

# TOWN OF FALMOUTH, MAINE



## **Comprehensive Annual Financial Report**

*For the Fiscal Year Ended  
June 30, 2020*

Town of Falmouth, Maine  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2020

Prepared by:

Peter McHugh  
Finance Director

TOWN OF FALMOUTH, MAINE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

CONTENTS

JUNE 30, 2020

	PAGE
<b>INTRODUCTORY SECTION</b>	
LETTER OF TRANSMITTAL	1 - 7
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	8
ORGANIZATIONAL CHART	9
LIST OF PRINCIPAL OFFICIALS	10
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITORS' REPORT	12 - 14
MANAGEMENT'S DISCUSSION AND ANALYSIS	15 - 26
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	28 - 29
STATEMENT B - STATEMENT OF ACTIVITIES	30 - 31
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	32
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	33
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	34
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	35
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	36
STATEMENT H - STATEMENT OF CHANGES IN NET POSITION - PROPRIETARY FUNDS	37
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	38
STATEMENT J - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	39
STATEMENT K - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	40

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	104
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	105
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	106
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT AND MMEHT PLANS	107 - 108
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MEABT AND MMEHT PLANS	109 - 110
SCHEDULE 6 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SET AND PLD PLANS	111
SCHEDULE 7 - SCHEDULE OF CONTRIBUTIONS - OPEB	112
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	113

SCHEDULES

## OTHER GOVERNMENTAL FUNDS

SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - EDUCATION	115
SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	116
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	117
SPECIAL REVENUE FUNDS	
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	119 - 123
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	124 - 128
CAPITAL PROJECT FUNDS	
SCHEDULE F - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS	130 - 134
SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS	135 - 139
PERMANENT FUNDS	
SCHEDULE H - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	141

SCHEDULE I - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	142
--	-----

#### FIDUCIARY FUNDS

SCHEDULE J - COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE FUNDS	144 - 145
SCHEDULE K - COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE FUNDS	146 - 147

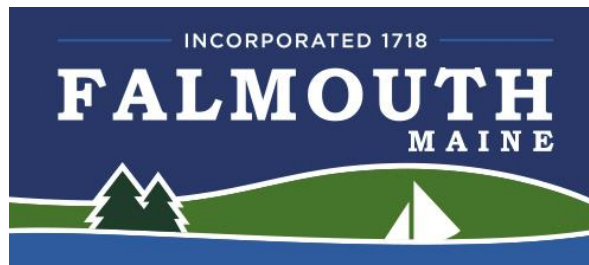
#### GENERAL CAPITAL ASSETS

SCHEDULE L - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	149
SCHEDULE M - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	150

### STATISTICAL SECTION

NET POSITION BY COMPONENT	152
CHANGES IN NET POSITION	153
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE	154
FUND BALANCES OF GOVERNMENTAL FUNDS	155
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	156
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE	157
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	158
DIRECT AND OVERLAPPING PROPERTY TAX RATES	159
PRINCIPAL PROPERTY TAXPAYERS	160
PROPERTY TAX LEVIES	161
RATIOS OF OUTSTANDING DEBT BY TYPE	162
RATIOS OF GENERAL BONDED DEBT OUTSTANDING	163
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	164
LEGAL DEBT MARGIN INFORMATION	165
DEMOGRAPHIC STATISTICS	166
PRINCIPAL EMPLOYERS	167
FULL-TIME EQUIVALENT REGULAR TOWN EMPLOYEES BY FUNCTION (1)	168
SELECTED OPERATING INDICATORS AND CAPITAL ASSET STATISTICS BY FUNCTION	169

## **INTRODUCTORY SECTION**



December 16, 2020

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 comprehensive annual financial report of the Town of Falmouth, Maine, for the fiscal year ended June 30, 2020.

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.

RHR Smith & Company, Certified Public Accountants, has issued an unmodified (“clean”) opinion on the Town of Falmouth, Maine’s, financial statements for the year ended June 30, 2020. 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 Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* as total Federal Grants exceeded \$750,000 for the year ended June 30, 2020.

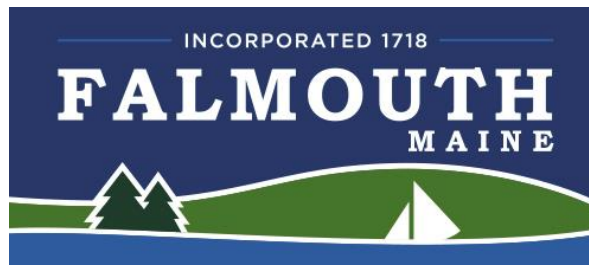
### ***Profile of the Town of Falmouth***

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 12,162 persons (Census estimate for 2017). Under Maine statutes, the Town is empowered to levy a property tax on both real and personal property located within its boundaries.

TOWN OF FALMOUTH

271 Falmouth Road • Falmouth, ME 04105

207.781.5253 • [www.Falmouthme.org](http://www.Falmouthme.org)



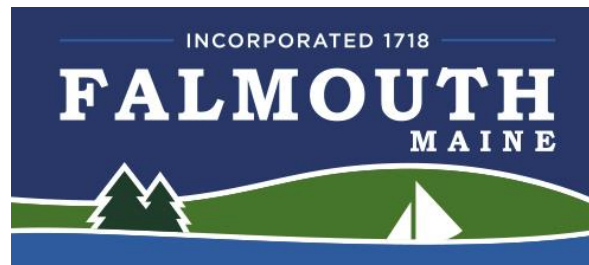
The Town has operated under the Council-Manager form of government since 1962. Policy-making and legislative authority is vested in a seven-member Town Council. The Town Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Town 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 104 as part of the required supplementary information.





### ***Local Economy***

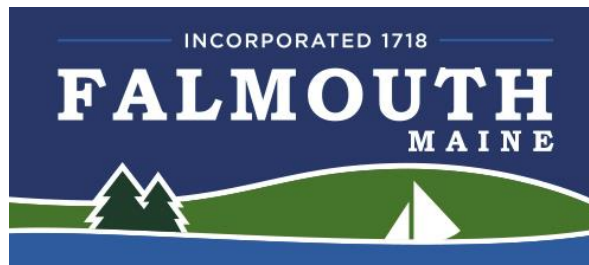
Falmouth is primarily a residential suburb of Portland, with two commercial corridors containing both retail and office developments. The Town exhibits above average wealth and housing levels with per capita growth outpacing that of the state. The Town experienced a rapid tax base growth in the late 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 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 8.0% in 2020). From 2019 to 2020, the Town's taxable base grew by 1.32% while TIF district values grew by 1.9%. The Town's current-year property tax collection rate was a very healthy 99.2% collected by August 31, 2020.

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 42 building permits for new construction issued this year, including 21 permits for new single-family residential housing, 19 permits for multi-family housing and 2 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 3.09% of its total tax base, and its top ten taxpayers combined representing only 8.61% 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***

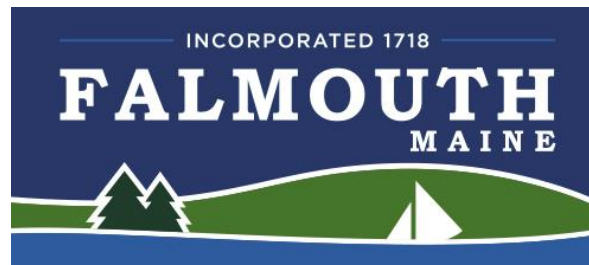
To prepare for the future, the Town identifies infrastructure and capital projects that are needed to meet the demand for services, while continuing to meet the rising fixed costs necessary to deliver services and programs to support the function of all operations. Among these capital investments and 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 2020-21 capital plan calls for a continuation of road and sidewalk improvements, drainage system repairs, replacement of the Town wireless Ap and completion of security upgrades for all Town facilities, completion of the Route 100 infrastructure project, the addition of 3 bunk rooms at Central Fire Station and planning for the eventual expansion of Central Fire Station to meet the future staffing needs of the Town Fire/EMS department, various Parks & Community Programs projects including a generator addition at the Community Center, tennis court recoating and lighting improvements, and open space stewardship costs.

This year's 2020-21 multi-year equipment replacement plan also calls for the purchase of a plow truck, a light duty plow truck, and a skid steer for Public Works, two new hybrid cruisers, and replacement vehicle emergency lights for the Police Department, new hydraulic power units for Engines 2 & 4, and a new Lucas mechanical CPR device for Ambulance 2 for the Fire Department, and a new tractor and 4wd mower for the Parks & Community Programs 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 2019-20, the Town made progress on a number of long-range planning initiatives including the following:

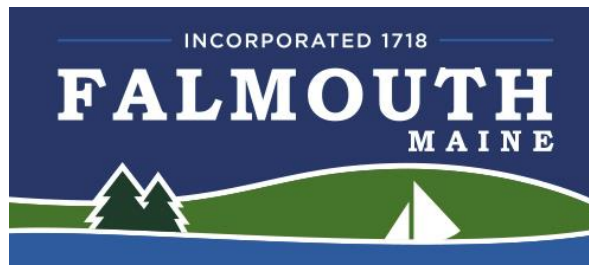
1. Continued focus on the overall needs of senior citizens and what role the Town should have with offering and/or facilitating the delivery of services and assistance to senior citizens.



2. Continued construction for the voter approved implementation of the Route 100 Infrastructure project.
3. Continued review of land use ordinances to ensure growth is encouraged in areas targeted for growth and slow growth is maintained in rural areas.
4. Continued with implementation of a prioritized bicycle and pedestrian infrastructure plan.
5. Planned for the continued expansion of natural gas lines throughout the community.
6. Initiate a comprehensive watershed assessment of the community.
7. Determined next steps to implement the Route One North Vision Plan with recommended improvements including intersection and roadway improvements, as well as pedestrian and bicycle amenities.
8. Considered next steps to create a Town Vision and Values Plan based on the needs and wants of Town residents.
9. Considered next steps to implement the multi-modal transportation plan for the Route One corridor that was developed with the Towns of Cumberland, Yarmouth, and Freeport.

In 2020-21, the Town will continue to work on long-range planning initiatives which are included in the 2013 Comprehensive Plan. These initiatives include the following:

1. Prioritize capital improvements to ensure adequate supporting infrastructure is available to accommodate growth in growth areas.
2. 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.
3. Complete the Route 100 Infrastructure project.
4. Continue to implement the Town's 2018 Open Space Plan.
5. Continue to work with the State of Maine on an infrastructure plan for Blackstrap Road.
6. Complete a comprehensive watershed assessment of the community.
7. Explore a possible update of the West Falmouth Crossing Master Plan.
8. Continue to Investigate affordable housing opportunities.
9. Continue to implement the Bicycle and Pedestrian Plan.
10. Begin the process to review and update 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***

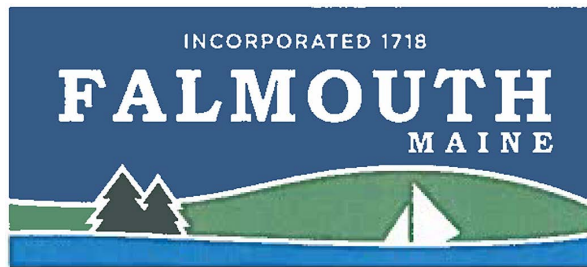
In addition to significant long range planning initiatives, there are other major projects or initiatives, which will have a significant impact on the future of the Town. Some of these initiatives include but are not limited to:

1. Completion of the reconstruction and expansion of the Memorial Library.
2. The Town will complete the Route 100 Infrastructure project in FY2021 partially funded with \$6,000,000 in GO Bonds in 2019 and serviced out of the West Falmouth TIF. In addition, the Town will undertake and expansion of sewer service to West Falmouth.

