,201	945,201	939,326	5,875
Total expenditures	57,297,372	57,297,372	56,324,749	972,623
Excess of revenues over expenditures	790,300	790,300	2,734,857	1,944,557
Other financing sources (uses):				
Transfers out	(1,112,300)	(1,162,300)	(1,162,300)	-
Budgeted use of surplus	322,000	372,000	-	(372,000)
Total other financing sources (uses)	(790,300)	(790,300)	(1,162,300)	(372,000)
Net change in fund balance	-	-	1,572,557	1,572,557
Fund balance - beginning, restated			14,916,755	
Fund balance - ending	\$		16,489,312	

See accompanying notes to financial statements.

TOWN OF FALMOUTH, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-type Activities - Enterprise Fund Wastewater	Governmental Activities Internal Service Fund
ASSETS		
Current assets:		
Accounts receivable	\$ 449,653	-
Due from other funds	4,347,155	-
Inventories	-	133,269
Prepaid expenses	26,258	-
Total current assets	4,823,066	133,269
Noncurrent assets:		
Capital assets, not being depreciated:		
Land	511,344	-
Construction in progress	500,184	-
Capital assets, being depreciated:		
Buildings and improvements	11,645,559	-
Machinery and equipment	4,846,644	-
Infrastructure	17,944,613	-
Less accumulated depreciation	(17,730,506)	-
Total capital assets (net of accumulated depreciation)	17,717,838	-
Net pension asset	19,699	-
Total noncurrent assets	17,737,537	-
Total assets	22,560,603	133,269
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to OPEB	9,856	-
Deferred outflows of resources related to pensions	142,446	-
Total deferred inflows of resources	152,302	-
LIABILITIES		
Current liabilities:		
Accounts payable	116,246	21,586
Accrued payroll	49,685	10,296
Due to other funds	-	101,387
Accrued interest	26,498	-
Current portion of compensated absences	36,456	-
Current portion of bonds payable	324,000	-
Total current liabilities	552,885	133,269
Noncurrent liabilities:		
Compensated absences	58,656	-
OPEB liability	91,822	-
Bonds payable - noncurrent	1,296,000	-
Total noncurrent liabilities	1,446,478	-
Total liabilities	1,999,363	133,269
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to OPEB	13,409	-
Deferred inflows of resources related to pensions	268,510	-
Total deferred inflows of resources	281,919	-
NET POSITION		
Net investment in capital assets	16,097,838	-
Unrestricted	4,333,785	-
Total net position	\$ 20,431,623	-

See accompanying notes to financial statements.

TOWN OF FALMOUTH, MAINE
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2022

	Business-type Activities - Enterprise Fund Wastewater	Governmental Activities Internal Service Fund
Operating revenues:		
User fees	\$ 2,213,299	212,561
Connection charges	69,195	-
Intergovernmental	526,217	-
Miscellaneous	50,301	-
Total operating revenues	2,859,012	212,561
Operating expenses:		
Personnel services	913,683	197,827
Contract services	722,587	2,168
Supplies and materials	122,525	3,214
Repairs and maintenance	248,586	9,352
Depreciation	904,744	-
Total operating expenses	2,912,125	212,561
Operating income	(53,113)	-
Nonoperating income (expenses):		
Investment earnings	1,146	-
Interest expense	(43,248)	-
Total nonoperating expenses	(42,102)	-
Change in net position	(95,215)	-
Total net position - beginning	20,526,838	-
Total net position - ending	\$ 20,431,623	-

See accompanying notes to financial statements.

TOWN OF FALMOUTH, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2022

	Business-type Activities- Enterprise Fund Wastewater	Governmental Activities- Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 2,846,253	212,561
Payments to suppliers	(1,010,072)	(8,024)
Payments to employees	(929,003)	(194,150)
Net cash provided by (used in) operating activities	907,178	10,387
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(391,218)	-
Repayment of revenue bonds	(324,000)	-
Interest paid on bonds	(51,377)	-
Net cash used in capital and related financing activities	(766,595)	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Decrease in interfund loans	(141,729)	(10,387)
Net cash provided by (used in) non-capital financing activities	(141,729)	(10,387)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	1,146	-
Net cash provided by investing activities	1,146	-
Net increase in cash	-	-
Cash, July 1	-	-
Cash, June 30	\$ -	-
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ (53,113)	-
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	904,744	-
(Increase) decrease in accounts receivable	(12,759)	-
(Increase) decrease in due from other governments	-	-
(Increase) decrease in inventories	-	(3,660)
(Increase) decrease in prepaid expenses	733	-
Increase (decrease) in accounts payable	82,893	10,370
Increase (decrease) in accrued payroll	27,166	3,677
Increase (decrease) in pension liability and related deferred outflows and inflows of resources	(50,903)	-
Increase (decrease) in OPEB liability and related deferred outflows and inflows of resources	2,539	-
Increase (decrease) in compensated absences payable	5,878	-
Net cash provided by (used in) operating activities	\$ 907,178	10,387

See accompanying notes to financial statements.

TOWN OF FALMOUTH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

		Private - purpose Trusts
ASSETS		
Cash and cash equivalents	\$	86,799
Investments		35,204
Due from other funds		2,620
Total assets		124,623
LIABILITIES		
Accounts payable		-
Total liabilities		-
NET POSITION		
Restricted for individuals and organizations	\$	124,623

See accompanying notes to financial statements.

FALMOUTH SCHOOL DEPARTMENT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2022

	Private- purpose Trust Funds
Additions:	
Donations	\$ 20,601
Total additions	20,601
Deductions:	
Scholarships and other	20,175
Total deductions	20,175
Change in fiduciary net position	426
Net position, beginning of year	124,197
Net position, end of year	\$ 124,623

See accompanying notes to financial statements.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Falmouth, Maine was incorporated in 1718 and operates under a Council-Manager form of Government. The Town of Falmouth's Department of Education is a department of the Town with an elected School Board and an appointed Superintendent of Schools.

The accounting policies of the Town of Falmouth conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. The following is a summary of the more significant of such policies:

A. Reporting Entity

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 in accounting principles generally accepted in the United States of America, which 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 were no potential component units required to be included in this report.

B. 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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, proprietary 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.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 expenditures related to 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. "On-behalf" payments are recognized as revenue and expenditures upon payment or earlier if the susceptible to accrual criteria are met.

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 *ARPA fund* accounts for the Town's coronavirus state and local fiscal recovery grant. It accounts for all active projects and other purchases approved for spending under the federal requirements.

The *West Falmouth TIF* accounts for the Town's revenues and expenditures specific to a legally designated tax district. Its major source of revenue is taxes and expenditures are approved for tax abatements, capital projects, and other development within the district.

The *Route 1 North TIF* accounts for the Town's revenues and expenditures specific to a legally designated tax district. Its major source of revenue is taxes and expenditures are approved for tax abatements, capital projects, and other development within the district.

The Town reports the following major proprietary fund:

The *wastewater fund* accounts for the operation of the wastewater treatment system in Falmouth. All users of the system pay monthly fees, based upon the amount and type of usage, to support the expenses of the fund.

Additionally, the Town reports the following fund types:

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:

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

Private purpose trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town's trust fund is a private purpose trust that accounts for scholarship programs for students of the School Department.

The *internal service fund* accounts for fleet maintenance services provided to other departments of the Town, on a cost reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's wastewater fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary fund are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The Town also recognizes fees intended to recover the cost of connecting new customers to the system as operating revenues. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Balance

1. Deposits and investments

The Town's cash and cash equivalents are considered to be cash on hand and demand deposits.

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury, certificates of deposit, repurchase agreements, corporate securities, financial institutions stock, and other stock investments. The Town has an investment policy that allows for investment in obligations of the U.S. government, its agencies and instrumentalities; insured or fully collateralized certificates of deposit of banks and savings and loan associations; repurchase agreements collateralized by Letters of Credit from such institutions such as Federal Home Loan Bank or the Federal Reserve Bank; and money market mutual funds whose portfolios consist entirely of U.S. Government securities.

Funds may also be invested in longer maturities, prime bankers' acceptances and secured commercial paper with an AAA rating according to the Standard & Poor's rating scale upon adoption of a motion of authorization by the majority of the governing body at a regular or special public meeting. Investments are reported at fair value.

2. Interfund receivables and payables

All outstanding balances between funds are reported as "Due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Balance, Continued

3. *Inventory and prepaid items*

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

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

4. *Leases*

Lessor: The Town of Falmouth, Maine is the lessor for one noncancellable lease for space on a communication tower. The Town recognizes a lease receivable and deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

5. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town generally defines capital assets as assets with an initial, individual cost of more than \$5,000 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 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.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Balance, Continued

Property, plant, and equipment of the Town are depreciated generally using the straight-line method over the following estimated useful lives: improvements other than buildings - 10 to 20 years; buildings and improvements - 10 to 40 years; machinery and equipment - 5 to 10 years; and infrastructure - 20 to 50 years.

6. *Compensated absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick pay is accrued when incurred in government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, because of employee resignations and retirements.

7. *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

8. *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 Town 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 Town's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The Town Council has responsibility for committing fund balance, by Council Order duly adopted prior to the end of the fiscal year. Once adopted, the limitation imposed by the Order remains in place until a similar action is taken (the adoption of another Council Order) to remove or revise the limitation.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Balance, Continued

Assigned amounts are approved by Council Order, as with committed items, but can be adopted after the end of the fiscal year. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget.

Should there be multiple sources of funding available for a particular purpose, it is the Town's policy to expend restricted resources first, and then use unrestricted sources in the order of committed, then assigned, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

9. *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 assets 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 three types of deferred inflow of resources: (1) unavailable revenue from property taxes, (2) unavailable revenue from ambulance fees, and (3) amounts related to leases. Both unavailable revenue from property taxes and unavailable revenue from ambulance fees are deferred and recognized as an inflow of resources in the period that the amounts become available. Amounts related to leases are deferred and amortized over the expected term of the lease.

The governmental activities have deferred outflows and inflows that relate to the net pension and OPEB liabilities, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension and OPEB liabilities in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period. Deferred outflows and inflows of resources also include deferred charges on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

10. *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.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Balance, Continued

11. Pensions

For purposes of measuring the net pension liability or asset, 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.

12. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined based on actuary reports prepared by the OPEB Plan's actuary. 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

A budget is adopted for the General Fund only, and is adopted on a basis consistent with generally accepted accounting principles (except for on behalf payments to the Maine Public Employees Retirement System). 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 \$3,941,256. These amounts have been included as an intergovernmental revenue and as an education expense/expenditure on Statements 2 and 4 (GAAP basis). There is no effect on the net position/fund balance at the end of the year.

Each spring, all departments of the Town, including the School Department, submit requests for appropriation to the Town Manager so that a budget may be prepared. The budgets include information on the past year, current year estimates and requested appropriations for the next fiscal year. In April, the proposed budget is presented to the Town Council for review. The Town Council holds public hearings before a final budget is adopted in May. All unexpended appropriations lapse at year end unless specific approval is granted to carry forward such amounts. Department level total expenditures should not exceed appropriations.

The appropriated budget is prepared by fund, function, and department. The Town Manager may make transfers of appropriations within a function. Transfers of appropriations between functions require the approval of the Town Council. The legal level of control (level at which expenditures may not exceed budget without Town Council approval) is the function level. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year. There was \$322,000 in supplemental appropriations authorized in fiscal year 2022 as demonstrated by the original and final budgeted amounts shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

B. Deficit Fund Balances

At June 30, 2022, the following funds had deficit fund balances:

Capital project reserve	\$ 69,938	Volleyball boosters	127
HS/MS security entrances	312,455	Alpine skiing	18
School lunch program	150,794	Boys lacrosse	10,002
CCSP/FEMA	743	Girls lacrosse	15,727
ESSER II	70	Girls tennis	15
Coronavirus relief fund	10	HS charging station fund	5,770
PTO mini grants	1,069	Summer fitness camp	328
Dickenson family grant	154	7 th grade local discovery	5,271
Lacrosse boosters	18,908	High school summer academy	685
Football boosters	531	Clayton Thomas scholarship	1,074

These deficits will be funded by future grant revenue, charges for services, or transfers.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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.

As of June 30, 2022, the Town had the following investments:

	<u>Fair value</u>	<u>Weighted average maturity (years)</u>	<u>Level 1 input</u>	<u>Credit Ratings</u>
Money market	\$ 14,488	N/A	N/A	N/A
Mutual funds	51,067	N/A	yes	N/A
Certificates of deposit	10,470,998	N/A	N/A	N/A
Federal Farm Credit	361,222	1.42	yes	AA+
Federal Home Loan Bank	1,184,058	2.52	yes	AA+

Certificates of deposit are excluded from interest rate risk as these investments are considered held to maturity and therefore are not measured at fair value.

Custodial credit risk- deposits – In the case of deposits, this 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 calls for all deposits to be fully insured or collateralized. Pledged collateral must be 102% of the market value of the principal and accrued interest. As of June 30, 2022, 100% of the Town's bank balance of \$29,094,815 was covered by FDIC insurance, fully insured, or collateralized.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

A. Deposits and Investments, Continued

Custodial credit risk- investments – In the case of investments, this is the risk that in the event of a failure of the counterparty to a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. As of June 30, 2022, 100% of the Town's balance held in certificates of deposits was covered by FDIC insurance. The remaining amounts were covered by the Securities Investor Protection Corporation (SIPC) or collateralized by additional insurance purchased with the associated investment institution.

Credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfil its obligation to the holder of the investment. 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. The Town's investment policy further restricts authorized investments to obligations of the U.S. government, fully insured certificates of deposit, and money market or mutual funds whose portfolios consist entirely of U.S. government securities.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with the Town's investment policy, investment maturities are limited to five years or less.