### ***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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the 28th 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 comprehensive 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 comprehensive annual 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,

A handwritten signature in blue ink, appearing to read "N. A. Poore", with a long horizontal flourish extending to the right.

Nathan A. Poore  
Town Manager

A handwritten signature in blue ink, appearing to read "Peter M. McHugh", with a long horizontal flourish extending to the right.

Peter M. McHugh  
Finance Director

TOWN OF FALMOUTH

271 Falmouth Road • Falmouth, ME 04105

207.781.5253 • [www.Falmouthme.org](http://www.Falmouthme.org)



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

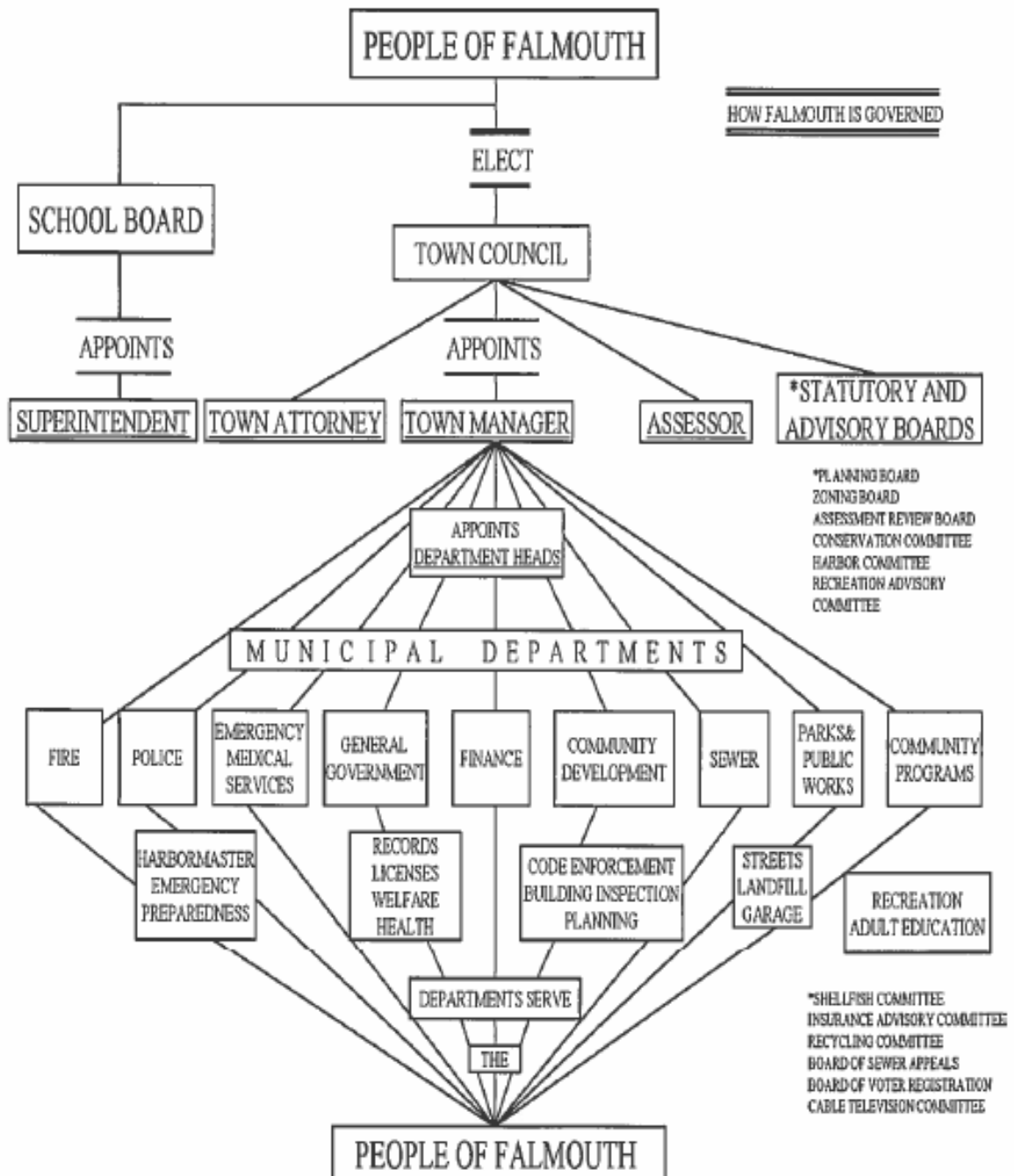
**Town of Falmouth  
Maine**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



**TOWN OF FALMOUTH, MAINE**  
**List of Principal Officers**  
**June 30, 2020**

---

<b><u>Title</u></b>	<b><u>Name</u></b>
Council member	Amy Kuhn, Chair
Council member	Ted Asherman, Vice Chair
Council member	Tommy Johnson
Council member	Janice De Lima
Council member	Hope Cahan
Council member	Caleb Hemphill
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	Theo Holtwijk
Finance Director	Peter McHugh
Fire Chief	Howard Rice
Information Systems Director	Jennifer Phinney
Police Chief	John Kilbride
Public Works Director	Jay Reynolds
Town Clerk	Ellen Planer
Wastewater Treatment Superintendent	Robert Clark
School Board member	Danielle Tracy, Chair
School Board member	Whitney Bruce, Vice Chair
School Board member	Krisztina Napolitano
School Board member	James Cahan
School Board member	Nicole Bezanson
School Board member	Julie Fraser
School Board member	Julia Lucas



## **FINANCIAL SECTION**



*Proven Expertise & Integrity*

## INDEPENDENT AUDITORS' REPORT

Town Council  
Town of Falmouth  
Falmouth, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2020 and the related notes to the financial statements, which collectively comprise the Town of Falmouth, Maine's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
[www.rhrsmith.com](http://www.rhrsmith.com)

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Falmouth, Maine as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 15 through 26 and 104 through 113 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Falmouth, Maine's basic financial statements. The combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 20-A MRSA §6051, Sub-chapter 1(K) of the Maine Revised Statutes as amended, and is also not a required part of the basic financial statements

The combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are the responsibility of

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, on our consideration of the Town of Falmouth, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Falmouth, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
November 16, 2020

**TOWN OF FALMOUTH, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2020**

---

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 2020. 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 1-7 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 \$103,084,782 (*net position*). Of this amount, \$14,278,265 (*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 \$5,394,324.
- 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 \$82,514,489 (*net position*). Of this amount, \$10,381,816 (*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 \$5,544,461.
- 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 \$20,570,293 (*net position*). Of this amount, \$3,896,449 (*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 \$150,137.
- As of the close of the current fiscal year, the Town of Falmouth's governmental funds reported combined ending fund balances of \$27,081,536, a decrease of \$4,567,539 in comparison with the prior year. This is detailed as follows:
  - The general fund increased \$1,069,400. This was due to favorable operations of \$6,123,256 offset by current year net transfers (\$5,053,856) to other funds.
  - The West Falmouth TIF fund decreased \$3,459,187. This was due to the spending of \$5,627,582 from the \$6 million Route 100 GO infrastructure bond proceeds. Net spending for this TIF was \$4,421,329.
  - Other governmental funds including CIP, special revenue funds and the TIF districts, decreased \$2,177,752. Revenues of \$3,373,349 consisting of miscellaneous revenues of \$1,000,337, charges for services (\$1,734,013) and intergovernmental revenues (\$628,790). Expenditures of \$9,642,815 consisting mostly of spending on the Library construction project (2019 \$2.3 million bond issuance was combined with \$2.3 million in Falmouth Memorial Library Contribution) of \$2,391,186, Capital spending of \$2,682,978, school related expenditures (\$1,975,515), community programs and parks expenditures (\$814,799), and debt service (\$761,413). The balance is made up of expenditures in other departments such as public safety, general government, public works, and community development. Total expenditures exceeded revenues by \$6,269,466 offset by \$4,091,714 in net transfers from other funds (property taxes transferred to the TIF Districts totaled \$2,405,324).
- At the end of the current fiscal year, the Town unassigned fund balance for the general fund was \$11,525,133 and the school Unassigned fund balance (listed as committed in the CAFR) was \$1,675,546. The total unassigned fund balance for the Town general fund and school department general fund of \$13,200,679 equates to 24% of total general fund expenditures.
- During the fiscal year, the Town paid \$4,445,000 in principal payments on previously issued general obligation debt, and paid principle of \$324,000 on previously issued sewer revenue bond debt.

**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 28-31 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 nine governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital project fund (30 individual projects), both of which are considered to be major funds. Data from the other seven 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 32-35 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 36-38 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 statement can be found on pages 39-40 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-102 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 115-147 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 \$103,074,782 at the close of the most recent fiscal year.

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

Town of Falmouth's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 32,975,402	\$36,911,718	\$ 4,165,984	\$ 3,925,524	\$ 37,141,386	\$40,837,242
Capital assets	107,978,027	102,050,497	18,941,844	19,676,399	126,919,871	121,726,896
Total assets	140,953,429	138,962,215	23,107,828	23,601,923	164,061,257	162,564,138
Deferred Outflow of Resources	\$ 3,833,515	\$ 3,585,019	\$ -	\$ -	\$ 3,833,515	\$ 3,585,019
Non-current liabilities outstanding	50,603,005	54,470,627	2,043,284	2,381,855	52,646,289	56,852,482
Other liabilities	10,555,854	10,112,199	494,251	499,638	11,050,105	10,611,837
Total liabilities	61,158,859	64,582,826	2,537,535	2,881,493	63,696,394	67,464,319
Deferred Inflows of Resources	1,113,596	994,380	-	-	1,113,596	994,380
Net position:						
Net investment in capital assets	64,402,620	58,273,002	16,673,844	17,084,399	81,076,464	75,357,401
Restricted	7,730,053	6,722,277	-	-	7,730,053	6,722,277
Unrestricted	10,381,816	11,974,749	3,896,449	3,636,031	14,278,265	15,610,780
Total net position	\$ 82,514,489	\$76,970,028	\$20,570,293	\$20,720,430	\$ 103,084,782	\$97,690,458

By far, the largest portion of the Town of Falmouth's net position (78.6%) 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 (\$14,278,265) 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 65-99.



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

	Town of Falmouth's Changes in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program revenues:						
Charges for services	3,341,079	3,772,388	\$ 2,089,949	\$ 2,012,107	\$ 5,431,028	\$ 5,784,495
Operating grants and contributions	13,534,068	10,802,138	-	-	13,534,068	10,802,138
Capital grants and contributions	2,088,921	594,309	348,542	522,694	2,437,463	1,117,003
General revenues:						
Property taxes	41,876,124	40,481,952	-	-	41,876,124	40,481,952
Excise taxes	3,651,682	3,560,107	-	-	3,651,682	3,560,107
Cable TV franchise taxes	222,802	229,783	-	-	222,802	229,783
Grants not restricted to specific programs	13,336	577,940	219,553	201,364	232,889	779,304
Other	1,803,172	2,908,107	8,500	15,046	1,811,672	2,923,153
Total revenues	66,531,184	62,926,724	2,666,544	2,751,211	69,197,728	65,677,935
<b>Expenses:</b>						
General government	4,781,736	2,853,139	-	-	4,781,736	2,853,139
Financial management	1,307,341	1,238,141	-	-	1,307,341	1,238,141
Public safety	5,709,527	5,366,716	-	-	5,709,527	5,366,716
Public Works	3,675,011	3,660,138	-	-	3,675,011	3,660,138
Community programs & parks	1,555,293	1,674,500	-	-	1,555,293	1,674,500
Community development	1,399,956	1,369,060	-	-	1,399,956	1,369,060
Education	41,063,971	38,702,886	-	-	41,063,971	38,702,886
Interest on long-term debt	1,331,087	1,561,000	-	-	1,331,087	1,561,000
Capital Outlay	162,801	-	-	-	162,801	-
Wastewater treatment	-	-	2,816,681	2,583,085	2,816,681	2,583,085
Total expenses	60,986,723	56,425,580	2,816,681	2,583,085	63,803,404	59,008,665
Increase in net position	5,544,461	6,501,144	(150,137)	168,126	5,394,324	6,669,270
Net position--July 1	76,970,028	70,468,884	20,720,430	20,552,304	97,690,458	91,021,188
Net position--June 30	\$82,514,489	\$76,970,028	\$20,570,293	\$20,720,430	\$ 103,084,782	\$97,690,458

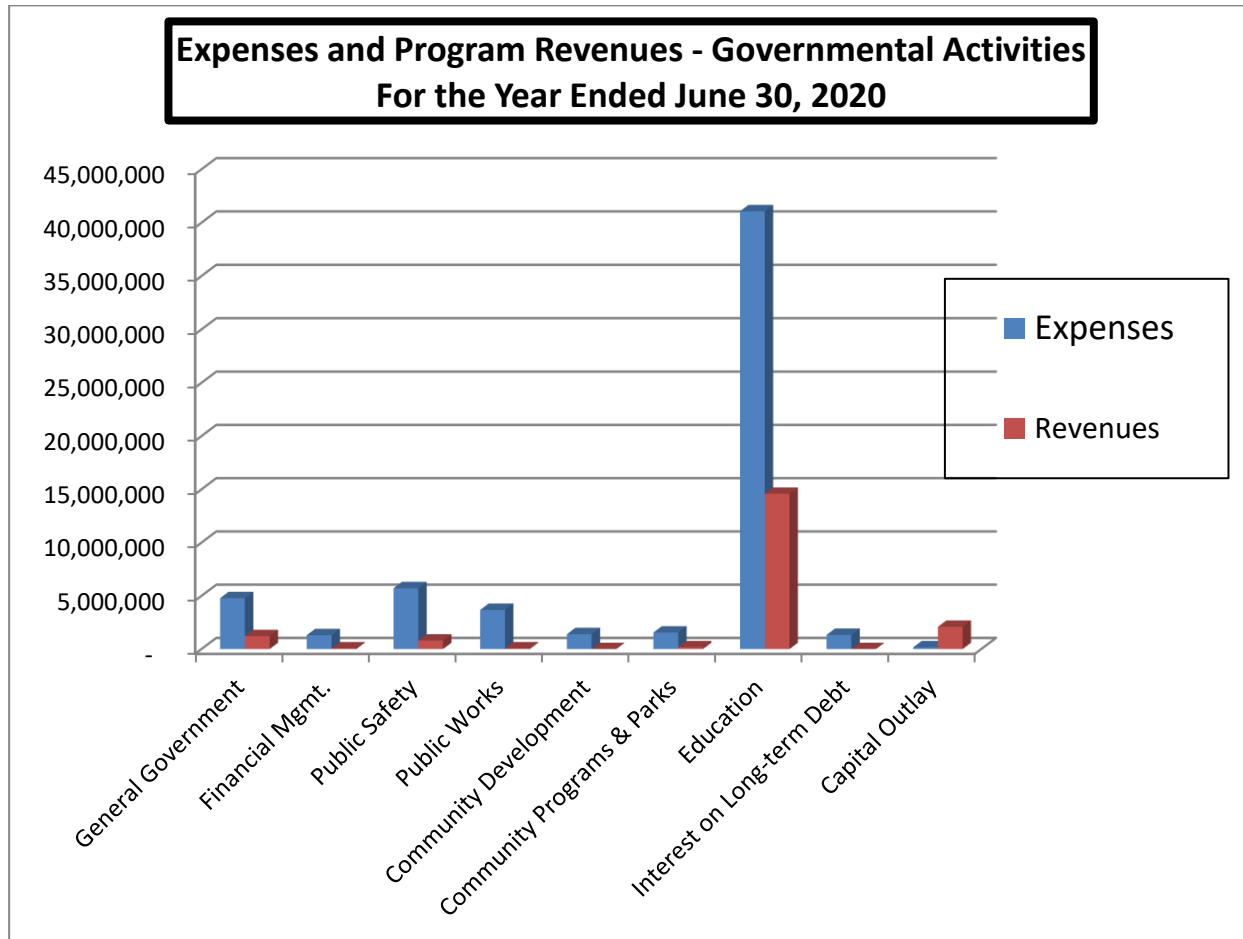
The Town of Falmouth's net position increased by \$5,394,324, or 5.5%, during the current fiscal year. Total governmental activities revenue increased by \$3,604,460 or 5.7% over the prior year primarily due to increased taxes of \$1,394,172, and an increase in operating grant revenue of \$2,731,930, capital grants and contributions of \$1,494,612 offset by other revenue of \$1,104,935.

Total expenses increased \$4,794,739 or 8.5% from the prior year. The increase was driven by increases in general government expenses (\$1,928,597) primarily due to increases in accrued compensated balances and net OPEB liability, an increase in education expenses of \$2,361,085 offset by decreases in interest on long-term debt (\$229,913), and community programs & parks expense (\$119,207).

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

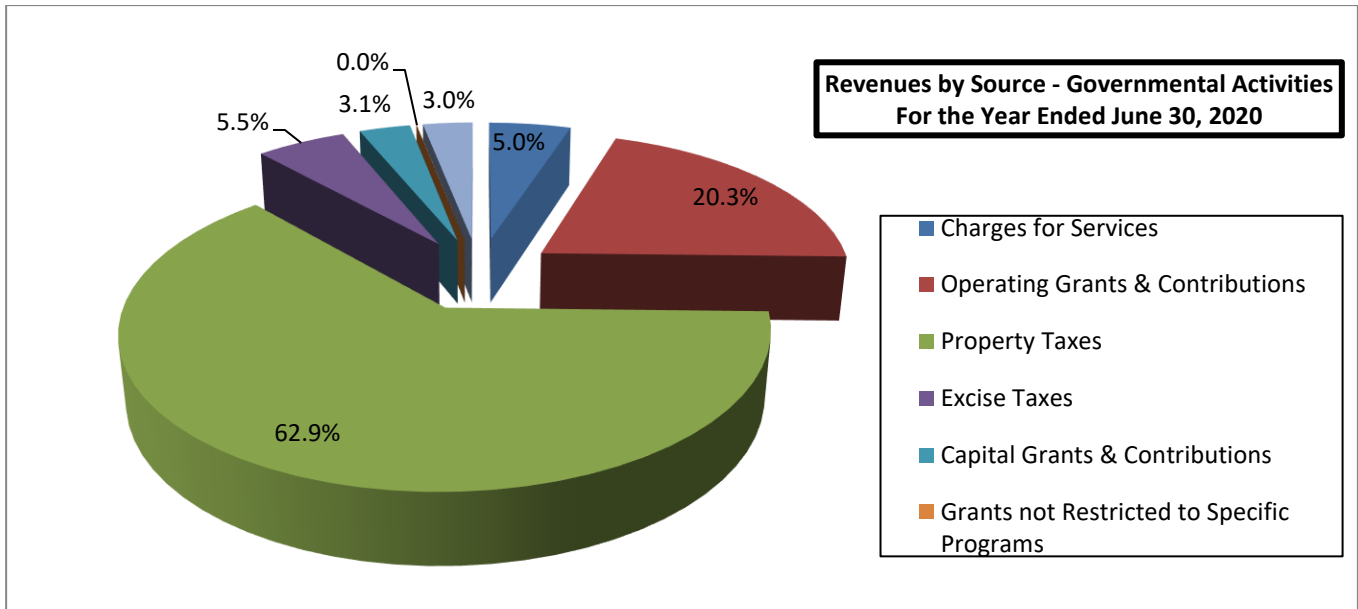
---

**Governmental activities.** Governmental activities increased the Town of Falmouth's net position by \$5,544,461 thereby accounting for 102.8% of the total growth in the Town's net position. The following charts illustrate total expenses and revenues by program and revenues by source for all governmental activities. Key elements of this increase are as follows:



- General government line item expenses increased by \$1,928,597 or 67.6%. This is primarily due to increases in net OPEB liability and accrued compensated absences.
- Public safety overall expenses increased \$342,811 primarily due to increased employee costs.
- Public works increased by \$14,873 due to increased employee costs.
- Community development expenses increased \$30,896 primarily due to an increase in employee costs.
- Financial management expenses increased \$69,200 primarily due to increased Worker's Compensation costs and assessor fees.
- Education line-item expenses increased by \$2,361,085 in 2020 compared to 2019 primarily due to increases in grant-related spending including COVID 19 grants.

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



- Property tax revenues increased by \$1,394,172 or 3.4% during the year. The tax rate increased from 16.47 mils to 16.87 mils in 2020 or 2.45%. This, along with a 1.3% increase in total property valuation, and strong tax collection efforts, reflected in the Town's continued high tax collection rate of 99.2% collected by August 31, 2020 resulted in the increase.
- Excise taxes increased \$91,575 or 2.6% from the prior year as new car sales and leases continue to see strong growth.
- Capital grants and contributions increased \$1,494,612 due to a Falmouth memorial Library capital contribution for the Library expansion project.