B. Property Tax

Property taxes for the current year were committed on July 30, 2021, based on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. The Town's total taxable assessed value of \$2,538,207,900 represented 82.7% of the State-equalized valuation for the Town of \$3,069,300,000.

The laws in the state of Maine permit the Town 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 \$240,389 for the year ended June 30, 2022. The variance between actual property tax revenues and budgeted property tax revenues represents overlay plus supplemental taxes less abatements.

Under Maine law, 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 the tax liens and associated costs remained unpaid.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year 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.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

B. Property Tax, Continued

The following summarizes the 2022 and 2021 levies:

	<u>2022</u>	<u>2021</u>
Assessed value	\$ 2,538,207,900	2,492,780,000
Tax rate (per \$1,000)	17.43	17.05
Commitment	44,240,963	42,501,899
Supplemental taxes assessed	20,008	-
Total levy	44,260,971	42,501,899
Less:		
Abatements	(14,269)	-
Collections	(43,815,855)	(42,079,151)
Receivable at end of year	\$ 430,847	422,748
Due date(s)	½ November 4, 2021 ½ May 5, 2022	½ November 5, 2020 ½ May 6, 2021
Interest rate on delinquent taxes	6.0%	6.0%
Collection rate	99.0%	99.0%

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

C. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Restated Balance June 30, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2022</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,926,737	-	-	9,926,737
Construction in progress	24,981	102,799	19,600	108,180
Total capital assets not being depreciated	9,951,718	102,799	19,600	10,034,917
Capital assets being depreciated:				
Improvements other than buildings	1,906,849	-	-	1,906,849
Buildings and improvements	82,357,795	47,298	-	82,405,093
Machinery and equipment	16,646,402	1,344,124	194,249	17,796,277
Infrastructure	57,698,784	57,688	-	57,756,472
Total capital assets being depreciated	158,609,830	1,449,110	194,249	159,864,691
Less accumulated depreciation for:				
Improvements other than buildings	1,632,350	56,554	-	1,688,904
Buildings and improvements	32,353,168	2,316,044	-	34,669,212
Machinery and equipment	10,281,604	1,325,001	188,384	11,418,221
Infrastructure	16,236,819	1,193,886	-	17,430,705
Total accumulated depreciation	60,503,941	4,891,485	188,384	65,207,042
Total capital assets being depreciated, net	98,105,889	(3,442,375)	5,865	94,657,649
Governmental activities capital assets, net	\$ 108,057,607	(3,339,576)	25,465	104,692,566
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 511,344	-	-	511,344
Construction in progress	294,702	205,482	-	500,184
Total capital assets not being depreciated	806,046	205,482	-	1,011,528
Capital assets being depreciated:				
Building and improvements	11,630,049	15,510	-	11,645,559
Machinery and equipment	4,702,171	170,226	25,753	4,846,644
Infrastructure, sewer	17,944,613	-	-	17,944,613
Total capital assets being depreciated	34,276,833	185,736	25,753	34,436,816
Less accumulated depreciation for:				
Buildings and improvements	6,231,210	248,716	-	6,479,926
Machinery and equipment	3,470,265	291,445	25,753	3,735,957
Infrastructure, sewer	7,150,040	364,583	-	7,514,623
Total accumulated depreciation	16,851,515	904,744	25,753	17,730,506
Total capital assets being depreciated, net	17,425,318	(719,008)	-	16,706,310
Business-type activities capital assets, net	\$ 18,231,364	(513,526)	-	17,717,838

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

C. Capital Assets, Continued

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

Governmental activities:

General government	\$ 427,311
Public safety	760,921
Public works, including depreciation of general infrastructure assets	1,449,284
Community programs and parks	202,865
Education	2,051,104
<u>Total depreciation expense – governmental activities</u>	<u>4,891,485</u>

Business-type activities:

<u>Wastewater</u>	<u>904,744</u>
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<u>Total depreciation expense</u>	<u>\$ 5,796,229</u>
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D. Interfund Receivables, Payables, Transfers

Individual interfund loans receivable and payable balances at June 30, 2022 were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
General fund	\$ -	19,201,707	(1,162,300)
ARPA	1,256,597	-	-
West Falmouth TIF	2,674,494	-	-
Route 1 North TIF	4,686,230	-	-
Other governmental funds:			
Nonmajor capital project funds	2,558,318	-	906,200
Special revenue funds:			
Town special revenue funds	1,479,457	-	276,100
Oceanview Natural Gas TIF	612,182	-	-
Route 1 South TIF	2,002,589	-	(20,000)
School special revenue funds	-	60,294	-
School lunch program	-	255,754	-
Nonmajor permanent fund	-	500	-
Wastewater	4,347,155	-	-
Internal service	-	101,387	-
Private-purpose trust	2,620	-	-
Totals	\$ 19,619,642	19,619,642	-

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

D. Interfund Receivables, Payables, Transfers, Continued

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. The balances represent each fund's portion of the centralized checking account.

The primary purpose of the transfers is to move unrestricted revenues from various funds to finance various programs and capital projects that the Town must account for in other funds in accordance with budgetary authorizations.

E. Long-term Debt

Advance refunding

The Town issued \$6,000,000 in general obligation bonds with an interest rate ranging from 1.90% to 4.00%. The proceeds were used to partially advance refund \$6,010,000 of outstanding 2013 and 2014 general obligation bonds which had interest rates ranging from 2.00% to 4.25%. The net proceeds of \$6,461,328 (including a net premium of \$575,985 and after payment of \$114,657 in issuance costs) were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the \$6,010,000 of the 2013 and 2014 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. \$1,670,000 of the 2013 and 2014 general obligation bonds remain a liability at year end. The Town advance refunded the 2013 and 2014 general obligation bonds to reduce its total debt service payments over 14 years by \$267,455 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$227,608.

Bonds payable

General Obligation Bonds. The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities only. There is no outstanding business-type activities general obligation debt.

All governmental activities long-term debt service requirements are paid by either the General Fund, West Falmouth TIF District fund, or the Route One South TIF District special revenue fund. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds are issued as serial bonds, generally with equal amounts of principal maturing each year.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

E. Long-term Debt, Continued

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
2013 GOB – Middle School Improvements	2013	2024	2.00%-4.25%	\$ 500,000
2014 GOB – Route 1 South Development	2015	2024	2.00%-3.50%	1,170,000
2015 GOB – Public Safety Building Refunding	2016	2027	3.00%	880,000
2018 GOB – Elementary School Refunding	2018	2032	3.00%-5.00%	18,120,000
2019 GOB – Route 100/Library	2019	2039	2.00%-3.00%	7,905,000
2022 GOB – Route 1 Refunding	2022	2030	3.00%	3,530,000
2022 GOB – Middle School Refunding	2022	2034	1.90%-4.00%	2,470,000

<u>Total bonds payable</u>	<u>\$ 34,575,000</u>
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The annual debt service requirements to amortize general obligation bonds payable are as follows:

	<u>Governmental activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,315,000	1,306,488	4,621,488
2024	3,290,000	1,214,987	4,504,987
2025	3,285,000	839,075	4,124,075
2026	3,285,000	810,775	4,095,775
2027	3,285,000	680,750	3,965,750
2028-2032	14,375,000	1,670,800	16,045,800
2033-2037	2,810,000	323,583	3,133,583
2037-2039	930,000	27,900	957,900
<u>Totals</u>	<u>\$ 34,575,000</u>	<u>6,874,358</u>	<u>41,449,358</u>

In accordance with 30-A MRSA, Section 5701, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its State assessed valuation. At June 30, 2022, the Town's outstanding debt did not exceed these limits.

Revenue Bonds. The Town also issued revenue bonds in 2007 to provide funding for the construction of the wastewater treatment plant upgrade. These bonds will be repaid through dedicated sewer user fees. At the date of issue, the Town pledged roughly \$8,147,635 in future sewer user fees. Revenues for principle and interest payments will remain pledged through fiscal year 2027. During fiscal year 2022, the Town pledged \$357,502 of sewer user fees, which represented 100% of the principle and interest payments for the year.

<u>Purpose</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
Wastewater treatment plant upgrade	2007	2027	1.88%	\$ 1,620,000

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

E. Long-term Debt, Continued

Revenue bond debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 324,000	44,891	368,891
2024	324,000	38,585	362,585
2025	324,000	32,189	356,189
2026	324,000	25,794	349,794
2027	324,000	19,398	343,398
Totals	\$ 1,620,000	160,857	1,780,857

During 2022, the Town secured interim financing for wastewater treatment projects through the Maine Municipal Bond Bank (MMBB). The MMBB extended two lines of credit to the Town for \$5,000,000 and \$1,600,000 to fund initial planning and construction for the wastewater treatment projects. Repayment of funds disbursed under the line of credit is due in full 12 months from the date of issuance. Interest on both lines accrues at 1% per year. As of June 30, 2022 the Town had not drawn on these lines.

Long-term liability activity for the year ended June 30, 2022 was as follows:

	<u>Restated Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds payable	\$ 38,820,000	6,000,000	10,245,000	34,575,000	3,315,000
Premiums on bonds issued	2,275,801	575,985	486,597	2,365,189	236,588
Total bonds payable	41,095,801	6,575,985	10,731,597	36,940,189	3,551,588
Accrued compensated absences	1,655,475	674,954	662,190	1,668,239	427,751
Other postemployment benefits	5,696,765	85,656	-	5,782,421	-
Net pension liability (asset)	3,349,698	-	3,414,916	(65,218)	-
Governmental activity long-term liabilities	51,797,739	7,336,595	14,808,703	44,325,631	3,979,339
Business-type activities:					
Revenue bonds payable	1,944,000	-	324,000	1,620,000	324,000
Accrued compensated absences	89,234	41,572	35,694	95,112	36,456
Other postemployment benefits	97,809	-	5,987	91,822	-
Net pension liability (asset)	226,004	-	245,703	(19,699)	-
Business-type activity long-term liabilities	2,357,047	41,572	611,384	1,787,235	360,456
Total long-term governmental and business-type activities	\$ 54,154,786	7,378,167	15,420,087	46,112,866	4,339,795

For the governmental activities, compensated absences are generally liquidated by the General Fund.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

E. Long-term Debt, Continued

Overlapping debt - Represents the Town's share of debt obligations of Cumberland County and the Portland Water district.

Cumberland County – The Town is subject to an annual assessment of its proportional share of Cumberland County's expenses, including debt repayment, as determined by the percentage of the Town's State Valuation to the County's state valuation. At June 30, 2022, the Town's share is \$1,673,560 (5.42%) of Cumberland County's outstanding debt of \$30,856,174.

Portland Water District (Water Fund Debt) – The Town is subject to assessments allocated on pro-rata, to each member based upon 100% of its respective equalized State Valuation. On this basis, at June 30, 2022, the Town was contingently responsible for approximately 8.00%, or \$4,690,484, of the PWD's Water Fund Debt of \$58,631,046.

Portland Water District (Wastewater Fund Debt) – The Town is responsible for the entire debt service required to finance wastewater debt accumulated for projects that directly benefit the Town's wastewater system. All Town users of the wastewater system pay monthly fees, based upon water volume, to support expenditures from the Sewer Fund. At June 30, 2022, the Town was responsible for \$3,570,000 of its portion of PWD's Wastewater Fund Debt (or 7.97% of PWD's \$44,771,936 total Wastewater Fund Debt).

Total debt, overlapping debt, and contingencies are as follows:

	As of June 30, 2022		
	Direct debt	Overlapping debt	Total debt
<u>Governmental unit</u>			
Town of Falmouth	\$ 34,575,000	-	34,575,000
Cumberland County	-	1,673,560	1,673,560
Portland Water District	-	8,260,484	8,260,484
Totals	\$ 34,575,000	9,934,044	44,509,044

Reimbursement for Debt Service Expenditures - The State of Maine currently reimburses the Town for a portion of the financing costs of school building and school bus purchases. Continuation of such reimbursements is dependent upon continued appropriation by the State Legislature.

F. Jointly Governed Organization

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

ecomaine is a solid waste management corporation serving 68 municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 20 member communities, ecomaine creates electricity through its processing of waste and also 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.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

F. Jointly Governed Organization, Continued

Selected balance sheet information for ecomaine for the year ended June 30, 2022 includes total assets of \$70,688,532, and total liabilities and deferred inflows of resources of \$26,359,339 and unrestricted net position of \$13,354,272. The liabilities include an accrual for landfill closure and postclosure care amounting to \$17,442,939. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2022 and a projected closing date. The separate audited financial statements of ecomaine may be obtained at their administrative office: ecomaine, 64 Blueberry Road, Portland, Maine 04102.

G. Fund Balances

The Town has a written fund balance policy which authorizes funds in excess of the Town's required minimum unassigned fund balance of two months (or 16.7%) of operating expenditures to be appropriated for "one-time" capital or non-operating uses. The Town also reserves \$1,000,000 in addition to that amount for future capital expenditures. The Town has no formal revenue spending policy for programs with multiple revenue sources. The Town generally uses resources in the following hierarchy unless otherwise directed by Statute or Council: bond proceeds, federal and state funds, local non-Town funds, Town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly, unassigned fund balance.

As of June 30, 2022, fund balance components consisted of the following:

<u>Fund</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Unassigned</u>
General:				
Prepaid items	\$ 28,532	-	-	-
Inventories	330	-	-	-
Education	-	2,659,429	-	-
Other	-	-	-	13,801,021
West Falmouth TIF	-	2,657,899	-	-
Route 1 North TIF	-	4,647,176	-	-
Other Governmental:				
Capital projects	-	7,552	2,461,934	(382,393)
Perpetual care	9,648	-	-	(464)
TIF Districts	-	2,595,947	-	-
Education	-	189,446	554,008	(209,479)
General government	-	-	274,922	-
Public safety	-	5,664	81,452	-
Public works	-	-	598,880	-
Community programs	-	-	405,491	-
Non-departmental	-	-	-	(743)
Total	\$ 38,510	12,763,113	4,376,687	13,207,942

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

H. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and financed purchases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town's net investment in capital assets was calculated as follows at June 30, 2022:

	Governmental activities	Business-type activities
Capital assets	\$ 169,899,608	35,448,344
Accumulated depreciation	(65,207,042)	(17,730,506)
Bonds/notes payable and premiums	(36,940,189)	(1,620,000)
Deferred outflows related to refunding of debt	1,403,979	-
Unspent bond proceeds	7,552	-
Total net investment in capital assets	\$ 69,163,908	16,097,838

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association.

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities that should be recorded at June 30, 2022. There have been no significant reductions in the commercial coverage from the prior year and no settlements have exceeded insurance coverage in any of the past three years.

The School Department is exposed to various risks of loss related to tort, theft of, damage to and destruction of assets, errors, and omissions, and natural disasters for which the department either carries commercial insurance, or is self-insured. The Department participates in a public entity risk pool sponsored by Maine School Management Association (MSMA) for unemployment compensation coverage. Based on the coverage provided by this pool, as well as provided by commercial insurance purchased, the School Department is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2022.

The School Department also maintains an account for unemployment compensation, which amounted to \$51,067 at June 30, 2022 to cover any potential claim liability that might occur. As of the date of this report, there are no unpaid claims outstanding, nor is the School Department aware of any potential claims that have been incurred yet remains unreported at June 30, 2022.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

B. 401(a) Retirement Plan

The School Department contributes to the ICMA-RC 401(a) Governmental Defined Contribution Plan & Trust (ICMA-RC), a defined contribution pension plan, for its full-time employees that are not part of the Maine Public Employees Retirement System. ICMA-RC also administers the plan.

Benefit terms, including contribution requirements, for ICMA are established and may be amended by the School Board. For each employee in the pension plan, the School Department is required to match contributions up to 7% of an employee's compensation for the year. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended June 30, 2022, employee contributions totaled \$9,974 and the School Department recognized pension expense of \$14,371.

Employees are immediately vested in their own as well as School Department contributions and earnings on those contributions. There is no forfeiture provision for this pension plan.

C. 457 Retirement Plan

The School Department contributes to the ICMA-RC 457 Governmental Deferred Compensation Plan & Trust (ICMA-RC), a defined contribution pension plan, for its full-time employees that are not part of the Maine Public Employees Retirement System. ICMA-RC also administers the plan.

Benefit terms, including contribution requirements, for ICMA are established and may be amended by the School Board. For each employee in the pension plan, the School Department is required to match contributions up to 7% of an employee's compensation for the year. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended June 30, 2022, employee contributions totaled \$16,652 and the School Department recognized pension expense of \$21,328.

Employees are immediately vested in their own as well as School Department contributions and earnings on those contributions. There is no forfeiture provision for this pension plan.

D. Tax Increment Financing Districts and Tax Abatements

The Town has designated four Tax Increment Financing (TIF) Districts: the Route One North TIF District, the Route One South TIF District, the Oceanview Natural Gas TIF, and the West Falmouth Crossing TIF District. The Town has adopted a development program for each of these TIF districts under applicable State of Maine statutes. The TIFs are reported as special revenue funds for financial reporting purposes. The TIFs allow the Town to "capture" the increase in assessed value resulting from development within the districts and dedicate the increased property taxes it receives in future years generated by the "captured" assessed value to the payment of the costs of the development program.

	West Falmouth TIF	Rte. One North TIF	Rte. One South TIF	Oceanview Natural Gas TIF
Original assessed value	\$ 1,147,700	12,166,300	24,184,300	10,903,600
Captured value for year ended 6/30/22	59,657,600	30,404,000	70,428,800	42,370,600
Captured taxes	1,052,554	544,142	1,236,833	738,520

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

D. Tax Increment Financing Districts and Tax Abatements, Continued

The Town of Falmouth enters into tax abatement agreements with local businesses located within Tax Increment Financing Districts pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, by action of the Town Council. Under the Statute, the Town may grant tax abatements to a business' tax bill for the purpose of attracting or retaining businesses within the TIF District. The abatements may be granted to any business located within or promising to relocate to the Town TIF District. For the fiscal year ended June 30, 2022, the Town abated property taxes totaling \$377,010 under this program, for the following tax abatement agreements:

Tax abatements to a developer consisting of a 50% property tax abatement plus additional incentives. This abatement was provided as an incentive to the developer to construct the Northbrook Office Park in the Route One North TIF District and to relocate a prime tenant to the office park who would locate their truck fleet at the facility. The abatement amounted to \$47,801.

A 31.28% property tax abatement to a developer to construct the West Falmouth Crossing Shopping Center in the West Falmouth Crossing TIF District. The abatement amounted to \$329,209 in FY2022.

E. New Pronouncement and Restatement of Net Position

For the fiscal year ended June 30, 2022, the Town has implemented Government Accounting Standards Board (GASB) *Statement No. 87 – Leases*. As a result of implementing GASB Statement No. 87, the beginning balances of lease receivable and deferred inflows of resources have been increased by \$252,035 in the governmental funds. As of June 30, 2021, there was no effect on fund balance or net position due to the implementation of GASB Statement No. 87.

In the current year, management determined that \$362,752 of school equipment had been over-depreciated in prior years.

Additionally, in the current year, management chose to begin proportionately allocating the pension and other postemployment benefit liabilities to the Wastewater fund based on the number of employees in that department. As such, a portion of the June 30, 2021 net pension and OPEB liabilities and the related deferred outflows and inflows of resources have been reclassified from the governmental activities to the Wastewater fund.

Furthermore, it was determined that certain errors were made in past debt related calculations and pension and OPEB calculations. As such, pension and OPEB amounts have been restated to correct for those errors.

Lastly, there were several receivables/revenues which were improperly recognized in the prior year. Fund balance and net position have been adjusted to correct these ineligible receivables.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

E. New Pronouncement and Restatement of Net Position, Continued

	Governmental Activities	Total Governmental Funds	General Fund	Business- Type Activities	Wastewater
Net position/fund balance, as previously reported	\$ 86,456,845	26,621,886	15,071,154	20,776,942	20,776,942
Reallocation of OPEB and pension to enterprise fund	250,104	-	-	(250,104)	(250,104)
Over-depreciated assets	362,752	-	-	-	-
Correction of deferred charge on refunding and accrued interest calculations	299,728	-	-	-	-
Ineligible receivables	(154,399)	(154,399)	(154,399)	-	-
Other OPEB and pension calculation adjustments	(1,007,612)	-	-	-	-
Net position/fund balance, as restated	\$ 86,207,418	26,467,487	14,916,755	20,526,838	20,526,838

F. Leases

During the current fiscal year, the Town leased cell tower space to a third party. The lease matures in 2031 and the Town will receive monthly payments of \$2,608, which is adjusted for inflation based on the CPI index each year. The Town recognized \$22,106 in lease revenue and \$6,625 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the Town's receivable for lease payments was \$229,929. Also, the Town has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$225,032.

G. Other Postemployment Benefits (OPEB)

General Information about the OPEB Plans

The Town contributes to four post-employment defined benefit plans, (1) the Town's retiree health plan (Town Plan), (2) the Maine Public Employees Retirement System State Employee and Teacher Group Term Life Plan (School Life Plan), (3) the Maine Public Employees Retirement System Participating Local District Life Plan (Town Life Plan) and (4) the School Department's retiree health plan (School Plan). As of the year ended June 30, 2022, the Town had the following balances reported in the government-wide financial statements:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB (Gain) Expense
Town Health Plan	\$ 1,306,359	131,045	99,195	69,547
School Life Insurance Plan	-	-	-	99,755
Town Life Insurance Plan	137,380	23,915	111,630	(28,445)
School Health Plan	4,430,504	601,286	483,932	219,126
Total	\$ 5,874,243	756,246	694,757	359,983

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

Life Insurance 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.maineipers.org.

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.

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 - Premiums total \$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 \$1,165 for the year ended June 30, 2022.

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 \$99,755 for the year ended June 30, 2022. 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, 2021, and the net OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as 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.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

PLD OPEB Plan - At June 30, 2022, the Town reported a liability of \$137,380 for its proportionate share of the net OPEB liability. At June 30, 2021, the Town's proportion was 1.3307%.

SET OPEB Plan - At June 30, 2022, 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 \$425,844 as of June 30, 2022. At June 30, 2021, the Town's proportion was 0.00%.

For the year ended June 30, 2022, the Town recognized OPEB gain of \$26,636 for governmental activities and a OPEB gain of \$1,809 for business-type activities for the PLD OPEB Plan. For the year ended June 30, 2022, the Town recognized OPEB expense of \$99,755 and revenues of \$99,755 for support provided by the State related to the SET OPEB Plan. At June 30, 2022, the Town reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB Plan.

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB Plan from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>
Differences between expected and actual experience	\$ 14,537	-	987	-
Changes of assumptions	-	65,046	-	4,418
Net difference between projected and actual earnings on pension plan investments	-	39,484	-	2,682
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,766	-	460	-
Town contributions subsequent to the Measurement date	1,091	-	74	-
Total	\$ 22,394	104,530	1,521	7,100

An amount of \$1,091 for governmental activities and \$74 for business-type activities is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

Year Ended June 30:	Governmental Activities	Business-type Activities
2023	\$ (27,172)	(1,846)
2024	(16,518)	(1,122)
2025	(22,320)	(1,516)
2026	(24,676)	(1,676)
2027	3,730	254
Thereafter	3,729	253

Actuarial Assumptions - The net OPEB liability in the June 30, 2021 actuarial valuations was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	PLD OPEB Plan	SET OPEB Plan
Inflation	2.75%	2.75%
Salary increases	2.75% - 11.48%	2.80%-13.03
Investment rate of return	6.50%	6.50%

Mortality rates for the PLD Plan were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model. Mortality rates for the SET Plan were based on 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2016 to June 30, 2020 and the economic assumptions are based on this experience study along with advice of the MPERS investment consultants.

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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	15.0%	3.0%
U.S. government securities	10.0%	2.3%

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

Discount Rate - The rate used to measure the net OPEB liabilities for the PLD and SET OPEB plans was 6.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 6.50%, 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 (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 203,932	137,380	83,990

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

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

Town Health Plan

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

Benefits Provided - MMEHT provides healthcare 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.

Employees Covered by Benefit Terms – At January 1, 2022, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employee entitled to but not yet receiving benefits	-
Active employees	93
Total	<u>101</u>

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

Contributions - Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the Town makes no actual contributions.

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

The Town's total Health Plan OPEB liability of \$1,306,359 was measured as of January 1, 2022, and was determined by an actuarial valuation as of that date. \$83,084 has been allocated to the business-type activities and \$1,223,275 has been allocated to the governmental activities.

Changes in the Total Health Plan OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 1,372,806
Changes for the year:	
Service cost	66,035
Interest	30,117
Changes of benefit terms	-
Differences between expected and actual experience	(109,796)
Changes in assumptions or other inputs	(16,141)
Benefit payments	(36,662))
Net changes	(66,447)
Balance at June 30, 2022	\$ 1,306,359

Change in assumptions reflects a change in the discount rate from 2.12% to 2.06%.

For the year ended June 30, 2022, the Town recognized OPEB expense of \$65,124 for the business-type activities and \$4,423 for the governmental activities related to the Health Plan. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

		Governmental Activities		Business-type Activities	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	92,886	-	6,309
Changes of assumption or other inputs		100,921	-	6,854	-
Contributions subsequent to measurement		21,789	-	1,481	-
Total	\$	122,710	92,886	8,335	6,309

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

An amount of \$21,789 for governmental activities and an amount of \$1,481 for business-type activities is reported as deferred outflows of resources related to the Health Plan OPEB 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Governmental Activities	Business-type Activities
2023	\$ 9,665	656
2024	9,665	656
2025	9,665	656
2026	(920)	(62)
2027	10,604	720
Thereafter	(30,644)	(2,081)

The total OPEB liability in the January 1, 2022 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	2.40% per annum
Salary increases	2.75% per annum
Discount rate	2.06% per annum
Healthcare cost trend rates	8.60% for 2022, decreasing to 3.53% for 2042
Retirees' share of the benefit related costs	5%-100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the 2010 Public Plan General Benefits Weighted Healthy Retiree Mortality Table, respectively for males and females.

The actuarial assumptions used in the January 1, 2022 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2016 through June 30, 2020.

Discount Rate - The rate used to measure the total OPEB liability for the Health Plan was 2.06%. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability related to the Health Plan calculated using the discount rate of 2.06%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.06%) or 1 percentage-point higher (3.06%) than the current rate:

	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB liability	\$ 1,514,460	1,306,359	1,136,730

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

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

		Healthcare Cost Trend Rates	
	1% Decrease		1% Increase
Total OPEB liability	\$ 1,119,290	1,306,359	1,544,057

School Health Plan

General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	103
Inactive employee entitled to but not yet receiving benefits	-
Active employees	327
Total	<u>430</u>

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

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

The Town's total OPEB liability of \$4,430,504 was measured as of June 30, 2021, and was determined by applying roll forward procedures to an actuarial valuation as of June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 4,256,696
Changes for the year:	
Service cost	122,683
Interest	95,881
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	37,396
Benefit payments	<u>(82,152)</u>
Net changes	<u>173,808</u>
Balance at June 30, 2022	\$ <u>4,430,504</u>

Change in assumptions reflects a change in the discount rate from 2.21% to 2.16%.