**Business-type activities.** The Town's one business-type activity, its wastewater treatment operation, decreased the Town of Falmouth's net position by \$150,137. Key elements of this year's activity are as follows:

- Charges for services increased by \$77,842 from the prior year.
- Capital grants and contributions decreased \$174,152 due to a reduction in shared capital projects.
- Expenses increased by \$233,596 or 9.0% primarily due to increased maintenance and repair costs.

#### **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 \$27,081,536, a decrease of \$4,567,539 from the prior year. This decrease is primarily due to spending down Bond proceeds from the Route 100 Infrastructure/Library Expansion GO Bond issuance. Approximately 40.6% of this total amount (\$11,008,201) 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 \$13,707,487, \$2,182,354 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 21.0% of total general fund expenditures, while total fund balance represents 25.0% of that same amount.

The remainder of the fund balance is as follows: *special revenue funds* (\$7,374,512); which are restricted or assigned for a specified purpose; *capital project funds* which are restricted or committed to capital projects (\$2,091,574); *permanent Funds* (\$9,172) which are assets held by the Town that are legally restricted; *West Falmouth TIF funds* (\$3,898,791) which are restricted to use in the TIF district; and *non-spendable* (\$36,573) to indicate that it is not available for new spending. These amounts are not available for new spending because they have already been classified to account for inventory, unemployment compensation reserves, School funds, or projects which must be completed due to restrictions set by entities at the State or Federal level or other municipal governments outside of the Town.

The fund balance of the Town of Falmouth's general fund increased by \$1,069,400 during the current fiscal year. Major factors in this year's fund balance activity are as follows:

- General fund property tax revenues increased by \$1,394,172 (3.4%) during the year. This increase reflects both a 1.3% increase in total property valuation, and an increase of 2.45% in the mil rate (from 16.47 to 16.87 mils), as well as strong tax collection efforts, reflected in the Town's continued high tax collection rate of 99.2% collected by August 31, 2020.
- Intergovernmental revenue increased by \$2,289,061 from the prior year due to an increase in the amount of operating grants for education.
- A \$91,575 increase in excise taxes, a \$358,226 decrease in charges for services, a \$5,373 increase in license, fees and permits, a \$56,644 decrease in investment earnings due to a reduction in unrealized net investment gain, and a \$17,305 decrease in fines and forfeitures revenue.
- Net other financing uses of \$5,053,856.
- Total general fund expenditures increased by \$4,519,799 or 9.0% primarily due to increased education expenditures.

The West Falmouth TIF fund decreased by \$3,459,187 due to spending of Bond net proceeds for the Route 100 infrastructure project of \$3,538,660, debt service of \$451,933 offset by property tax transfers in from the General Fund of \$962,142. \$2,088,922 in Route 100 infrastructure spending was offset by Maine DOT and Portland Water District capital contributions.

The combined fund balance of the other (nonmajor) governmental funds decreased by \$2,177,752 due to TIF property tax revenue transfers from the general fund of \$2,405,324, general government fund budget net transfers of \$1,686,390, intergovernmental revenue of \$628,790, charges for services of \$1,734,013 and miscellaneous revenues of \$1,000,337 offset by Library expansion spending of \$2,391,186 of bond proceeds from the Library project GO bond issuance, other expenditures of \$7,251,629 including capital spending of \$2,682,978, education spending of \$1,975,515, community programs & parks spending of \$814,799, public works spending of \$526,121, and debt service payments of \$761,413.

**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 \$3,896,449, and net position of the fleet maintenance internal service fund was \$126,783. The total decrease in net position for the wastewater treatment fund was \$150,137. The total operating income for the internal service fund was \$0.

**General Fund Budgetary Highlights**

For the current fiscal year, all revenue line-items (with the exception of property tax) exceeded budgetary projections and all expenditure line-items other than Finance and Education were within budgetary limits. Revenues were \$776,502 higher than budget and expenditures were \$231,123 lower than budget.

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, 2020 amounts to \$126,919,871 (net of accumulated depreciation), an increase of \$5,192,175. This investment in capital assets includes land, buildings and system, land improvements, machinery and equipment, and infrastructure. The total increase in the Town of Falmouth's investment in net capital assets for the current fiscal year was 4.3% (a 5.81% increase for governmental activities and a 3.7% decrease for business-type activities).

	<b>Town of Falmouth's Capital Assets (net of depreciation)</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Land	\$ 9,926,737	\$ 9,306,751	\$ 511,344	\$ 511,344	\$ 10,438,081	\$ 9,818,095
Construction-in-progress	12,288,092	4,090,386	249,540	237,809	12,537,632	4,328,195
Buildings & improvements	49,043,874	51,107,415	5,637,785	5,882,065	54,681,659	56,989,480
Improvements other than buildings	343,035	437,177	-	-	343,035	437,177
Machinery and equipment	6,306,611	6,413,423	1,449,830	1,603,767	7,756,441	8,017,190
Infrastructure	30,069,679	30,695,345	11,093,344	11,441,414	41,163,023	42,136,759
<b>Total</b>	<b>\$107,978,028</b>	<b>\$ 102,050,497</b>	<b>\$ 18,941,843</b>	<b>\$ 19,676,399</b>	<b>\$ 126,919,871</b>	<b>\$121,726,896</b>

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

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

- A variety of street construction projects throughout the Town were undertaken, including the Route 100 infrastructure project and Falmouth Memorial Library expansion; Blackstrap Road rehabilitation, continued road and sidewalk improvements; drainage repairs; and energy-efficient streetlight replacements on Route 100. Other projects included comprehensive security upgrades in all Town buildings, replacement of the Community Center bathrooms, Phase II of the project to replace the balance of Town building lighting to energy efficient LED lighting, and school/open Space acquisitions.
- Major equipment additions include a loader and light-duty plow/maintenance truck and salt brine unit for Public Works, a new RAM for Engine 2 and new hydraulic cutters and spreaders for the Fire Department, a new Police lieutenant's car, two new hybrid police cruisers, and a new tractor for Parks and Community Programs.

Additional information on the Town of Falmouth's capital assets can be found in the notes to the basic financial statements on pages 59-60 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town of Falmouth had total bonded debt outstanding of \$45,540,952. Of this amount, \$43,060,000 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 \$1,690,000 2011 high school construction bond and 84.2% of the 2017 refunding of the outstanding \$21,890,000 2011 elementary school construction bond. The State contribution toward debt service totaled \$3,203,977 in 2020. The remaining \$2,268,000 of the Town's debt consists of sewer revenue bonds secured solely by sewer user fees. In May of 2019, the Town issued a \$9,310,000 GO Bond (\$8,840,000 outstanding) to finance \$6,000,000 of the voter-approved Route 100 infrastructure project, and \$3,310,000 of the voter-approved Falmouth Memorial Library construction project.

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

<b>Town of Falmouth's Outstanding Debt</b>						
<b>General Obligation and Revenue Bonds</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>activities</b>		<b>debt</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
General obligation						
bonds	\$43,060,000	\$47,505,000	\$ -	\$ -	\$43,060,000	\$ 47,505,000
Revenue bonds	-	-	2,480,952	2,592,000	2,480,952	2,592,000
<b>Total</b>	<b>\$43,060,000</b>	<b>\$47,505,000</b>	<b>\$2,480,952</b>	<b>\$2,592,000</b>	<b>\$45,540,952</b>	<b>\$ 50,097,000</b>

During the fiscal year, the Town paid \$4,445,000 in principal payments on previously issued general obligation debt, and paid principle of \$324,000 on previously issued sewer revenue bond debt.

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 \$433,132,500. The Town's actual total outstanding debt of \$45,540,952 (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 60-62 of this report.

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

---

**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 1.3% in fiscal year 2019-20. A total of 42 building permits for new construction were issued in 2019-20, including 21 permits for new single-family residential housing, 19 for new multi-family housing, and 2 permits for new commercial buildings.
- Certain economic areas are showing increased 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 2.6% over the prior year to \$3,651,682 in fiscal year 2019-20.
- 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 was scheduled to begin in the spring of 2021 but may be delayed to later in the year due to the pandemic. 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 need to convert our Fire Department from a volunteer department to an employee-based department. Drops in the number of volunteers and increases in the number of annual calls has put a strain on the department. The Town will begin transitioning to an employee-based department in fiscal year 2020-21.
- The 2020 COVID 19 pandemic has had a significant impact on the town's fiscal year 2020-21 budget as reductions in anticipated state revenue sharing and low interest rates on the town's investments have reduced projections of non-tax revenue at a time when Fire Department expansion has significantly impacted expenditures. To minimize the property tax impact of these issues, the town reduced its initial budget planned spending by \$1.8 million. This was accomplished through not filling open positions, deferring planned capital expenditures and eliminating non-essential spending.

Where applicable, the factors above were considered in preparing the Town of Falmouth's budget for the 2021 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. The final budget plan resulted in a 1.1% increase in the property tax rate for fiscal year 2020-21. The tax rate increased to \$17.05 per thousand of valuation.

Affecting the future development for the Town:

- In May 2019, the Town issued \$9.3 million in GO Bonds to finance two large projects. \$6,000,000 of the issuance was for the voter approved bonds to finance a portion of the \$10,500,000 Route 100 commercial corridor infrastructure improvement project. The remaining \$4,500,000 will be funded through a \$4,000,000 grant from the Maine Department of Transportation and \$500,000 from existing West Falmouth Crossing TIF funds. Work on this infrastructure improvement project is underway and scheduled to be complete by the end of 2020. The remaining \$3.3 million in GO Bonds financed the 50% match of the Falmouth Memorial Library renovation and expansion project. Library construction is scheduled to be complete by fall 2020.
- 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.
- The Town continues to implement a prioritized bicycle and pedestrian infrastructure plan.
- Private development continues to expand in the Route 1 South commercial district following the 2016 completion of the Town's \$12M infrastructure investment.

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

---

- The Town recently developed a multi-modal transportation plan for the Route One corridor with the Towns of Cumberland, Yarmouth, and Freeport. The Town is now considering next steps to implement the plan.
- The Town has selected an engineering consulting firm to design the implementation of master plan scenarios for a portion of the Route 1 North commercial district with recommended improvements including intersection and roadway improvements, as well as, pedestrian and bicycle amenities.
- The Town is considering next steps in the implementation of the West Falmouth sewer master plan to ensure the system can accommodate growth in West Falmouth while maintaining service levels.
- The Town continues to market the Route One South corridor where the recently completed infrastructure improvement plan has spurred developmental growth.
- 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 investigating affordable housing opportunities with developers.