For the year ended June 30, 2022, The Town recognized OPEB expense of \$219,126. At June 30, 2022, The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumption or other inputs	\$ -	483,932
Differences between expected and actual experience	506,568	-
Town contributions subsequent to the measurement date	<u>94,718</u>	<u>-</u>
Total	\$ <u>601,286</u>	<u>483,932</u>

\$94,718 is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

Year ended June 30:	
2023	\$ 562
2024	561
2025	34,913
2026	(9,372)
2027	(9,372)
Thereafter	5,344

Actuarial Assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	2.75% per year
Discount rate	2.16% per annum
Healthcare cost trend rates - Pre-Medicare	6.21% for 2020 grading over 18 years to 3.25%
Healthcare cost trend rates – Medicare	0.00% for 2021 grading over 18 years to 3.25%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

Mortality rates were based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table.

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

Discount Rate - The rate used to measure the total OPEB liability was 2.16% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability calculated using the discount rate of 2.16%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.16%) or 1 percentage-point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 5,274,639	4,430,504	3,756,261

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

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

		Healthcare Cost Trend Rates	
	1% Decrease		1% Increase
Total OPEB liability	\$ 3,647,600	4,430,504	5,445,032

H. Maine Public Employees Retirement System

General Information about the Pension Plan

The Town contributes to two defined benefit pension plans, (1) the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and (2) the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan). As of the year ended June 30, 2022, the Town had the following balances reported in the government-wide financial statements:

		Net Pension Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Gain)
PLD Plan	\$	(309,738)	2,239,716	4,221,849	47,057
SET Plan		224,821	1,234,725	307,601	4,087,092
Total	\$	(84,917)	3,474,441	4,529,450	4,134,149

Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.maineopers.org.

Benefits Provided - The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SET 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) or by statute (SET).

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 FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

H. Maine Public Employees Retirement System, Continued

PLD Plan - Employees are required to contribute 5.00% to 9.7% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2022, was 10.3% of annual payroll for the regular plan and 13.4% of annual payroll for the special plan. Contributions to the pension plan from the Town were \$847,432 for the year ended June 30, 2022.

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, 2022, was 18.13% of annual payroll of which 3.84% of payroll was required from the Town and 14.29% was required from the State. Contributions to the pension plan from the Town were \$844,383 for the year ended June 30, 2022.

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, 2021, 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, 2022, the Town reported an asset of \$309,738 for its proportionate share of the net pension asset. At June 30, 2021, the Town's proportion of the PLD Plan was 0.9638%.

SET Plan - At June 30, 2022, 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	\$ 224,821
State's proportionate share of the net pension liability	
associated with the Town	<u>13,082,749</u>
Total	<u>\$ 13,307,570</u>

At June 30, 2021, the Town's proportion of the SET Plan was 0.0266%.

For the year ended June 30, 2022, the Town recognized a pension expense of \$44,064 for the governmental activities and a pension expense of \$2,993 for the business-type activities for the PLD Plan. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD plan from the following sources:

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

H. Maine Public Employees Retirement System, Continued

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>
Differences between expected and actual experience	\$ 167,907	-	11,404	-
Changes of assumptions	973,927	-	66,149	-
Net difference between projected and actual earnings on pension plan investments	-	3,953,339	-	268,510
Changes in proportion and differences between Town contributions and proportionate share of contributions	161,901	-	10,996	-
Town contributions subsequent to the Measurement date	793,535	-	53,897	-
Total	\$ 2,097,270	3,953,339	142,446	268,510

\$793,535 for governmental activities and \$53,897 for business-type activities is reported as deferred outflows of resources related to the PLD Plan resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>June 30:</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
2023	\$ (354,041)	(24,046)
2024	(297,087)	(20,178)
2025	(899,921)	(61,122)
2026	(1,098,555)	(74,615)

For the year ended June 30, 2022, the Town recognized pension expense of \$4,087,092 for the SET Plan with revenue of \$3,142,247 for support provided by the State. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the SET Plan from the following sources:

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

H. Maine Public Employees Retirement System, Continued

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ -	1,264
Changes of assumptions	153,281	-
Net difference between projected and actual earnings on pension plan investments	-	306,337
Changes in proportion and differences between Town contributions and proportionate share of contributions	237,061	-
Town contributions subsequent to the measurement date	844,383	-
Total	\$ 1,234,725	307,601

\$844,383 is reported as deferred outflows of resources related to the SET plan resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2023. 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:

2023	\$ 98,773
2024	138,939
2025	(69,586)
2026	(85,385)

Actuarial Assumptions - The total pension liability in the June 30, 2021 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% - 11.48%	2.80% - 13.03%
Investment return, per annum, compounded annually	6.50%	6.50%
Cost of living benefit increases, per annum	1.91%	2.20%

Mortality rates for the PLD Plan were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model. Mortality rates for the SET Plan were based on 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2016 to June 30, 2020 and the economic assumptions are based on this experience study along with advice of the MPERS investment consultants.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

H. Maine Public Employees Retirement System, Continued

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. 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, 2021 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%
U.S. 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%	7.2%
Diversifiers	10.0%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.5% for the PLD Plan and 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 6.50% for the PLD Plan and 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 (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 4,407,757	(309,738)	(4,211,729)
 <u>SET Plan</u>	 1% Decrease <u>(5.50%)</u>	 Current Discount Rate <u>(6.50%)</u>	 1% Increase <u>(7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 590,404	224,821	(79,565)

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, 2022.

TOWN OF FALMOUTH, MAINE
Required Supplementary Information

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 66,035	57,376	40,900	45,450	42,665
Interest	30,117	35,111	45,517	39,916	38,339
Changes of benefit terms	-	-	(25,899)	-	-
Differences between expected and actual experience	(109,796)	-	(77,056)	-	124,166
Changes of assumptions or other inputs	(16,141)	74,016	205,583	(98,456)	(33,740)
Benefit payments	(36,662)	(35,252)	(33,204)	(31,927)	(24,369)
Net change in total OPEB Liability	(66,447)	131,251	155,841	(45,017)	147,061
Total OPEB liability - beginning	1,372,806	1,241,555	1,085,714	1,130,731	983,670
Total OPEB liability - ending	\$ 1,306,359	1,372,806	1,241,555	1,085,714	1,130,731
Covered-employee payroll	\$ 6,028,177	5,546,727	5,044,751	5,044,751	5,044,751
Total OPEB liability as a percent of covered-employee payroll	21.7%	24.7%	24.6%	21.5%	22.4%

*Only five years of information available.

TOWN OF FALMOUTH, MAINE
Required Supplementary Information, Continued

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability				
Service cost	\$ 122,683	68,791	59,240	62,472
Interest	95,881	166,986	170,485	161,596
Changes of benefit terms	-	(500,909)	-	-
Differences between expected and actual experience	-	709,194	-	-
Changes of assumptions or other inputs	37,396	(812,012)	265,705	(206,101)
Benefit payments	(82,152)	(153,495)	(125,511)	(121,173)
Net change in total OPEB Liability	173,808	(521,445)	369,919	(103,206)
Total OPEB liability - beginning	4,256,696	4,778,141	4,408,222	4,511,428
Total OPEB liability - ending	\$ 4,430,504	4,256,696	4,778,141	4,408,222
Covered-employee payroll	\$ 15,293,071	14,920,069	15,248,183	14,840,081
Total OPEB liability as a percent of covered-employee payroll	29.0%	28.5%	31.3%	29.7%

*Only four years of information available.

TOWN OF FALMOUTH, MAINE
Required Supplementary Information, Continued

Schedule of Town's Proportionate Share of the Net OPEB Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>PLD Plan</u>					
Town's proportion of the net OPEB liability	1.33%	1.25%	1.29%	1.30%	1.38%
Town's proportionate share of the net OPEB liability	\$ 137,380	165,072	276,101	262,474	222,163
Town's covered payroll	6,186,315	4,567,775	5,053,399	4,907,936	4,645,209
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	2.22%	3.61%	5.46%	5.35%	4.78%
Plan fiduciary net position as a percentage of the total OPEB liability	67.26%	55.40%	43.18%	43.92%	47.42%
<u>SET Plan</u>					
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the Town	425,844	873,218	816,679	786,690	752,176
Total	\$ 425,844	873,218	816,679	786,690	752,176
Plan fiduciary net position as a percentage of the total OPEB liability	62.90%	49.51%	49.22%	48.04%	47.29%

* Only five years of information available.

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

Schedule of Town OPEB Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>PLD OPEB Plan</u>					
Contractually required contribution	\$ 1,165	1,761	921	1,431	1,607
Contributions in relation to the contractually required contribution	(1,165)	(1,761)	(921)	(1,431)	(1,607)
Contribution deficiency (excess)	\$ -	-	-	-	-
Town's covered payroll	\$ 7,499,601	6,186,315	4,567,775	5,053,399	4,907,936
Contributions as a percentage of covered payroll	0.02%	0.03%	0.02%	0.03%	0.03%

* Only five years of information available.

TOWN OF FALMOUTH, MAINE
Required Supplementary Information, Continued

Schedule of Town's Proportionate Share of the Net Pension Liability (Asset)
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>PLD Pension Plan</u>								
Town's proportion of the net pension liability (asset)	0.96%	0.89%	0.87%	0.89%	0.89%	0.83%	0.81%	0.83%
Town's proportionate share of the net pension liability (asset)	\$ (309,738)	3,553,520	2,671,319	2,437,964	3,657,215	4,408,796	2,594,797	1,274,581
Town's covered payroll	6,186,315	4,567,775	5,053,399	4,907,936	4,645,209	4,252,672	4,150,350	3,881,506
Town's proportionate share of net pension liability (asset)								
as a percentage of its covered payroll	-5.01%	77.80%	52.86%	49.67%	78.73%	103.67%	62.52%	32.84%
Plan fiduciary net position as a percentage of the total pension liability	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	88.30%
<u>SET Pension Plan</u>								
Town's proportion of the net pension liability	0.027%	0.136%	0.006%	0.009%	0.009%	0.005%	0.007%	0.004%
Town's proportionate share of the net pension liability	\$ 224,821	22,182	22,182	125,174	126,661	90,488	98,829	43,537
State's proportionate share of the net pension liability associated with the Town	13,082,749	25,481,134	25,481,134	20,396,885	21,731,558	25,678,122	19,059,269	14,865,081
Total	\$ 13,307,570	25,503,316	25,503,316	20,522,059	21,858,219	25,768,610	19,158,098	14,908,618
Town's covered payroll	\$ 21,287,161	\$ 21,271,810	19,762,114	18,667,414	18,192,280	17,118,347	16,284,832	15,456,627
Town's proportion share of the net pension liability as a percentage of its covered payroll	1.06%	0.10%	0.11%	0.67%	0.70%	0.53%	0.61%	0.28%
Plan fiduciary net position as a percentage of the total pension liability	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

* Only eight years of information available.

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

TOWN OF FALMOUTH, MAINE
Required Supplementary Information, Continued

Schedule of Town Pension Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD)
Last 10 Fiscal Years*

		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan</u>									
Contractually required contribution	\$	847,432	655,455	475,405	532,000	494,307	457,951	388,217	328,128
Contributions in relation to the contractually required contribution		(847,432)	(655,455)	(475,405)	(532,000)	(494,307)	(457,951)	(388,217)	(328,128)
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-	-
<u>SET Plan</u>									
Contractually required contribution	\$	844,383	885,529	944,768	784,511	741,891	611,261	575,212	431,548
Contributions in relation to the contractually required contribution		(844,383)	(885,529)	(944,768)	(784,511)	(741,891)	(611,261)	(575,212)	(431,548)
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-	-
Town's covered payroll	\$	7,499,601	6,186,315	4,567,775	5,053,399	4,907,936	4,645,209	4,252,672	4,150,350
Contributions as a percentage of covered payroll		11.30%	10.60%	10.41%	10.53%	10.07%	9.86%	9.13%	7.91%
Town's covered payroll	\$	21,989,133	21,287,161	21,271,810	19,762,114	18,667,414	18,192,280	17,118,347	16,284,832
Contributions as a percentage of covered payroll		3.84%	4.16%	4.44%	3.97%	3.97%	3.36%	3.36%	2.65%

* Only eight years of information available.

TOWN OF FALMOUTH, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate - PLD	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.250%	7.25%
Discount rate - SET	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases - PLD	2.75%-11.48%	2.75% + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases - SET	2.80%-13.03%	2.75% + merit	2.75-14.50%	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases - PLD	1.91%	1.91%	1.91%	1.91%	2.20%	2.55%	3.12%	3.12%
Cost of living increases - SET	2.20%	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. From 2016 to 2020, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table. Starting in 2021, mortality rates were based on the 2010 Public Plan General Benefits (PLD) and Teacher Benefits (SET) Weighted Healthy Retiree Mortality Tables.

Net OPEB Liability

Changes of Benefit Terms - None

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate - SET	6.50%	6.75%	6.75%	6.75%	6.875%
Discount rate - PLD	6.50%	6.75%	4.98%	5.13%	5.41%

Mortality rates:

In 2017, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table. Starting in 2021, mortality rates were based on the 2010 Public Plan General Benefits (PLD) and Teacher Benefits (SET) Weighted Healthy Retiree Mortality Tables.

Total OPEB Liability

Changes of Benefit Terms - Change for MEABT plan in 2021 due to addition of Medicare Advantage Plan.

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

	<u>2021</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate - MMEHT Health Plan	2.06%	2.12%	2.12%	4.10%	3.44%	3.78%
Discount rate - MEABT Health Plan	2.16%	2.21%	2.21%	3.87%	3.58%	N/A

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

Mortality rates:

In 2017-2020, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table. Starting in 2021, mortality rates were based on the 2010 Public Plan General Benefits (MMEHT) and Teacher Benefits (MEABT) Weighted Healthy Retiree Mortality Tables.

Other Information - There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

** 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.*

OTHER GOVERNMENTAL FUNDS

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TOWN OF FALMOUTH, MAINE
Other Governmental Funds
Combining Balance Sheet
June 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 182,182	-	9,684	191,866
Accounts receivable	32,985	269,891	-	302,876
Due from other governments	672,025	-	-	672,025
Due from other funds	4,094,228	2,558,318	-	6,652,546
Inventory	38,233	-	-	38,233
Total assets	5,019,653	2,828,209	9,684	7,857,546
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	122,806	741,116	-	863,922
Accrued payroll	85,211	-	-	85,211
Due to other funds	316,048	-	500	316,548
Total liabilities	524,065	741,116	500	1,265,681
Fund balances:				
Nonspendable	-	-	9,648	9,648
Restricted	2,791,057	7,552	-	2,798,609
Committed	1,914,753	2,461,934	-	4,376,687
Unassigned	(210,222)	(382,393)	(464)	(593,079)
Total fund balances	4,495,588	2,087,093	9,184	6,591,865
Total liabilities and fund balances	\$ 5,019,653	2,828,209	9,684	7,857,546

TOWN OF FALMOUTH, MAINE
Other Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Other Governmental Funds
Revenues:				
Taxes	\$ 1,975,353	-	-	1,975,353
Intergovernmental	2,009,901	525,120	-	2,535,021
Charges for services	2,637,357	-	-	2,637,357
Investment income	-	-	5	5
Miscellaneous	390,554	480,933	-	871,487
Total revenues	7,013,165	1,006,053	5	8,019,223
Expenditures:				
General government	247,378	-	-	247,378
Public safety	133,549	-	-	133,549
Public works	716,750	-	-	716,750
Community development	355,958	-	-	355,958
Community programs and parks	986,064	-	-	986,064
Education	1,773,526	-	-	1,773,526
Food service	1,175,512	-	-	1,175,512
Non-departmental	5,115	-	-	5,115
Debt service:				
Principal	590,000	-	-	590,000
Interest	94,075	-	-	94,075
Bond issuance costs	69,278	-	-	69,278
Capital outlay:				
Capital improvements	321,974	1,297,172	-	1,619,146
Total expenditures	6,469,179	1,297,172	-	7,766,351
Excess (deficiency) of revenues over (under) expenditures	543,986	(291,119)	5	252,872
Other financing sources (uses):				
Transfers In	276,100	919,000	-	1,195,100
Transfers out	(20,000)	(12,800)	-	(32,800)
Total other financing sources (uses)	256,100	906,200	-	1,162,300
Net change in fund balances	800,086	615,081	5	1,415,172
Fund balances - beginning of year	3,695,502	1,472,012	9,179	5,176,693
Fund balances - end of year	\$ 4,495,588	2,087,093	9,184	6,591,865

CAPITAL PROJECTS FUND

TOWN OF FALMOUTH, MAINE
Capital Projects Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2022

	Balances (deficits) beginning of year	Revenues		Expenditures	Transfers in (out)	Balances (deficits) end of year
		Inter- governmental	Other			
Town projects:						
311 Food pantry	\$ 1,189	-	-	-	-	1,189
312 Town hall office	51,873	-	-	3,161	13,000	61,712
313 General government renovation	19,012	-	-	13,973	45,000	50,039
315 General government vehicles	11,858	-	-	-	-	11,858
318 Computers	55,764	-	-	9,472	110,000	156,292
319 Cable TV	104,452	-	1,065	4,186	-	101,331
322 Police small equipment	13,277	12,076	-	26,638	16,000	14,715
323 Police vehicles	23,468	-	16,725	115,190	122,800	47,803
324 PD communications	31,867	-	300,000	-	-	331,867
325 Harbor equipment	48,770	-	-	6,722	-	42,048
326 Fire department building	244,314	269,891	-	336,754	50,000	227,451
327 Fire department equipment	177,136	-	-	256,428	198,000	118,708
328 Public works building and equipment	64,612	-	-	56,055	45,000	53,557
329 Public works heavy equipment	185,031	-	-	28,332	180,200	336,899
330 Public works streets	197,563	-	148,880	277,117	60,000	129,326
332 Transfer station equipment	43,414	-	-	15,813	-	27,601
334 Parks renovation	266,255	-	-	80,251	45,000	231,004
335 Parks equipment	33,766	-	-	26,695	(3,800)	3,271
337 Community center	70,809	-	-	-	25,000	95,809
339 Community program vehicles	7,262	-	-	-	-	7,262
341 Open spaces	155,473	243,153	-	6,203	-	392,423
342 Capital street lights	25,425	-	-	5,656	-	19,769
343 Library Expansion	21,815	-	14,263	28,526	-	7,552
Total town capital projects	1,854,405	525,120	480,933	1,297,172	906,200	2,469,486
School projects:						
0400 Capital project reserve	(69,938)	-	-	-	-	(69,938)
0401 HS/MS security entrances	(312,455)	-	-	-	-	(312,455)
Total school capital projects	(382,393)	-	-	-	-	(382,393)
Total capital projects fund	\$ 1,472,012	525,120	480,933	1,297,172	906,200	2,087,093

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NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are restricted or committed to expenditure for particular purposes.

Town Special Revenue Funds – This fund is used to account for unbudgeted self-sustaining municipal programs.

Oceanview Natural Gas TIF – This fund is used to account for the development and expansion of natural gas near the OceanView retirement community.

Route 1 South TIF – This fund is used to account for approved economic development projects along the south bound side of Route 1 in the Town of Falmouth, Maine.

School Special Revenue Funds – This fund is used to account for various Federal and State categorical grants for special programs administered by the School Department. This fund also accounts for various other non-grant funded self-sustaining school department programs.

School Lunch Program – This fund is used to account for the School lunch program administered by the School Department.

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TOWN OF FALMOUTH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2022

	Town Special Revenue Funds	Oceanview Natural Gas TIF	Route 1 South TIF	School Special Revenue Funds	School Lunch Program	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and cash equivalents	\$ -	-	-	182,182		182,182
Accounts receivable	23,825	-	-	9,160	-	32,985
Due from other governments	-	-	-	605,298	66,727	672,025
Due from other funds	1,479,457	612,182	2,002,589	-	-	4,094,228
Inventory	-	-	-	-	38,233	38,233
Total assets	1,503,282	612,182	2,002,589	796,640	104,960	5,019,653
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	68,052	2,726	451	51,577	-	122,806
Accrued payroll	69,564	8,311	7,336	-	-	85,211
Due to other funds	-	-	-	60,294	255,754	316,048
Total liabilities	137,616	11,037	7,787	111,871	255,754	524,065
Fund balances (deficits):						
Restricted	5,664	601,145	1,994,802	189,446	-	2,791,057
Committed	1,360,745	-	-	554,008	-	1,914,753
Unassigned	(743)	-	-	(58,685)	(150,794)	(210,222)
Total fund balances (deficits)	1,365,666	601,145	1,994,802	684,769	(150,794)	4,495,588
Total liabilities and fund balances	\$ 1,503,282	612,182	2,002,589	796,640	104,960	5,019,653

TOWN OF FALMOUTH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2022

	Town Special Revenue Funds (Schedule 1)	Oceanview Natural Gas TIF	Route 1 South TIF	School Special Revenue Funds (Schedule 2)	School Lunch Program	Total Nonmajor Special Revenue Funds
REVENUES						
Taxes	\$ -	738,520	1,236,833	-	-	1,975,353
Intergovernmental	8,509	-	-	1,013,661	987,731	2,009,901
Charges for services	1,700,309	-	-	622,057	314,991	2,637,357
Miscellaneous	260,569	11,472	75,657	42,856	-	390,554
Total revenues	1,969,387	749,992	1,312,490	1,678,574	1,302,722	7,013,165
EXPENDITURES						
Current:						
General government	247,378	-	-	-	-	247,378
Public safety	133,549	-	-	-	-	133,549
Public works	716,750	-	-	-	-	716,750
Community development	-	203,594	152,364	-	-	355,958
Community programs and parks	986,064	-	-	-	-	986,064
Education	-	-	-	1,773,526	-	1,773,526
Food service	-	-	-	-	1,175,512	1,175,512
Non-departmental	5,115	-	-	-	-	5,115
Debt service:						
Principal	-	-	590,000	-	-	590,000
Interest	-	-	94,075	-	-	94,075
Bond issuance costs	-	-	69,278	-	-	69,278
Capital outlay:						
Capital improvements	-	279,633	42,341	-	-	321,974
Total expenditures	2,088,856	483,227	948,058	1,773,526	1,175,512	6,469,179
Excess (deficiency) of revenues over (under) expenditures	(119,469)	266,765	364,432	(94,952)	127,210	543,986
Other financing sources (uses):						
Transfers in	276,100	-	-	-	-	276,100
Transfers (out)	-	-	(20,000)	-	-	(20,000)
Total other financing sources (uses)	276,100	-	(20,000)	-	-	256,100
Net change in fund balances	156,631	266,765	344,432	(94,952)	127,210	800,086
Fund balances (deficits) - beginning	1,209,035	334,380	1,650,370	779,721	(278,004)	3,695,502
Fund balances (deficits) - ending	\$ 1,365,666	601,145	1,994,802	684,769	(150,794)	4,495,588

SCHEDULES

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TOWN OF FALMOUTH, MAINE
Town Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2022

	Balances (deficits) beginning of year	Revenues		Expenditures	Transfers in (out)	Balances end of year
		Inter- governmental	Other			
General Government:						
Other programs - committed						
210 Employee bottle money	\$ 3,190	-	184	261	-	3,113
211 Wellness	2,979	-	4,999	13,494	9,100	3,584
212 Veterans memorial	9,553	-	-	189	-	9,364
213 General assistance	39,990	-	1,650	6,650	-	34,990
223 Comp plan maps	77,454	-	16,000	60,319	49,000	82,135
224 Property revaluations	213,921	-	-	128,350	20,000	105,571
226 Invasive	1,757	-	-	-	-	1,757
232 Development notices	(1,678)	-	8,200	5,223	-	1,299
234 Town very merry weekend	24,659	-	4,518	19,955	20,000	29,222
239 Short-term rent registration	-	-	16,824	12,937	-	3,887
Total general government	371,825	-	52,375	247,378	98,100	274,922
Public safety:						
Federal/state programs - restricted						
214 Police detail	(11,960)	-	130,726	113,814	-	4,952
237 Community Fire/EMS	-	3,337	-	2,625	-	712
Other programs - committed						
215 Police communication	2,380	-	3,424	4,435	-	1,369
217 EMS scholarships	44,880	-	4,931	2,000	-	47,811
218 Fire EMS detail	24,468	-	18,479	10,675	-	32,272
Total public safety	59,768	3,337	157,560	133,549	-	87,116
Public works:						
Other programs - committed						
219 Street permits	61,578	-	-	-	-	61,578
220 Disposal bags	533,607	-	720,445	716,750	-	537,302
Total public works	595,185	-	720,445	716,750	-	598,880
Community programs and parks:						
Other programs - committed						
227 Parks maintenance	60,039	800	66,594	45,858	50,000	131,575
228 Conservation corp.	5,644	-	750	-	-	6,394
229 Recreation	107,596	-	963,040	938,576	128,000	260,060
231 Sustainability	2,243	-	-	1,630	-	613
236 Trail Maintenance	6,735	-	114	-	-	6,849
Total community programs and parks	182,257	800	1,030,498	986,064	178,000	405,491
Non-departmental:						
Federal/state programs - restricted						
230 CCSP/FEMA	-	4,372	-	5,115	-	(743)
Total non-departmental	-	4,372	-	5,115	-	(743)
Total Town special revenue funds	\$ 1,209,035	8,509	1,960,878	2,088,856	276,100	1,365,666

TOWN OF FALMOUTH, MAINE
School Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2022