**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.



## **BASIC FINANCIAL STATEMENTS**

## TOWN OF FALMOUTH, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 20,703,530	\$ -	\$ 20,703,530
Investments	13,794,985	-	13,794,985
Accounts receivable (net of allowance for uncollectibles):			
Taxes	1,052,789	-	1,052,789
Liens	205,735	-	205,735
Other	528,946	418,278	947,224
Due from other governments	207,827	-	207,827
Inventory	155,498	-	155,498
Prepaid items	42,077	26,176	68,253
Tax acquired property	5,545	-	5,545
Internal balances	(3,721,530)	3,721,530	-
Total current assets	<u>32,975,402</u>	<u>4,165,984</u>	<u>37,141,386</u>
Noncurrent assets:			
Capital assets:			
Land and other non-depreciable assets	22,214,829	760,884	22,975,713
Infrastructure, buildings and vehicles, net of accumulated depreciation	85,763,198	18,180,960	103,944,158
Total noncurrent assets	<u>107,978,027</u>	<u>18,941,844</u>	<u>126,919,871</u>
TOTAL ASSETS	<u>140,953,429</u>	<u>23,107,828</u>	<u>164,061,257</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	1,250,915	-	1,250,915
Deferred outflows related to pensions	1,883,671	-	1,883,671
Deferred outflows related to OPEB	698,929	-	698,929
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,833,515</u>	<u>-</u>	<u>3,833,515</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 144,786,944</u>	<u>\$ 23,107,828</u>	<u>\$ 167,894,772</u>

## STATEMENT A (CONTINUED)

## TOWN OF FALMOUTH, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 1,096,115	\$ 55,020	\$ 1,151,135
Accrued payroll and expenses	4,028,595	14,414	4,043,009
Accrued interest payable	266,314	34,627	300,941
Due to other governments	58,919	-	58,919
Current portion of long-term obligations	5,105,911	390,190	5,496,101
Total current liabilities	<u>10,555,854</u>	<u>494,251</u>	<u>11,050,105</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds and bond premiums payable	41,095,800	1,944,000	43,039,800
Accrued compensated absences	659,411	99,284	758,695
Net pension liability	2,758,070	-	2,758,070
Net OPEB liability	6,294,876	-	6,294,876
Total noncurrent liabilities	<u>50,603,005</u>	<u>2,043,284</u>	<u>52,646,289</u>
<b>TOTAL LIABILITIES</b>	<u>61,158,859</u>	<u>2,537,535</u>	<u>63,696,394</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	5,783	-	5,783
Deferred inflows related to pensions	753,666	-	753,666
Deferred inflows related to OPEB	354,147	-	354,147
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,113,596</u>	<u>-</u>	<u>1,113,596</u>
<b>NET POSITION</b>			
Net investment in capital assets	64,402,620	16,673,844	81,076,464
Restricted:			
Unemployment compensation fund	92,396	-	92,396
Education	1,675,546	-	1,675,546
TIF reserve funds	5,952,463	-	5,952,463
Cemetery perpetual care funds	9,648	-	9,648
Unrestricted	10,381,816	3,896,449	14,278,265
<b>TOTAL NET POSITION</b>	<u>82,514,489</u>	<u>20,570,293</u>	<u>103,084,782</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 144,786,944</u>	<u>\$ 23,107,828</u>	<u>\$ 167,894,772</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FALMOUTH, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Administration	\$ 4,781,736	\$ 540,524	\$ 666,991	\$ -	\$ (3,574,221)	\$ -	\$ (3,574,221)
Finance	1,307,341	59,582	-	-	(1,247,759)	-	(1,247,759)
Police	3,602,142	789,231	7,905	-	(2,805,006)	-	(2,805,006)
Fire/EMS	2,107,385	-	-	-	(2,107,385)	-	(2,107,385)
Public works	3,675,011	52,646	9,126	-	(3,613,239)	-	(3,613,239)
Community development	1,399,956	-	3,000	-	(1,396,956)	-	(1,396,956)
Parks and community programs	1,555,293	165,083	-	-	(1,390,210)	-	(1,390,210)
Education	41,063,971	1,734,013	12,847,046	-	(26,482,912)	-	(26,482,912)
Interest on debt service	1,331,087	-	-	-	(1,331,087)	-	(1,331,087)
Capital outlay	162,801	-	-	2,088,921	1,926,120	-	1,926,120
Total governmental activities	<u>\$ 60,986,723</u>	<u>\$ 3,341,079</u>	<u>\$ 13,534,068</u>	<u>\$ 2,088,921</u>	<u>(42,022,655)</u>	<u>-</u>	<u>(42,022,655)</u>
Business-type activities:							
Wastewater	2,816,681	2,089,949	-	348,542	-	(378,190)	(378,190)
Total business-type activities	<u>\$ 2,816,681</u>	<u>\$ 2,089,949</u>	<u>\$ -</u>	<u>\$ 348,542</u>	<u>-</u>	<u>(378,190)</u>	<u>(378,190)</u>

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)  
TOWN OF FALMOUTH, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities	Business-type Activities
Changes in net position:		
Net (expense) revenue	(42,022,655)	(378,190)
General revenues:		
Taxes:		
Property taxes, levied for general purposes	41,876,124	-
Excise taxes	3,651,682	-
Grants and contributions not restricted to specific programs	13,336	219,553
Investment income	832,070	8,500
Other income	1,193,904	-
Total general revenues	47,567,116	228,053
Change in net position	5,544,461	(150,137)
Net position - July 1	76,970,028	20,720,430
Net position - June 30	\$ 82,514,489	\$ 20,570,293

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	West Falmouth TIF	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,693,858	\$ -	\$ 9,672	\$ 20,703,530
Investments	13,794,985	-	-	13,794,985
Accounts receivable (net of allowance for uncollectibles):				
Taxes	1,052,789	-	-	1,052,789
Liens	205,735	-	-	205,735
Other	525,962	-	2,984	528,946
Due from other governments	-	-	207,827	207,827
Inventory	1,790	-	26,925	28,715
Prepaid items	42,077	-	-	42,077
Tax acquired property	5,545	-	-	5,545
Due from other funds	-	4,322,808	10,326,082	14,648,890
<b>TOTAL ASSETS</b>	<b>\$ 36,322,741</b>	<b>\$ 4,322,808</b>	<b>\$ 10,573,490</b>	<b>\$ 51,219,039</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 293,278	\$ 424,017	\$ 358,947	\$ 1,076,242
Accrued payroll and expenses	3,995,612	-	24,406	4,020,018
Due to other governments	58,919	-	-	58,919
Due to other funds	17,557,208	-	714,879	18,272,087
<b>TOTAL LIABILITIES</b>	<b>21,905,017</b>	<b>424,017</b>	<b>1,098,232</b>	<b>23,427,266</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	5,783	-	-	5,783
Deferred revenue	139,610	-	-	139,610
Deferred tax revenue	564,844	-	-	564,844
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>710,237</b>	<b>-</b>	<b>-</b>	<b>710,237</b>
<b>FUND BALANCES</b>				
Nonspendable	49,412	-	36,573	85,985
Restricted	92,396	3,898,791	6,825,093	10,816,280
Committed	1,675,546	-	1,660,174	3,335,720
Assigned	365,000	-	1,470,350	1,835,350
Unassigned	11,525,133	-	(516,932)	11,008,201
<b>TOTAL FUND BALANCES</b>	<b>13,707,487</b>	<b>3,898,791</b>	<b>9,475,258</b>	<b>27,081,536</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 36,322,741</b>	<b>\$ 4,322,808</b>	<b>\$ 10,573,490</b>	<b>\$ 51,219,039</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020

	Total Governmental Funds
Total Fund Balances	\$ 27,081,536
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, net of accumulated depreciation	107,978,027
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	564,844
Ambulance and fines receivable	139,610
Deferred outflows of resources related are not financial resources and therefore are not reported in the funds:	
Deferred charge on bond refunding	1,250,915
Pensions	1,883,671
OPEB	698,929
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest	(266,314)
Bonds and bond premiums payable	(45,540,952)
Accrued compensated absences	(1,099,018)
Landfill postclosure costs	(16,000)
Net pension liability	(2,758,070)
Net OPEB liability	(6,294,876)
Deferred inflows of resources related are not financial resources and therefore are not reported in the funds:	
Pensions	(753,666)
OPEB	(354,147)
Net position of governmental activities	<u>\$ 82,514,489</u>

See accompanying independent auditors' report and 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, 2020

	General Fund	West Falmouth TIF	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	\$ 41,967,517	\$ -	\$ -	\$ 41,967,517
Excise taxes	3,651,682	-	-	3,651,682
Intergovernmental	10,015,144	2,088,921	628,790	12,732,855
State of Maine on-behalf payments	2,903,470	-	-	2,903,470
Licenses, permits and fees	540,524	-	-	540,524
Charges for services	867,350	-	1,734,013	2,601,363
Investment income, net of unrealized gains/(losses)	821,861	-	10,209	832,070
Fines and forfeitures	59,582	-	-	59,582
Other revenue	193,567	-	1,000,337	1,193,904
TOTAL REVENUES	<u>61,020,697</u>	<u>2,088,921</u>	<u>3,373,349</u>	<u>66,482,967</u>
EXPENDITURES				
Current:				
Administration	1,315,565	-	65,975	1,381,540
Finance	1,307,341	-	-	1,307,341
Police	3,242,332	-	42,606	3,284,938
Fire/EMS	1,733,448	-	5,895	1,739,343
Public works	1,963,542	-	526,121	2,489,663
Community development	592,894	430,735	376,327	1,399,956
Parks and community programs	511,330	-	814,799	1,326,129
Non-departmental/other agencies	2,607,278	-	-	2,607,278
Education	36,923,794	-	1,975,515	38,899,309
Debt service:				
Principal	3,552,100	302,900	590,000	4,445,000
Interest	1,147,817	149,033	171,413	1,468,263
Capital outlay	-	5,627,582	5,074,164	10,701,746
TOTAL EXPENDITURES	<u>54,897,441</u>	<u>6,510,250</u>	<u>9,642,815</u>	<u>71,050,506</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,123,256</u>	<u>(4,421,329)</u>	<u>(6,269,466)</u>	<u>(4,567,539)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	962,142	4,112,522	5,074,664
Transfers (out)	(5,053,856)	-	(20,808)	(5,074,664)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,053,856)</u>	<u>962,142</u>	<u>4,091,714</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,069,400	(3,459,187)	(2,177,752)	(4,567,539)
FUND BALANCES - JULY 1	<u>12,638,087</u>	<u>7,357,978</u>	<u>11,653,010</u>	<u>31,649,075</u>
FUND BALANCES - JUNE 30	<u>\$ 13,707,487</u>	<u>\$ 3,898,791</u>	<u>\$ 9,475,258</u>	<u>\$ 27,081,536</u>

See accompanying independent auditors' report and 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, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (4,567,539)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	10,815,248
Capital asset disposals	(276,303)
Depreciation expense	<u>(4,611,415)</u>
	<u>5,927,530</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	(91,393)
Ambulance and fines receivable	<u>139,610</u>
	<u>48,217</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	39,931
OPEB	<u>413,717</u>
	<u>453,648</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>4,489,020</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	(114,063)
OPEB	<u>(3,323)</u>
	<u>(117,386)</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(108,807)
Accrued interest payable	137,176
Landfill postclosure costs	16,000
Net pension liability	(194,932)
Net OPEB liability	<u>(538,466)</u>
	<u>(689,029)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 5,544,461</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2020

	Enterprise Funds Wastewater Fund	Governmental Activities Internal Service Fund
<b>ASSETS</b>		
Current assets:		
Accounts receivable (net of allowance for uncollectibles)	\$ 418,278	\$ -
Inventory	-	126,783
Prepaid items	26,176	-
Due from other funds	3,721,530	-
Total current assets	<u>4,165,984</u>	<u>126,783</u>
Noncurrent assets:		
Capital assets:		
Land and construction in progress	760,884	-
Buildings and improvements	11,623,380	-
Equipment	4,641,760	-
Infrastructure	17,878,802	-
Less: accumulated depreciation	(15,962,982)	-
Total noncurrent assets	<u>18,941,844</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 23,107,828</u></u>	<u><u>\$ 126,783</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 55,020	\$ 19,873
Accrued expenses	14,414	8,577
Accrued interest payable	34,627	-
Due to other funds	-	98,333
Current portion of long-term obligations	390,190	-
Total current liabilities	<u>494,251</u>	<u>126,783</u>
Noncurrent liabilities:		
Noncurrent portion of long-term obligations:		
Bonds payable	1,944,000	-
Accrued compensated absences	99,284	-
Total noncurrent liabilities	<u>2,043,284</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>2,537,535</u>	<u>126,783</u>
<b>NET POSITION</b>		
Net investment in capital assets	16,673,844	-
Unrestricted	3,896,449	-
<b>TOTAL NET POSITION</b>	<u>20,570,293</u>	<u>-</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 23,107,828</u></u>	<u><u>\$ 126,783</u></u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

STATEMENT OF CHANGES IN NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds	Governmental
	Wastewater	Activities
	Fund	Internal Service
	Fund	Fund
OPERATING REVENUES		
Intergovernmental	\$ 185,176	\$ -
Charges for services	2,089,949	210,598
Other	34,377	-
TOTAL OPERATING REVENUES	<u>2,309,502</u>	<u>210,598</u>
OPERATING EXPENSES		
Wages and benefits	820,278	-
Professional services	447,970	-
Supplies	44,906	-
Maintenance and repairs	389,244	-
Utilities	156,021	-
Depreciation	886,776	-
Other	7,318	210,598
TOTAL OPERATING EXPENSES	<u>2,752,513</u>	<u>210,598</u>
OPERATING INCOME (LOSS)	<u>(443,011)</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)		
Capital contributions	348,542	-
Interest income	8,500	-
Interest expense	(64,168)	-
Transfers in	-	-
Transfers (out)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>292,874</u>	<u>-</u>
CHANGE IN NET POSITION	(150,137)	-
NET POSITION - JULY 1	<u>20,720,430</u>	<u>-</u>
NET POSITION - JUNE 30	<u>\$ 20,570,293</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds	Governmental Activities
	Wastewater Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 2,025,817	\$ 210,598
Other receipts	219,553	-
Internal activity - receipts (payments) from/to other funds	(177,108)	-
Payments to employees	(820,278)	-
Payments to suppliers	(1,064,637)	(210,598)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	183,347	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest paid on long-term debt	(64,168)	-
Capital contributions	348,542	-
Capital asset additions	(152,221)	-
Principal payments on long-term debt	(324,000)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(191,847)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	8,500	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	8,500	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS - JULY 1	-	-
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (443,011)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	886,776	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(64,132)	-
(Increase) decrease in prepaid items	780	-
(Increase) decrease in due from other funds	(177,108)	-
Increase (decrease) in accounts payable	27,015	-
Increase (decrease) in accrued expenses	(22,688)	-
Increase (decrease) in accrued compensated absences	(24,285)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 183,347	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ 64,168	\$ -

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2020

	Custodial Funds	Private-Purpose Trust Funds
	<u>Total</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 209,138	\$ 80,383
Due from other governments	198,042	37,117
TOTAL ASSETS	<u>\$ 407,180</u>	<u>\$ 117,500</u>
LIABILITIES		
Accounts payable	\$ 2,800	\$ -
Deposits held for others	404,380	1,074
Due to other governments	-	500
TOTAL LIABILITIES	<u>\$ 407,180</u>	<u>\$ 1,574</u>
NET POSITION		
Restricted		117,000
Unrestricted (deficit)		(1,074)
TOTAL NET POSITION		<u>115,926</u>
TOTAL LIABILITIES AND NET POSITION		<u>\$ 117,500</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Private-Purpose Trust Funds <u>Total</u>
ADDITIONS	
Interest income	\$ 286
Other contributions	<u>19,330</u>
TOTAL ADDITIONS	<u>19,616</u>
DEDUCTIONS	
Scholarship awards	<u>17,117</u>
TOTAL DEDUCTIONS	<u>17,117</u>
CHANGE IN NET POSITION	2,499
NET POSITION - JULY 1	<u>113,427</u>
NET POSITION - JUNE 30	<u>\$ 115,926</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Falmouth was incorporated under the laws of the State of Maine. The Town operates under the selectmen form of government and provides the following services: administration, finance, police, fire/EMS, public works, community development, parks and community programs, non-departmental, education and other/program expenses.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**COVID-19 Outbreak**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. As of the date of this report, the state of emergency was extended to December 23, 2020 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

TOWN OF FALMOUTH, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Impact on and Results of Operations*

On March 17, 2020, Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance concerning municipal budgets and the election process during the state of emergency. The Town used a secret ballot referendum to approve the Falmouth School Department's fiscal year 2021 budget. In accordance with Executive Order 39, issued by the Governor of Maine on April 10, 2020, primary elections (and all applicable dates in coordination with it) were suspended from June 9 to July 14.

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, Town facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended as of March 20, 2020. The Town office reopened by appointment on May 26, 2020 and for walk in business on June 8, 2020.

*Tax and excise tax 60-day deferred revenue extended*

Closures and/or reduced hours of Town facilities have provided limited ability for some taxpayers to remit payments for property and excise taxes that generally would have occurred during the current fiscal year. Executive Order 53, issued by the Governor of Maine on May 12, 2020 (and corrected on May 26 and June 26) allowed municipal officers to extend both tax due dates and interest dates for the fiscal year 2020 property taxes due as well as the option to delay property tax lien filing dates until after the state of emergency has expired. The Town did extend its tax due date for property taxes to May 30, 2020 and for auto excise taxes to July 10, 2020.

*Impact on Finances*

The Town does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act funding and applicable Federal and/or State programs.

*Expected Federal/State Support*

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.



TOWN OF FALMOUTH, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Conclusion*

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

**Implementation of New Accounting Standards**

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's Wastewater fund is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position are reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The West Falmouth TIF Fund is used to account for financial resources to be used for the West Falmouth TIF and that are legally restricted for that purpose.

Nonmajor Funds

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.
- b. Internal Service Funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Town on a cost-reimbursement basis. Because the principal users of the internal services are the Town's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (custodial and private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Town has no component units that are fiduciary in nature.

The emphasis in fund financial statements is on the major funds in the governmental activity category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Public Employees Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$ 58,117,227
Add: On-behalf payments	<u>2,903,470</u>
Total GAAP basis	<u><u>\$ 61,020,697</u></u>
Expenditures per budgetary basis	\$ 57,047,827
Add: On-behalf basis	<u>2,903,470</u>
Total GAAP basis	<u><u>\$ 59,951,297</u></u>

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the first half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of presenting the proposed budget to the inhabitants and accepting their comments.
3. The budget was adopted subsequent to passage by the Town Council.

**Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Finance Director is authorized by State Statutes to invest all excess funds in the following:

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Falmouth has a formal investment policy and also follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due from governmental agencies and ambulance receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$1,155,051 for the year ended June 30, 2020.

**Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximate market, using the first-in, first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The general fund inventory consists of postage funds, the school lunch fund inventory consists of school lunch supplies and food on hand at the end of the year and the internal service fund inventory consists of vehicle repair parts.

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

**Tax Acquired Property**

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

TOWN OF FALMOUTH, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

After real property becomes tax acquired the Town Council is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by or the provisions of the Town charter.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets and assets received in a service concession arrangement are valued at their estimated acquisition value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.



TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

Improvements other than buildings	20 - 50 years
Buildings and improvements	20 - 50 years
Machinery and equipment	3 - 50 years
Infrastructure	50 - 100 years

**Long-term Obligations**

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist primarily of bonds payable, bond premium payable, a note from direct borrowings payable, accrued compensated absences, landfill postclosure costs, net pension liability and net OPEB liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Participating Local District (PLD) Consolidated Plan and State Employee and Teacher (SET) Plan and additions to/deductions from the PLD Consolidated and SET Plans' fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated and SET Plans. 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.

**OPEB**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Education Association

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Benefits Trust (MEABT) and the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as single employer defined benefit plans based on information provided solely by MEABT and MMEHT to complete the actuarial reports. Additions to/deductions from the MEABT and MMEHT OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by MEABT and MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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 State Employee and Teacher (SET) Plan and the Participating Local Districts (PLD) Plan and additions to/deductions from the SET and PLD Plans' fiduciary net position have been determined on the same basis as they are reported by the SET and PLD Plans. 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.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

TOWN OF FALMOUTH, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given through the Town charter and is expressed by the Town Council.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has deferred bond premium, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenue, which arises only under a modified accrual basis of accounting qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and the governmental funds balance sheet. Deferred inflows related to pensions and deferred inflows related to OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as inflows of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied September 4, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Real estate taxes were due on in two installments on November 7, 2019 and May 7, 2020 while personal property taxes were due in one installment on December 1, 2019. Interest on unpaid taxes commenced on November 8, 2019 and May 30, 2020 for real estate taxes and on December 2, 2019 for personal property taxes, at 9% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$20,093 for the year ended June 30, 2020.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating or capital grants and contributions, including special assessments).