	Balances (deficits) beginning of year	Revenues Inter- governmental	Other	Expenditures	Balances (deficits) end of year
Federal and State Grants - Restricted:					
230 Title I Disadvantaged	\$ -	30,052	-	30,052	-
237 MLTI	-	185,895	-	185,895	-
247 Local Entitlement	128,422	433,119	-	561,541	-
251 Preschool Handicapped	-	11,085	-	11,085	-
255 Preschool Handicapped - ARP	-	13,124	-	13,124	-
261 Elementary and Secondary School Emergency Relief III	-	162,663	-	162,663	-
263 Title IV - Student Support and Academic Enrichment	625	10,000	-	10,000	625
264 Elementary and Secondary School Emergency Relief II	-	53,877	-	53,947	(70)
265 Elementary and Secondary School Emergency Relief I	-	3,205	-	3,205	-
266 Coronavirus Relief Fund	(20)	4,540	-	4,530	(10)
267 ARP Learning Loss	-	29,744	-	29,744	-
269 ARPA Childcare	-	61,250	-	19,714	41,536
270 Title IIA Supporting Effective Instruction	-	15,107	-	11,343	3,764
Total federal and state grants - restricted	129,027	1,013,661	-	1,096,843	45,845
Other Programs - Restricted:					
224 Flu clinic reimbursement fund	15,866	-	8,172	13,899	10,139
601 Maine farm to institution innovation grant	32,444	-	-	-	32,444
700 FES - Marcia Brady Tucker Grant	17,646	-	5,000	1,640	21,006
710 Ecomaine recycling grant	4,407	-	-	-	4,407
711 Climate resiliency fellowship grant	746	-	-	-	746
717 FES kindness club	154	-	-	-	154
720 PTO mini grants	(1,069)	-	-	-	(1,069)
721 Dickenson family grant	(154)	-	-	-	(154)
722 STEM and girls in engineering grants	1,618	-	-	867	751
723 Andrea Soule trust	2,579	-	-	-	2,579
725 Upham grant K-2 SEAS program	665	-	-	-	665
800 Casco Bay leadership intitute	5,169	-	-	-	5,169
801 HS Service club	1,608	-	-	1,269	339
802 Hurriacen relief fund	6,486	-	-	-	6,486
803 Safe passage	1,927	-	-	-	1,927
904 FEF grants	1,765	-	9,160	9,160	1,765
910 Lacrosse boosters	(18,908)	-	-	-	(18,908)
912 Football boosters	(531)	-	-	-	(531)
917 Volleyball boosters	(127)	-	-	-	(127)
918 Baseball boosters	550	-	-	-	550
919 Softball boosters	(431)	-	1,318	300	587
920 Girls hockey boosters	1,584	-	-	-	1,584
921 Swimming boosters	15,570	-	7,698	9,336	13,932
950 Lacrosse (AD)	11,777	-	204	6,827	5,154
952 Cross country	-	-	546	546	-
954 Girls soccer	450	-	3,450	630	3,270
955 Field hockey	13,757	-	11,091	11,733	13,115
956 Alpine skiing	(18)	-	-	-	(18)
957 Boys basketball	315	-	-	-	315
959 Ice hockey	2,532	-	-	-	2,532
960 Boys lacrosse	(10,002)	-	-	-	(10,002)
961 Girls lacrosse	(15,727)	-	-	-	(15,727)
964 Girls Tennis	(15)	-	-	-	(15)
982 Music boosters	312	-	4,895	759	4,448
983 MS Musical	(343)	-	3,008	-	2,665
984 Speech and debate	6,475	-	317	-	6,792
Total other programs - restricted	99,077	-	54,859	56,966	96,970

TOWN OF FALMOUTH, MAINE
School Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2022

	Balances (deficits) beginning of year	Revenues		Expenditures	Balances (deficits) end of year
		Inter- governmental	Other		
Other Programs - Committed:					
701 USM mentor training	\$ 18,856	-	-	9,241	9,615
702 Harrogate	37,359	-	7,000	40,649	3,710
703 FEF greenhouse	2,712	-	5,475	-	8,187
704 HS sculpture project	18,875	-	-	-	18,875
705 MEA wellness grant	1,976	-	-	-	1,976
706 FES library fund	737	-	-	-	737
707 Kieve	4,227	-	-	-	4,227
709 Hackathon fund	1,896	-	-	828	1,068
712 Alliance to save energy grant	5,000	-	-	-	5,000
713 FHS art show	1,360	-	-	-	1,360
714 Maine student photography show	330	-	-	-	330
715 Lunt play and learn	10,512	-	-	-	10,512
716 MS French exchange program	2,400	-	-	-	2,400
718 Childcare	21,757	-	341,717	343,102	20,372
726 HS charging station fund	(5,770)	-	-	-	(5,770)
730 Athletics capital fund	48,934	-	-	-	48,934
731 Summer fitness camp	(328)	-	-	-	(328)
735 Turf field	33,128	-	7,337	-	40,465
740 Facilities rental fund	26,202	-	3,913	4,682	25,433
746 Quiz show	554	-	-	-	554
750 Middle school playground	8,953	-	-	-	8,953
751 7th grade local discovery	(5,271)	-	-	-	(5,271)
752 PWD Water Education Grant	-	-	500	300	200
760 Laptop insurance	45,893	-	22,025	40	67,878
762 HS laptop purchases fund	200	-	-	-	200
764 Aeronautics club	1,045	-	-	-	1,045
765 Class of 2020	4,548	-	-	-	4,548
766 Class of 2018	8,248	-	7,549	12,572	3,225
767 Class of 2019	1,679	-	-	1,679	-
785 Discovery pathway	27	-	-	-	27
792 School store	3,125	-	-	-	3,125
900 HS AP testing	(3,732)	-	46,139	41,179	1,228
901 High school summer academy	(476)	-	4,345	4,554	(685)
905 Chinese exchange program	64,705	-	-	-	64,705
908 Chinese exchange program	3,320	-	-	-	3,320
980 Theater boosters	4,502	-	11,211	6,096	9,617
N/A Elementary school student activities	55,072	-	24,971	22,522	57,521
N/A Middle school student activities	27,931	-	19,833	16,435	31,329
N/A High school student activities	101,131	-	108,039	115,838	93,332
Total other programs - committed	551,617	-	610,054	619,717	541,954
Total school special revenue funds	\$ 779,721	1,013,661	664,913	1,773,526	684,769

TOWN OF FALMOUTH, MAINE
School Private-purpose Trusts
Schedule of Changes in Fiduciary Net Position
For the year ended June 30, 2022

		Net Position (deficit)			Net Position (deficit)
		June 30, 2021	Additions	Deductions	June 30, 2022
781	Karen Boffa Camp Scholarship	\$ 75	-	-	75
782	Stetson Memorial Fund	440	-	-	440
783	Class of 1995 Scholarship	-	2,500	1,500	1,000
784	Clayton Thomas Scholarship	(1,074)	-	-	(1,074)
787	Class of 1971 Scholarship	8,900	-	6,300	2,600
788	Leola West Scholarship	34,887	151	834	34,204
790	Jim Caldwell Scholarship	579	-	-	579
N/A	Scholarships - other	80,390	17,950	11,541	86,799
Total private purpose trust funds		\$ 124,197	20,601	20,175	124,623

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the Town of Falmouth, Maine's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Tables

Financial Trends

1-4

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

5-7

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

8-11

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

12-13

Operating Information

This schedule contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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Table 1

TOWN OF FALMOUTH, MAINE
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:											
Net investment in capital assets	\$	38,256,352	41,041,245	45,611,250	50,126,899	54,205,024	55,669,414	58,273,002	64,402,620	68,007,569	69,163,908
Restricted		6,251,719	8,483,144	8,172,054	7,183,760	7,292,627	8,165,087	6,722,277	7,730,053	8,549,786	12,765,209
Unrestricted		18,026,092	16,042,959	13,477,736	13,579,352	12,442,430	11,024,638	11,974,749	9,780,253	9,650,063	9,758,408
Total governmental activities net position	\$	62,534,163	65,567,348	67,261,040	70,890,011	73,940,081	74,859,139	76,970,028	81,912,926	86,207,418	91,687,525
Business-type activities:											
Net investment in capital assets	\$	12,175,806	11,938,638	11,954,332	12,719,464	16,347,707	16,765,868	17,084,399	16,673,844	16,287,364	16,097,838
Unrestricted		2,664,461	3,029,652	3,231,839	3,082,322	3,507,536	3,786,436	3,636,031	3,896,449	4,239,474	4,333,785
Total business-type activities net position	\$	14,840,267	14,968,290	15,186,171	15,801,786	19,855,243	20,552,304	20,720,430	20,570,293	20,526,838	20,431,623
Primary government:											
Net investment in capital assets	\$	50,432,158	52,979,883	57,565,582	62,846,363	70,552,731	72,435,282	75,357,401	81,076,464	84,294,933	85,261,746
Restricted		6,251,719	8,483,144	8,172,054	7,183,760	7,292,627	8,165,087	6,722,277	7,730,053	8,549,786	12,765,209
Unrestricted		20,690,553	19,072,611	16,709,575	16,661,674	15,949,966	14,811,074	15,610,780	13,676,702	13,889,537	14,092,193
Total primary government net position	\$	77,374,430	80,535,638	82,447,211	86,691,797	93,795,324	95,411,443	97,690,458	102,483,219	106,734,256	112,119,148

Table 2

TOWN OF FALMOUTH, MAINE
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

		Fiscal Year									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses											
Governmental activities:											
General government	\$	3,401,119	3,789,212	3,922,825	4,830,160	4,498,036	4,431,571	2,853,139	4,781,736	3,413,002	4,519,730
Financial management		1,060,159	978,002	1,049,103	1,204,538	1,121,047	1,193,225	1,238,141	1,307,341	1,301,834	1,321,725
Public safety		3,828,094	4,093,811	4,419,078	4,533,160	4,797,396	4,983,049	5,366,716	5,709,527	6,853,258	7,417,859
Public works		3,270,196	4,236,453	2,957,355	3,209,514	2,750,978	3,492,622	3,660,138	3,837,812	3,726,025	3,857,756
Community development		619,971	578,546	2,069,053	1,279,967	1,915,659	1,766,820	1,292,783	1,399,956	1,526,574	1,762,989
Community programs and parks		948,169	1,080,035	1,270,322	1,329,529	1,459,140	1,576,719	1,674,500	1,555,293	1,485,397	1,769,102
Education		29,224,616	31,460,774	32,903,013	34,427,522	36,324,140	39,033,885	38,702,886	42,020,750	46,887,328	46,095,082
Interest on long-term debt		1,659,562	1,618,608	1,768,827	1,662,539	1,555,660	1,476,582	1,561,000	1,331,087	1,522,026	1,025,702
Total governmental activities expenses		44,011,886	47,835,441	50,359,576	52,476,929	54,422,056	57,954,473	56,349,303	61,943,502	66,715,444	67,769,945
Business-type activities:											
Wastewater treatment		1,991,986	1,896,432	2,051,999	1,952,806	2,259,793	2,566,435	2,583,085	2,816,681	2,703,872	2,955,373
Total business-type activities expenses		1,991,986	1,896,432	2,051,999	1,952,806	2,259,793	2,566,435	2,583,085	2,816,681	2,703,872	2,955,373
Total primary government expenses	\$	46,003,872	49,731,873	52,411,575	54,429,735	56,681,849	60,520,908	58,932,388	64,760,183	69,419,316	70,725,318
Program Revenues											
Governmental activities:											
Charges for services:											
General government	\$	473,858	557,349	389,971	355,760	413,553	229,086	770,637	540,524	891,553	345,606
Financial management		51,160	-	-	53,247	52,396	78,313	76,887	59,582	60,519	43,756
Public safety		747,310	720,216	626,114	662,920	640,104	579,096	605,979	789,231	633,395	634,828
Public works		2,615,975	495,178	510,650	500,059	466,343	518,039	54,898	52,646	71,369	796,550
Community development		-	11,252	33,042	62,507	105,175	194,501	-	-	-	235,918
Community programs and parks		508,819	655,725	546,224	644,853	750,775	816,700	167,305	165,083	227,332	964,906
Education		166,812	234,653	1,128,358	1,209,994	1,501,674	1,386,202	2,096,682	1,734,013	2,080,529	1,058,563
Operating grants and activities		11,241,851	11,707,971	12,357,354	11,872,141	12,207,192	12,335,128	10,802,138	13,534,068	17,583,501	16,817,894
Capital grants and contributions		1,270,929	198,649	241,118	1,237,845	582,792	442,069	594,309	2,088,921	-	1,594,762
Total governmental activities program revenues		17,076,714	14,580,993	15,832,831	16,599,326	16,720,004	16,579,134	15,168,835	18,964,068	21,548,198	22,492,783

Table 2

TOWN OF FALMOUTH, MAINE
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Charges for services:										
Wastewater treatment	\$ 1,932,503	1,692,615	1,750,443	1,767,660	1,918,549	2,004,168	2,012,107	2,089,949	2,381,250	2,332,795
Operating grants and contributions	-	326,673	380,737	340,647	386,185	508,889	201,364	219,553	196,465	526,217
Capital grants and contributions	20,193	-	132,600	-	4,000,000	729,011	522,694	348,542	294,316	-
Total business-type activities program revenues	1,952,696	2,019,288	2,263,780	2,108,307	6,304,734	3,242,068	2,736,165	2,658,044	2,872,031	2,859,012
Total primary government program revenues	\$ 19,029,410	16,600,281	18,096,611	18,707,633	23,024,738	19,821,202	17,905,000	21,622,112	24,420,229	25,351,795
Net (expense)/revenue										
Governmental activities	\$ (28,414,731)	(33,254,448)	(34,526,745)	(35,877,603)	(37,702,052)	(41,375,339)	(41,180,468)	(42,979,434)	(45,167,246)	(45,277,162)
Business-type activities	1,859	122,856	211,781	155,501	4,044,941	675,633	153,080	(158,637)	168,159	(96,361)
Total primary government net expense	\$ (28,412,872)	(33,131,592)	(34,314,964)	(35,722,102)	(33,657,111)	(40,699,706)	(41,027,388)	(43,138,071)	(44,999,087)	(45,373,523)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 27,578,490	32,220,901	32,854,038	34,630,748	36,046,143	37,875,513	40,481,952	41,876,124	42,504,313	44,250,294
Excise taxes	2,384,488	2,911,618	3,040,917	3,138,658	3,224,489	3,396,845	3,560,107	3,651,682	3,906,117	4,043,564
Cable TV franchise fees	209,381	210,542	210,467	211,124	220,144	221,219	229,783	222,802	219,699	217,096
Unrestricted grants and contributions	674,047	796,872	776,762	886,641	941,537	1,089,754	577,940	970,115	2,360,873	2,492,858
Investment earnings	37,596	80,141	94,277	211,542	168,961	137,531	888,714	832,070	62,737	(294,421)
Miscellaneous	230,732	125,013	88,103	175,471	73,404	52,721	1,943,116	971,102	455,056	47,878
Total governmental activities	31,114,734	36,345,087	37,064,564	39,254,184	40,674,678	42,773,583	47,681,612	48,523,895	49,508,795	50,757,269
Business-type activities:										
Investment earnings	-	5,167	6,100	14,933	8,516	21,428	15,046	8,500	38,490	1,146
Total business-type activities	-	-	6,100	14,933	8,516	21,428	15,046	8,500	38,490	1,146
Total primary government	\$ 31,114,734	36,345,087	37,070,664	39,269,117	40,683,194	42,795,011	47,696,658	48,532,395	49,547,285	50,758,415
Change in Net Position										
Governmental activities	2,700,004	3,090,539	2,537,819	3,376,581	2,972,626	1,398,244	6,501,144	5,544,461	4,341,549	5,480,107
Business-type activities	1,859	128,023	217,881	170,434	4,053,457	697,061	168,126	(150,137)	206,649	(95,215)
Total primary government	\$ 2,701,863	3,218,562	2,755,700	3,547,015	7,026,083	2,095,305	6,669,270	5,394,324	4,548,198	5,384,892