TOWN OF FALMOUTH, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Operating/Nonoperating Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2020, the Town's cash balance amounting to \$20,993,051 was comprised of bank deposits of \$21,383,980. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. Of these bank deposits, \$1,401,838 were fully insured by federal depository insurance and

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

consequently were not exposed to custodial credit risk, \$8 were covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk. The remaining deposits of \$19,982,134 were collateralized with securities held by the financial institution's agent in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 319,865
Savings accounts	16,804
Repurchase agreements	19,982,134
ICS accounts	1,065,169
Cash equivalents	8
	<u>\$ 21,383,980</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. Of the Town's investments in certificates of deposit of \$11,715,236, all were fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. Of the Town's investments in debt securities of \$2,079,749, \$499,992 was covered by the Securities Investor Protection Corporation (SIPC) and consequently was not exposed to custodial credit risk and the remaining amount of \$1,579,757 was collateralized by insurance coverage purchased by the clearing broker associated with the investment institution.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

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

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	Fair Value	N/A	Less than 1 Year	1 - 5 Years
Debt securities:				
US Government bonds	\$ 2,079,749	\$ 2,079,749	\$ -	\$ -

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2020:

	June 30, 2020 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
U.S. Agency Securities	\$ 2,079,749		\$ 2,079,749	
Total debt securities	2,079,749	-	2,079,749	-
Total investments by fair value level	\$ 2,079,749	\$ -	\$ 2,079,749	\$ -

Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level I or Level III investments. Certificates of deposit held with financial institutions for \$11,715,236 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town has an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts, repurchase agreements, obligations of the U.S. Treasury and various insured certificates of deposit.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ -	\$ 17,557,208
West Falmouth TIF	4,322,808	-
Enterprise fund	3,721,530	-
Internal service fund	-	98,333
Nonmajor special revenue funds	7,648,341	273,149
Nonmajor capital project funds	2,677,741	441,230
Permanent funds	-	500
	<u>\$ 18,370,420</u>	<u>\$ 18,370,420</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2019 consisted of the following:

	Transfers From	Transfers To
General fund	\$ -	\$ 5,053,856
West Falmouth TIF	962,142	-
Nonmajor special revenue funds	2,705,032	20,808
Nonmajor capital project funds	1,407,490	-
	<u>\$ 5,074,664</u>	<u>\$ 5,074,664</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations. Significant transfers that occurred were between the General Fund and the four tax increment financing funds.



TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Disposals	Balance, 6/30/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 9,306,751	\$ 619,986	\$ -	\$ 9,926,737
Construction in progress	4,090,386	8,459,441	(261,735)	12,288,092
	<u>13,397,137</u>	<u>9,079,427</u>	<u>(261,735)</u>	<u>22,214,829</u>
Depreciated assets:				
Improvements other than buildings	1,906,849	-	-	1,906,849
Buildings and building improvements	78,960,655	108,955	-	79,069,610
Machinery and equipment	14,985,934	1,312,632	(375,828)	15,922,738
Infrastructure	44,800,683	314,234	-	45,114,917
	<u>140,654,121</u>	<u>1,735,821</u>	<u>(375,828)</u>	<u>142,014,114</u>
Less: accumulated depreciation	(52,000,761)	(4,611,415)	361,260	(56,250,916)
	<u>88,653,360</u>	<u>(2,875,594)</u>	<u>(14,568)</u>	<u>85,763,198</u>
Net governmental capital assets	<u>\$ 102,050,497</u>	<u>\$ 6,203,833</u>	<u>\$ (276,303)</u>	<u>\$ 107,978,027</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 511,344	\$ -	\$ -	\$ 511,344
Construction in progress	237,809	37,185	(25,454)	249,540
	<u>749,153</u>	<u>37,185</u>	<u>(25,454)</u>	<u>760,884</u>
Depreciated assets:				
Buildings and improvements	11,623,380	-	-	11,623,380
Machinery and equipment	4,516,467	125,293	-	4,641,760
Infrastructure	17,863,605	15,197	-	17,878,802
	<u>34,003,452</u>	<u>140,490</u>	<u>-</u>	<u>34,143,942</u>
Less: accumulated depreciation	(15,076,206)	(886,776)	-	(15,962,982)
	<u>18,927,246</u>	<u>(746,286)</u>	<u>-</u>	<u>18,180,960</u>
Net business-type capital assets	<u>\$ 19,676,399</u>	<u>\$ (709,101)</u>	<u>\$ (25,454)</u>	<u>\$ 18,941,844</u>

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

Governmental activities

General government	\$ 286,975
Police	317,204
Fire/EMS	368,042
Public works	1,201,348
Community programs and parks	229,164
Education	2,208,682
Total governmental activities depreciation expense	<u>\$ 4,611,415</u>

Business-type activities

Wastewater fund	\$ 886,776
Total business-type activities depreciation expense	<u>\$ 886,776</u>

NOTE 6 - LONG-TERM DEBT

All governmental activities long-term debt service requirements are paid by either the general fund or the Route One South TIF District special revenue fund. A summary of long-term debt is as follows:

	Balance, 7/1/19	Additions	Reductions	Balance, 6/30/20	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 47,505,000	\$ -	\$ (4,445,000)	\$ 43,060,000	\$ 4,240,000
Bond premiums payable	2,686,104	-	(205,152)	2,480,952	205,152
Notes from direct borrowings payable	44,020	-	(44,020)	-	205,152
Totals	<u>\$ 50,235,124</u>	<u>\$ -</u>	<u>\$ (4,694,172)</u>	<u>\$ 45,540,952</u>	<u>\$ 4,650,304</u>
<u>Business-type activities:</u>					
Bond payable	<u>\$ 2,592,000</u>	<u>\$ -</u>	<u>\$ (324,000)</u>	<u>\$ 2,268,000</u>	<u>\$ 324,000</u>

The following is a summary of the bonds payable:

Governmental activities:

\$1,900,000, 2015 Public Safety Building Refunding Bond, due in annual principal installments of \$210,000 to \$165,000 and semi-annual interest payments through November of 2026. Interest is charged at a fixed rate of 3.00% per annum.

\$ 1,280,000

TOWN OF FALMOUTH, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

\$25,665,000, 2018 Elementary School Refunding Bond refunded in 2017, due in annual principal and interest installments ranging from \$2,714,925 to \$1,837,150, through November of 2031. Interest is charged at a fixed rate of 2.00%-5.00% per annum.	21,890,000
\$9,315,000, 2011 General Obligation High School Bond refunded in 2017, due in annual principal and interest installments ranging from \$916,825 to \$861,900, through November of 2021. Interest is charged at a fixed rate of 2.00%-4.00% per annum.	1,690,000
\$4,750,000, 2013 Middle School Bond, due in annual principal and interest installments ranging from \$369,375 to \$255,313, through November of 2033. Interest is charged at a fixed rate of 2.00%-4.25% per annum.	3,500,000
\$9,400,000, 2014 General Obligation Route 1 Bond, due in annual principal and interest installments ranging from \$761,413 to \$605,475, through October of 2029. Interest is charged at a fixed rate of 2.00%-3.50% per annum.	5,860,000
\$9,310,000, 2019 General Obligation Route 100/Library Bond, due in annual principal and interest installments ranging from \$701,250 to \$471,975, through November of 2038. Interest is charged at a fixed rate of 2.00%-3.00% per annum.	<u>8,840,000</u>
Total governmental bonds payable	<u><u>\$ 43,060,000</u></u>
Business-type activities:	
\$6,480,000, 2007 Revenue Bond, due in annual principal and interest installments ranging from \$369,684 to \$327,046, through August of 2026. Interest is charged at a fixed rate of 1.88% per annum.	<u>\$ 2,268,000</u>
Total business-type bond payable	<u><u>\$ 2,268,000</u></u>
Total bonds payable	<u><u>\$ 45,328,000</u></u>

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the bond premium payable:

Bond premium proceeds from bond refundings and bond issuances are amortized by a straight-line method over the life of the corresponding debt.	\$ 2,480,952
Total governmental bond premium payable	<u>\$ 2,480,952</u>

The following is a summary of outstanding bonds, bond premium and the note from direct borrowings principal and interest requirements for the following fiscal years ending June 30:

	<b>BONDS PAYABLE</b>					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 4,240,000	\$ 1,354,638	\$ 5,594,638	\$ 324,000	\$ 39,593	\$ 363,593
2022	4,235,000	1,233,863	5,468,863	324,000	33,502	357,502
2023	3,320,000	1,126,788	4,446,788	324,000	27,410	351,410
2024	3,290,000	1,035,213	4,325,213	324,000	21,319	345,319
2025	3,275,000	944,313	4,219,313	324,000	15,228	339,228
2026-2030	15,895,000	2,921,913	18,816,913	648,000	12,182	660,182
2031-2035	6,945,000	651,650	7,596,650	-	-	-
2036-2040	1,860,000	111,600	1,971,600	-	-	-
	<u>\$ 43,060,000</u>	<u>\$ 9,379,978</u>	<u>\$ 52,439,978</u>	<u>\$ 2,268,000</u>	<u>\$ 149,234</u>	<u>\$ 2,417,234</u>

	<b>BOND PREMIUM PAYABLE</b>		
	Governmental Activities		
	Principal	Interest	Total
2021	\$ 205,152	\$ -	\$ 205,152
2022	205,152	-	205,152
2023	205,152	-	205,152
2024	205,152	-	205,152
2025	205,152	-	205,152
2026-2030	995,514	-	995,514
2031-2035	408,980	-	408,980
2036-2040	50,698	-	50,698
	<u>\$ 2,480,952</u>	<u>\$ -</u>	<u>\$ 2,480,952</u>

All bonds and the note from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from either taxes levied on all taxable property within the Town or dedicated sewer use fees.

TOWN OF FALMOUTH, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2020 is as follows:

	Balance, 7/1/19	Additions	Reductions	Balance, 6/30/20	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 990,211	\$ 312,063	\$ (203,256)	\$ 1,099,018	\$ 439,607
Landfill postclosure costs	32,000	-	(16,000)	16,000	16,000
Net pension liability	2,563,138	1,866,957	(1,672,025)	2,758,070	-
Net OPEB liability	5,756,410	802,116	(263,650)	6,294,876	-
Totals	<u>\$ 9,341,759</u>	<u>\$ 2,981,136</u>	<u>\$ (2,154,931)</u>	<u>\$ 10,167,964</u>	<u>\$ 455,607</u>
	Balance, 7/1/19	Additions	Reductions	Balance, 6/30/20	Current Portion
<u>Business-type activities:</u>					
Accrued compensated absences	<u>\$ 189,759</u>	<u>\$ 31,821</u>	<u>\$ (56,106)</u>	<u>\$ 165,474</u>	<u>\$ 66,190</u>

Total pension expense for the Town was \$269,064 while total OPEB expense for the Town was \$128,072. Please see Notes 8, 13, 15 and 16 for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permits employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2020, the Town's liability for compensated absences is \$1,264,492.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 9 - NONSPENDABLE FUND BALANCES

The Town had the following nonspendable fund balances at June 30, 2020:

General fund:	
Inventory	\$ 1,790
Prepaid items	42,077
Tax acquired property	5,545
Nonmajor special revenue funds (Schedule D)	26,925
Nonmajor permanent funds (Schedule H)	9,648
	<u>\$ 85,985</u>

NOTE 10 - RESTRICTED FUND BALANCES

The Town had the following restricted fund balances at June 30, 2020:

General fund:	
Unemployment compensation fund	\$ 92,396
West Falmouth TIF	3,898,791
Nonmajor special revenue funds (Schedule D)	5,952,463
Nonmajor capital project funds (Schedule F)	872,630
	<u>\$ 10,816,280</u>

NOTE 11 - COMMITTED FUND BALANCES

The Town had the following committed fund balances at June 30, 2020:

General fund:	
Education	\$ 1,675,546
Nonmajor capital project funds (Schedule F)	1,660,174
	<u>\$ 3,335,720</u>

NOTE 12 - ASSIGNED FUND BALANCES

The Town had the following assigned fund balances at June 30, 2020:

General fund:	
FY 2021 budget	\$ 365,000
Nonmajor special revenue funds (Schedule D)	1,470,350
	<u>\$ 1,835,350</u>

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

**Plan Description**

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs 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 (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). 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. 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. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2019, there were 307 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.69%.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's plan members are required to contribute 8.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.5% of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2020 was \$475,405.