Table 2-A

TOWN OF FALMOUTH, MAINE
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(dollar amounts expressed in thousands)

Fiscal Year		Property Tax	Excise Tax	Total
2013	\$	29,682	2,650	32,332
2014		32,221	2,912	35,133
2015		32,854	3,041	35,895
2016		34,631	3,139	37,770
2017		36,046	3,224	39,270
2018		37,876	3,397	41,273
2019		40,482	3,560	44,042
2020		41,876	3,652	45,528
2021		42,504	3,906	46,410
2022		44,250	4,044	48,294

Table 3

TOWN OF FALMOUTH, MAINE											
Fund Balances of Governmental Funds											
Last Ten Fiscal Years											
(modified accrual basis of accounting)											
		Fiscal Year									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund											
Nonspendable	\$	20,011	310,169	308,051	297,332	303,666	303,545	25,925	49,412	16,238	28,862
Restricted		27,110	969,129	785,481	1,048,593	1,109,460	1,116,345	1,274,692	1,767,942	1,863,239	2,659,429
Committed		831,198	-	-	-	-	-	-	-	-	-
Assigned		87,335	-	-	-	622,000	171,600	270,000	365,000	322,000	-
Unassigned		13,266,470	12,007,853	10,578,837	11,081,063	10,578,586	9,923,606	11,067,470	11,525,133	12,715,278	13,801,021
Total general fund	\$	14,232,124	13,287,151	11,672,369	12,426,988	12,613,712	11,515,096	12,638,087	13,707,487	14,916,755	16,489,312
All Other Governmental Funds											
Nonspendable	\$	18,752	23,762	23,762	20,097	34,665	36,573	35,792	36,573	47,881	9,648
Restricted		6,224,010	17,274,179	8,804,120	7,556,379	7,625,911	7,623,628	15,324,216	10,723,884	8,678,659	10,103,684
Committed		4,844,418	6,815,356	5,737,486	5,561,429	4,806,145	4,015,201	2,475,329	1,660,174	2,402,036	4,376,687
Assigned		1,027,392	-	-	-	-	-	1,176,135	1,470,350	1,222,673	-
Unassigned		(94,834)	(15,653)	(277,897)	(75,687)	(106,939)	(383,077)	(484)	(516,932)	(800,517)	(593,079)
Total all other governmental funds	\$	12,019,738	24,097,644	14,287,471	13,062,218	12,359,782	11,292,325	19,010,988	13,374,049	11,550,732	13,896,940

Table 4

TOWN OF FALMOUTH, MAINE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:											
Taxes	\$	33,704,800	35,167,105	35,954,078	37,811,495	39,185,034	41,182,424	44,301,345	45,619,199	46,566,806	48,275,505
Licenses, fees and permits		490,400	617,051	448,332	501,876	595,396	493,179	535,151	540,524	681,900	552,856
Intergovernmental		12,141,113	11,830,853	12,301,393	13,517,559	13,494,737	13,251,035	10,936,331	15,636,325	18,939,790	20,024,486
Charges for services		724,432	2,495,788	2,956,653	3,117,773	3,498,945	3,472,403	2,959,589	2,601,363	2,970,580	3,718,302
Fines and forfeitures		56,568	50,092	48,245	56,607	54,425	54,552	76,887	59,582	60,519	45,303
Investment income (loss)		60,619	80,141	94,277	211,542	168,961	137,531	888,714	832,070	62,737	(294,416)
Miscellaneous		2,192,289	390,554	1,161,945	654,535	310,189	668,639	1,621,850	1,193,904	674,755	928,901
Total revenues		49,370,221	50,631,584	52,964,923	55,871,387	57,307,687	59,259,763	61,319,867	66,482,967	69,957,087	73,250,937
Expenditures:											
General government		1,032,042	1,065,691	1,416,430	1,260,205	1,394,501	1,474,989	1,345,720	1,381,540	1,359,301	1,638,514
Financial management		1,060,159	978,002	1,049,103	1,135,530	1,121,047	1,193,225	1,238,141	1,307,341	1,301,834	1,321,725
Public safety		3,292,596	3,540,345	3,880,849	3,939,272	4,149,690	4,407,316	4,684,265	5,024,281	6,176,972	6,675,146
Public works		2,293,304	2,379,541	2,267,942	2,203,968	2,334,934	2,444,084	2,460,598	2,489,663	2,299,698	2,589,472
Community development		619,971	578,546	1,578,173	1,450,815	1,874,220	1,485,077	1,292,783	1,399,956	1,526,574	1,639,375
Community programs and parks		927,687	1,052,917	1,107,795	1,127,438	1,269,768	1,365,195	1,453,138	1,326,129	1,275,585	1,573,199
Education		28,494,449	29,963,464	31,277,421	32,691,751	34,685,068	36,948,142	35,272,809	38,899,309	43,632,933	43,985,581
Non-departmental		736,554	765,011	992,149	727,422	680,335	770,999	943,262	871,365	899,714	923,144
County tax		1,208,849	1,321,522	1,376,320	1,456,279	1,526,360	1,624,750	1,668,790	1,735,913	1,819,618	1,851,077
Capital Improvements		7,689,360	7,990,066	13,560,125	4,724,975	3,056,619	4,273,429	6,275,492	10,701,746	4,732,241	1,656,411
Debt service:							-				
Principal		3,140,000	3,140,000	3,980,000	3,975,000	3,975,000	3,985,000	3,980,000	4,445,000	4,240,000	4,235,000
Interest		1,554,806	1,488,006	1,874,932	1,701,331	1,604,001	1,539,512	1,350,437	1,468,263	1,354,638	1,174,250
Issuance costs		-	-	-	-	-	-	-	-	-	183,935
Total expenditures		52,049,777	54,263,111	64,361,239	56,393,986	57,671,543	61,511,718	61,965,435	71,050,506	70,619,108	69,446,829
Excess (deficiency) of revenues over (under) expenditures		(2,679,556)	(3,631,527)	(11,396,316)	(522,599)	(363,856)	(2,251,955)	(645,568)	(4,567,539)	(662,021)	3,804,108
Other financing sources (uses)											
Transfers in		13,837,646	2,937,837	3,277,162	2,301,628	1,672,242	18,120,000	9,310,000	-	-	1,195,100
Transfers out		(13,837,646)	(2,937,837)	(3,277,162)	(2,301,628)	(1,672,242)	(20,245,045)	(76,277)	-	-	(1,195,100)
Bonds issued		-	14,400,000	-	1,900,000	-	2,210,927	253,499	-	-	6,000,000
Payment to bond refunding agent		-	-	-	(1,969,008)	-	-	-	-	-	(6,461,328)
Bond premiums		-	421,316	-	120,973	-	2,531,692	5,623,106	5,074,664	4,503,695	575,985
Sale of general capital assets		3,332,054	-	-	-	-	(2,531,692)	(5,623,106)	(5,074,664)	(4,503,695)	-
Total other financing sources (uses)		3,332,054	14,821,316	-	51,965	-	85,882	9,487,222	-	-	114,657
Net change in fund balances	\$	652,498	11,189,789	(11,396,316)	(470,634)	(363,856)	(2,166,073)	8,841,654	(4,567,539)	(662,021)	3,918,765
Debt service as a percentage of noncapital expenditures											
		3.1%	6.8%	9.7%	11.0%	11.0%	9.7%	9.6%	9.8%	8.5%	8.0%

Table 4-A

TOWN OF FALMOUTH, MAINE
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollar amounts expressed in thousands)

Fiscal Year		Real estate	Personal property	Excise tax	Total
2013	\$	28,502	434	2,650	31,586
2014		32,221	469	2,912	35,602
2015		32,466	447	3,041	35,954
2016		34,225	447	3,139	37,811
2017		35,399	562	3,224	39,185
2018		37,126	660	3,397	41,183
2019		39,748	567	3,560	43,875
2020		41,051	612	3,652	45,315
2021		42,075	586	3,906	46,567
2022		43,572	660	4,044	48,276

Table 5

TOWN OF FALMOUTH, MAINE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Assessed Value as a Percentage of Actual Value
	Commercial Property	Residential Property						
2013	\$ 361,500	1,951,475	34,031	78,383	2,268,623	13.43	2,091,550	108.5%
2014	363,625	1,972,150	33,250	81,885	2,287,140	14.12	2,091,550	109.4%
2015	339,224	2,038,131	31,738	80,230	2,328,863	14.10	2,141,950	108.7%
2016	300,226	2,114,789	35,839	82,283	2,368,571	14.63	2,253,100	105.1%
2017	304,730	2,133,953	37,236	86,982	2,388,937	15.09	2,338,100	102.2%
2018	310,785	2,211,644	42,226	142,221	2,422,434	15.62	2,401,350	100.9%
2019	317,322	2,298,165	34,536	193,341	2,456,682	16.47	2,532,600	97.0%
2020	318,047	2,281,471	36,263	147,173	2,488,608	16.87	2,726,900	91.3%
2021	321,786	2,286,573	34,386	149,965	2,492,780	17.05	2,887,550	86.3%
2022	322,277	2,334,711	35,037	153,817	2,538,208	17.43	3,069,300	82.7%

SOURCE: Falmouth Assessor's office.

(1) Estimated actual valuation amounts are the state equalized values published by Maine Revenue Services.

Table 5A

TOWN OF FALMOUTH, MAINE
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Direct			Total Tax Rate
	Town Rate	Education Rate	County Rate (a)	
2013	3.01	9.86	0.56	13.43
2014	3.05	10.46	0.61	14.12
2015	3.09	10.42	0.59	14.10
2016	3.00	10.98	0.65	14.63
2017	3.00	11.41	0.68	15.09
2018	3.04	11.87	0.71	15.62
2019	3.16	12.59	0.72	16.47
2020	3.15	12.98	0.74	16.87
2021	3.30	12.98	0.77	17.05
2022	3.60	13.06	0.77	17.43

(a) Cumberland County assesses a county tax to the Town of Falmouth. The Town includes the county assessment in the Town's total direct tax rate. The rate shown here reflects the portion of the Town's total direct tax rate levied by the Town to pay the county tax assessment.

Table 6

TOWN OF FALMOUTH, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)

<u>Taxpayer</u>	2022			2013		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Ocean View Retirement	\$ 78,645	1	3.10%	\$ 37,836	1	1.67%
ARC	27,681	2	1.09%			
Central Maine Power Co.	23,663	3	0.93%	12,123	5	0.53%
Falmouth Center LLC	22,614	4	0.89%			
Forside Place LLC	18,063	5	0.71%			
Princeton Falmouth LLC	16,016	6	0.63%	16,016	4	0.71%
Portland Country Club	11,120	7	0.44%	11,019	7	0.49%
Falmouth Ventures LLC	9,238	8	0.36%	9,246	8	0.41%
Tyler Technologies, Inc.	8,530	9	0.34%			
Hannaford Bros. Inc.	8,020	10	0.32%	7,841	10	0.35%
Falmouth Realty Associates				23,188	2	1.02%
West Falmouth Development LLC				21,082	3	0.93%
Falmouth Plaza LLC				11,846	6	0.52%
The Woodlands Club				8,540	9	0.38%
Totals	\$ 223,590		8.81%	\$ 158,737		7.00%

Table 7

TOWN OF FALMOUTH, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year (a)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 30,706	29,509	96.1%	1,188	30,697	99.97%
2014	32,294	31,382	97.2%	907	32,289	99.98%
2015	32,837	31,871	97.1%	953	32,824	99.96%
2016	34,619	33,632	97.1%	970	34,602	99.95%
2017	36,049	35,160	97.5%	861	36,021	99.92%
2018	37,838	36,810	97.3%	996	37,806	99.92%
2019	40,461	40,315	99.6%	105	40,420	99.90%
2020	41,983	41,663	99.2%	249	41,912	99.83%
2021	42,502	42,079	99.0%	100	42,179	99.24%
2022	44,247	43,816	99.0%	-	43,816	99.00%

(a) Includes abatements.

Table 8

TOWN OF FALMOUTH, MAINE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
 (amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Financed Purchases	Wastewater Revenue Bonds				
2013	\$ 47,560	100	-	4,536		52,196	9.8%	4,667
2014	59,241	-	-	4,212		63,453	11.4%	5,673
2015	55,237	-	-	3,888		59,125	10.6%	5,103
2016	51,348	-	191	3,564		55,103	9.9%	4,756
2017	47,339	-	130	3,240		50,709	7.3%	4,169
2018	44,800	-	88	2,916		47,804	6.9%	3,931
2019	47,505	-	45	2,592		50,142	6.6%	4,123
2020	43,060	-	-	2,268		45,328	5.9%	3,727
2021	38,820	-	-	1,944		40,764	4.9%	3,276
2022	34,575	-	-	1,620		36,195	4.0%	2,878

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

Table 9

TOWN OF FALMOUTH, MAINE Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years (amounts expressed in thousands, except per capita amount)			
Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2013	\$ 47,560	2.27%	4,252
2014	59,241	2.83%	5,296
2015	55,237	2.58%	4,767
2016	51,348	2.28%	4,432
2017	47,339	2.02%	3,892
2018	44,800	1.87%	3,684
2019	47,505	1.88%	3,906
2020	43,060	1.58%	3,541
2021	38,820	1.34%	3,120
2022	34,575	1.13%	2,750

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

TOWN OF FALMOUTH, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2022
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt:			
Cumberland County	\$ 30,856	5.42%	1,674
Portland Water District (Wastewater Fund)	44,772	7.97%	3,570
Portland Water District (Water Fund)	58,631	8.00%	4,690
Subtotal, overlapping debt	134,259		9,934
Town of Falmouth direct debt	34,575	100.00%	34,575
Total direct and overlapping debt	\$ 168,834		44,509

Overlapping debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation.

At June 30, 2022, the Town's State valuation for comparison to the County of \$3,069,300,000 was 5.42% of the County's State valuation of \$56,590,050,000. The Town's share is 5.42% or \$1,673,560 of Cumberland County's \$30,856,174 long-term debt outstanding as of June 30, 2022.

The Town is also served by the Portland Water District. At June 30, 2022, the Town's share of self-supporting bonded water debt is 8.00% or \$4,690,484 of the total debt of \$58,631,046.

The Town is also served by the Portland Water District Wastewater Fund. At June 30, 2022, the Town's share of self-supporting bonded wastewater debt is 7.97% or \$3,570,000 of the total debt of \$44,771,936.

Table 11

TOWN OF FALMOUTH, MAINE
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assessed value per State	\$ <u>2,097,800</u>	<u>2,091,550</u>	<u>2,141,950</u>	<u>2,253,100</u>	<u>2,338,100</u>	<u>2,401,350</u>	<u>2,532,600</u>	<u>2,726,900</u>	<u>2,887,550</u>	<u>3,069,300</u>
Total debt limit - all purposes - 15% of assessed value	314,670	313,733	321,293	337,965	350,715	360,203	379,890	409,035	433,133	460,395
Less outstanding debt applicable to debt limit	<u>52,096</u>	<u>63,032</u>	<u>59,125</u>	<u>55,103</u>	<u>50,709</u>	<u>47,804</u>	<u>52,827</u>	<u>47,809</u>	<u>43,040</u>	<u>36,195</u>
Legal debt margin	<u>262,574</u>	<u>250,701</u>	<u>262,168</u>	<u>282,862</u>	<u>300,006</u>	<u>312,399</u>	<u>327,063</u>	<u>361,226</u>	<u>390,093</u>	<u>424,200</u>
Total outstanding debt applicable to the limit as a percentage of debt limit	<u>16.56%</u>	<u>20.09%</u>	<u>18.40%</u>	<u>16.30%</u>	<u>14.46%</u>	<u>13.27%</u>	<u>13.91%</u>	<u>11.69%</u>	<u>9.94%</u>	<u>7.86%</u>
The debt limit is restricted by State statute based on the assessed value per the State above and the percentages below.										
Municipal purposes - 7.5%										
Debt limit	\$ 157,335	156,866	160,646	168,983	175,358	180,101	189,945	204,518	216,566	230,198
Less outstanding debt applicable to debt limit	<u>2,700</u>	<u>11,900</u>	<u>11,507</u>	<u>10,803</u>	<u>9,530</u>	<u>9,144</u>	<u>17,540</u>	<u>18,461</u>	<u>16,996</u>	<u>13,485</u>
Debt margin for municipal purposes	<u>154,635</u>	<u>144,966</u>	<u>149,139</u>	<u>158,180</u>	<u>165,828</u>	<u>170,957</u>	<u>172,405</u>	<u>186,057</u>	<u>199,570</u>	<u>216,713</u>
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	<u>1.72%</u>	<u>7.59%</u>	<u>7.16%</u>	<u>6.39%</u>	<u>5.43%</u>	<u>5.08%</u>	<u>9.23%</u>	<u>9.03%</u>	<u>7.85%</u>	<u>5.86%</u>
School purposes - 10%										
Debt limit	209,780	209,155	214,195	225,310	233,810	240,135	253,260	272,690	288,755	306,930
Less outstanding debt applicable to debt limit	<u>44,860</u>	<u>46,920</u>	<u>43,730</u>	<u>40,736</u>	<u>37,939</u>	<u>35,744</u>	<u>32,695</u>	<u>27,080</u>	<u>24,100</u>	<u>21,090</u>
Debt margin for school purposes	<u>164,920</u>	<u>162,235</u>	<u>170,465</u>	<u>184,574</u>	<u>195,871</u>	<u>204,391</u>	<u>220,565</u>	<u>245,610</u>	<u>264,655</u>	<u>285,840</u>
Outstanding debt applicable to the limit as a percentage of debt limit for school purposes	<u>21.38%</u>	<u>22.43%</u>	<u>20.42%</u>	<u>18.08%</u>	<u>16.23%</u>	<u>14.88%</u>	<u>12.91%</u>	<u>9.93%</u>	<u>8.35%</u>	<u>6.87%</u>
Storm and sanitary sewer purposes - 7.5%										
Debt limit	157,335	156,866	160,646	168,983	175,358	180,101	189,845	204,518	216,566	230,198
Less outstanding debt applicable to debt limit	<u>4,536</u>	<u>4,212</u>	<u>3,888</u>	<u>3,564</u>	<u>3,240</u>	<u>2,916</u>	<u>2,592</u>	<u>2,268</u>	<u>1,944</u>	<u>1,620</u>
Debt margin for sewer purposes	<u>152,799</u>	<u>152,654</u>	<u>156,758</u>	<u>165,419</u>	<u>172,118</u>	<u>177,185</u>	<u>187,253</u>	<u>202,250</u>	<u>214,622</u>	<u>228,578</u>
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	<u>2.88%</u>	<u>2.69%</u>	<u>2.42%</u>	<u>2.11%</u>	<u>1.85%</u>	<u>1.62%</u>	<u>1.37%</u>	<u>1.11%</u>	<u>0.90%</u>	<u>0.70%</u>
Maximum total debt limit - 15%	\$ <u>314,670</u>	<u>313,733</u>	<u>321,293</u>	<u>337,965</u>	<u>350,715</u>	<u>360,203</u>	<u>379,890</u>	<u>409,035</u>	<u>433,133</u>	<u>460,395</u>

Table 12

TOWN OF FALMOUTH, MAINE
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (000's)	Per Capita Income (1)	Median Age (1)	Years of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)
2013	11,185	533,435	47,692	45.3	13.4	2,140	4.7%
2014	11,185	555,612	49,675	46.8	13.4	2,122	4.4%
2015	11,587	555,612	47,951	45.3	13.4	2,146	3.2%
2016	11,587	555,612	47,951	45.3	13.4	2,132	2.8%
2017	12,162	691,496	56,857	47.1	13.4	2,123	2.1%
2018	12,162	691,496	56,857	47.1	13.4	2,103	1.9%
2019	12,162	764,382	62,850	46.7	13.4	2,129	2.2%
2020	12,162	764,382	62,850	46.7	13.4	2,091	6.3%
2021	12,444	835,751	67,161	52.5	13.4	2,011	3.7%
2022	12,575	902,395	71,761	49.2	13.4	2,011	3.3%

Sources:

- (1) U.S. Census Bureau, American Community Survey
- (2) Maine Department of Education
- (3) Maine Department of Labor.

Table 13

TOWN OF FALMOUTH, MAINE
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2022</u>			<u>2013</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Estimated Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Estimated Percentage of Total Town Employment</u>
Town of Falmouth	475	1	9.65%	399	2	8.11%
TD Banknorth	444	2	9.02%	444	1	9.02%
Tyler Technologies	375	3	7.62%	188	4	3.81%
Hannaford Bros.	200	4	4.06%	200	3	4.06%
Walmart	150	5	3.05%			
Sedgewood Commons	150	5	3.05%	150	5	3.05%
Shaw's Supermarket	150	5	3.05%	150	6	3.05%
Falmouth-by-the-Sea	118	8	2.40%	118	7	2.40%
Skillin's Greenhouses	107	9	2.17%	107	8	2.17%
The Woodlands Club	102	10	2.07%	102	9	2.07%
Ocean View Assisted Living				77	10	1.56%
Totals	2,271		46.14%	1,935		39.30%

Table 14

TOWN OF FALMOUTH, MAINE
Full-time Equivalent Regular Town Employees by Function (1)
For the Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	23	22	23	23	23	23	23	28	24	23
Public Safety:										
Police:										
Officers (including harbormaster)	18	18	18	18	19	19	20	19	20	21
Civilians	8	8	8	8	8	8	10	10	10	9
Fire/EMS Protection:										
Officers	1	2	3	3	3	3	4	5	20	28
Administrative	1	1	1	1	1	1	1	1	1	1
Public Works:										
Public Works	14	12	12	12	12	9	12	12	12	12
Solid Waste	1	2	2	2	2	2	2	2	2	2
Vehicle maintenance	3	3	3	3	3	2	2	2	2	2
Community Programs and Parks:										
Community Programs	5	4	4	4	5	6	6	6	6	6
Parks	2	2	2	2	2	2	2	2	2	3
Education:										
Instructional	181	202	205	205	209	209	213	213	213	213
Other	139	141	143	143	147	151	171	171	171	171
Wastewater Treatment	7	7	7	7	8	7	7	7	8	8
Total	403	424	431	431	442	442	473	478	491	499

Source: Town payroll office and School Department

(1) Includes only "regular" Town employees, excludes non-regular seasonal and "on-call" employees.

TOWN OF FALMOUTH, MAINE
Selected Operating Indicators and Capital Asset Statistics by Function
For the Last Ten Fiscal Years

Date of incorporation: 1718
Form of government: Council/Manager
Area in square miles: 32

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
Number of motor vehicle registrations	12,802	13,119	13,486	13,384	13,976	14,166	13,983	12,447	13,396	15,348
Number of building permits issued	232	254	233	208	270	249	251	300	378	281
Number of real estate parcels	5,259	5,287	5,318	5,369	5,460	5,494	5,539	5,594	5,681	5,681
Public safety:										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	11	11	11	11	11	13	13	13	13	13
Number of requests for service (1)	18,383	21,782	17,480	22,233	17,129	22,443	20,765	16,240	16,514	15,607
Number of law violations:										
Physical arrests	130	154	117	129	121	126	79	136	55	10
Traffic violations	3,588	3,921	3,654	5,410	5,484	5,872	5,003	2,707	2,319	2,417
Parking violations	472	257	138	269	182	225	151	243	210	35
Number of street lights	610	614	614	617	617	590	591	591	913	913
Number of harbor moorings	1,104	1,081	1,118	1,135	1,097	1,137	1,168	1,187	1,187	1,187
Fire/EMS Protection:										
Number of stations	3	2	2	3	3	3	3	3	3	3
Number of fire apparatus	9	9	9	9	9	9	9	9	9	9
Number of Fire Dept. requests for service	582	555	733	725	708	668	565	821	753	689
Number of ambulances	3	3	3	3	3	3	3	3	3	3
Number of EMS requests for service	967	1,072	1,063	1,246	1,181	1,251	1,254	1,395	1,290	1,411
Public works:										
Miles of streets	76	77	78	79	79	80	80	85	85	93
Traffic signals	12	12	12	13	13	13	14	14	14	14
Number of vehicles and rolling equipment	42	42	43	35	35	35	35	35	35	35
Community Programs & Parks:										
Number of recreational and adult education programs	470	521	652	644	670	670	803	815	257	843
Number of program participants	7,800	8,065	9,448	9,901	10,185	13,900	14,500	14,000	16,548	22,435
Parks and open space areas	50	50	50	50	50	50	50	50	50	50
Park acreage	119	119	119	119	119	119	119	119	119	119
Skating rinks	2	1	1	1	1	1	1	1	1	1
Tennis courts	9	9	9	9	9	9	9	9	9	9
Education:										
Number of elementary schools	2	2	2	2	2	2	2	2	2	2
Number of elementary school students	1,405	1,416	1,149	1,409	1,414	1,441	1,408	1,348	1,351	1,330
Number of secondary schools	1	2	1	1	1	1	1	1	1	1
Number of secondary school students	735	710	692	685	700	692	682	660	662	681
Number of school buses, vans and rolling equipment	42	40	40	40	39	39	39	40	40	39
Wastewater Treatment:										
Miles of sanitary sewers	56	56	56	56	56	56	56	56	56	56
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of maintenance vehicles	4	4	4	4	4	4	4	4	4	4
Number of service connections	2,300	2,335	2,342	2,366	2,399	2,425	2,440	2,480	2,116	2,178
Daily average treatment in gallons	907,000	889,000	978,000	876,000	870,000	910,000	973,000	950,000	84,000	920,000
Maximum daily licensed capacity in gallons	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000

Source: Town payroll office and School Department payroll office

(1) Increase in Police calls for service reflects new method for logging and recording calls, as well as addition of regional dispatching responsibilities in 2010.

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