STATE EMPLOYEE AND TEACHER PLAN

**Plan Description**

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs 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 (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement



TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

age for State employees and teachers is age 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. The System also provides disability and death benefits which are established by statute for State employee and teacher members. As of June 30, 2019, there were 239 employers, including the State of Maine, participating in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.69%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. The Town's teachers are required to contribute 7.65% of their compensation to the retirement system. The Town's payroll for teachers covered by this program was approximately \$21,271,810 for the year ended June 30, 2020. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.33% of the Town's contractually required contributions, which 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 (UAL). Contributions paid by the State were approximately \$2,903,470 for the year ended June 30, 2020. Title 5 of the Maine Revised Statutes Annotated also requires the Town to contribute at an actuarially determined normal cost rate of 4.16%, which totaled \$944,768 for 2020. In addition, the Town is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.95% of compensation and totaled \$2,579 for the year ended June 30, 2020.

**Pension Liabilities**

*PLD Consolidated Plan*

At June 30, 2020, the Town reported a liability of \$2,671,319 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2019, and the total pension liabilities used to calculate the net

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2019, the Town's proportion was 0.873941%, which was a decrease of 0.01688% from its proportion measured as of June 30, 2018.

*SET Plan*

At June 30, 2020, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 86,751
State's proportionate share of the net pension liability associated with the Town	<u>22,579,424</u>
Total	<u><u>\$ 22,666,175</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2019, the Town's proportion was 0.005917%, which was a decrease of 0.00336% from its proportion measured as of June 30, 2018.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2020, the Town recognized total pension revenue of \$122,854 for the PLD plan and pension expense of \$3,854,187 and net revenue of \$2,903,470 for support provided by the State of Maine for the SET plan. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	PLD Plan		SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 316,294	\$ -	\$ 6,748	\$ -
Changes of assumptions	135,285	-	2,511	-
Net difference between projected and actual earnings on pension plan investments	-	669,099	-	12,245
Changes in proportion and differences between contributions and proportionate share of contributions	-	41,008	2,660	31,314
Contributions subsequent to the measurement date	475,405	-	944,768	-
Total	<u>\$ 926,984</u>	<u>\$ 710,107</u>	<u>\$ 956,687</u>	<u>\$ 43,559</u>

\$475,405 for the PLD plan and \$944,768 for the SET plan were reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan	SET Plan
Plan year ended June 30:		
2020	\$ 101,687	\$ (9,004)
2021	(301,707)	(19,921)
2022	(58,086)	(2,752)
2023	(424)	37
2024	-	-
Thereafter	-	-

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Actuarial Methods and Assumptions**

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., actual decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

*Investment Rate of Return* - For the PLD and State Employee and Teacher Plans, 6.75% per annum for the year ended June 30, 2019, compounded annually.

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year; state employees, 2.75% to 8.75% per year; teachers, 2.75% to 14.50% per year.

*Mortality Rates* - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

*Cost of Living Benefit Increases* - for PLD Consolidated 1.91% and Teacher Plans, 2.20% per annum for the year ended June 30, 2019.

The long-term expected rate of return on pension plan assets 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 class of assets. 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 June 30, 2019 are summarized in the following table.

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

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2019 for each of the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. 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 liability.

The following table shows how the collective net pension liability as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ (521,940)	\$ 2,671,319	\$ 6,085,092
<u>SET Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 28,341	\$ 86,751	\$ 156,843

**Changes in Net Pension Liability**

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2019 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2019 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining

TOWN OF FALMOUTH, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2019, this was three years for the SET Plan and four years for the PLD Consolidated Plan; for 2018, this was three years for both the SET Plan and the PLD Consolidated Plan; prior to 2017, this was four years for the PLD Consolidated Plan.

*Differences between Expected and Actual Investment Earnings*

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100

NOTE 14 - DEFERRED COMPENSATION PLANS

International City Management Association Retirement Corporation - 401(a) and 457(b)

A. Plans Description

The Town offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 401 and 457 and maintained by International City Management Association Retirement Corporation (ICMA-RC). The plan permits employees to defer a portion of their salary, in addition to Town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

It is the opinion of the Town's management that the Town has no liability for losses under these plans but does have the duty of due care that would be required of an ordinary prudent investor.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Council. Generally, the Town will contribute 8% of annual salary for full-time employees that participate in the Town's deferred compensation plan that do not participate in either the PLD or SET plans. For the both plans, the employee's and the Town's matching contribution vests 100% with the employee when contributed.

The Town's contributions to the 401 plan including employee contributions for 2020 and 2019 were \$193,858 and \$141,341, respectively. The Town's contributions to the 457 plan including employee contributions for 2020 and 2019 were \$128,830 and \$49,142, respectively.



TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

**Plan Description**

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2019, there were 239 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Group Life Insurance Plan (the Plan) 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 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's 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**

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For Department's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. The State participates in the SET

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2020 was approximately \$75,171.

**OPEB Liabilities and OPEB Expense**

At June 30, 2020, the Town reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Town. The total portion of the net OPEB liability that was associated with the District were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>816,679</u>
Total	<u><u>\$ 816,679</u></u>

For the year ended June 30, 2020, the Town recognized net OPEB expense of \$152,272 and revenue of \$152,272 for support provided by the State of Maine.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT PLAN

**Plan Description**

Town employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. As of June 30, 2019, there were 239 employers participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

**Benefits Provided**

The Group Life Insurance Plan (the Plan) 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 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's 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**

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. The Town's contribution to the Plan for the year ended June 30, 2020 was \$921.

**Proportionate Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020, the Town reported a liability of \$276,101 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2019, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liabilities were based on a projection of the Town's long-term share of contributions to the Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2019, the Town's proportion was 1.290343%, which was a decrease of 0.00897% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized net OPEB revenue of \$2,782. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLANS (CONTINUED)

	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,598	\$ -
Changes of assumptions	22,980	36,073
Net difference between projected and actual earnings on pension plan investments	-	12,346
Changes in proportion and differences between contributions and proportionate share of contributions	7,654	5,975
Contributions subsequent to the measurement date	921	-
Total	<u>\$ 49,153</u>	<u>\$ 54,394</u>

\$921 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 net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	PLD Life Insurance
Plan year ended June 30:	
2019	\$ (5,969)
2020	(5,969)
2021	(3,386)
2022	7,569
2023	1,593
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLANS (CONTINUED)

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

Investments are reported at fair value.

*Amortization*

The net OPEB liability of the Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2019, there were 11 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

*Investment Rate of Return* - For the PLD Plan, 6.75% per annum, compounded annually.

*Inflation Rate* - 2.75%

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

*Annual Salary Increases including Inflation* - For the PLD Plan, 2.75% to 9.00% per year.

*Mortality Rates* - For active members and non-disabled retirees of the Plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.

*Participation Rate for Future Retirees* - 100% of those currently enrolled.

*Conversion Charges* - Apply to the cost of active group life insurance, not retiree group life insurance.

*Form of Benefit Payment* - Lump sum

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate 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 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 long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	15.00%	3.00%
US Government securities	10.00%	2.30%
Total	100.00%	

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

*Discount Rate*

The discount rate used to measure the collective total OPEB liability was 4.98% for 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The following table shows how the collective net OPEB liability/(asset) as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 4.98% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance: Discount rate	3.98%	4.98%	5.98%
Town's proportionate share of the net OPEB benefits liability	\$ 364,618	\$ 276,101	\$ 206,318

**Changes in Net OPEB Liability**

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2019 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There were no differences between expected and actual experience as of June 30, 2019.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

*Differences between Projected and Actual Investment Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period for the PLD Plan was six years for 2019. For the fiscal year ended June 30, 2019, there were no changes in assumptions with the exception of the use of a blended discount rate for the PLD Plan. Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions Plans*, requires the use of a blended discount rate for determining the total OPEB liability when it is projected that plan assets are not sufficient to meet benefit obligations in the future. In years where assets are projected to be sufficient to pay benefits, the Plan's assumed rate of return is used; in years where assets are not projected to be sufficient to pay benefits, the use of a municipal bond rate is required. The result is a single blended discount rate.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when



TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2019.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

**Plan Description**

The State of Maine and School retirees contribute to the School's OPEB Plan with the Maine Education Association Benefits Trust (MEABT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the State, the School and/or the School retirees. MEABT is a fully funded, self-insured trust which provides benefits to education organizations and acts as the agent to the School concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MEABT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MEABT participants and are administered by a number of third-party administrators contracted by MEABT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MEABT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The employee must have participated in a plan for the 12 months prior to retirement and have 10 years (under age 50) or 5 years (age 50 or above) of continuous active service and enrollment in the health plan to be eligible for

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

this Plan. The retiree who terminates coverage may elect to re-enroll in coverage if they participated in the health plan for 12 months prior to terminating coverage, as long as re-enrollment occurs within 5 years from coverage termination and as long as the retiree is not past age 62. The retiree must have maintained continuous health insurance coverage during the break in coverage with MEABT to be eligible for re-enrollment and is only eligible for re-enrollment once.

**Employees Covered by Benefit Terms**

At June 30, 2020, the following employees were covered by the benefit terms:

Active members	314
Retirees and spouses	116
Total	<u>430</u>

**Cost Sharing Provisions/Contributions**

Retirees are eligible for a State subsidy of 45% of the blended single premium for the retiree. The blended premium is determined by blending rates for active members and retired members, as determined by State law. The retiree contributes the remaining 55% of blended single premium and spouse must contribute 100% of the blended premium amount coverage elected.

**Employee/Retiree Premium Amounts:**

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Employee</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Family</u>
Choice Plus	\$689	\$1,554	\$1,220	\$1,891
Standard \$200 Ded	\$745	\$1,678	\$1,318	\$2,043
Standard \$500 Ded	\$655	\$1,476	\$1,159	\$1,797
<u>Medicare</u>				
Medicare-Eligible Retirees	\$450	\$944	N/A	N/A

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

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

At June 30, 2020, the Town reported a liability of \$4,778,141 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date. The School's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2020, the Town recognized OPEB expense of \$86,164. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MEABT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	221,421	137,401
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	153,495	-
Total	<u>\$ 374,916</u>	<u>\$ 137,401</u>

\$153,495 were 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 net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

	<u>MEABT</u>
Plan year ended June 30:	
2020	\$ 9,934
2021	9,934
2022	9,934
2023	9,933
2024	44,285
Thereafter	-

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2019. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.50% per annum for June 30, 2019 was based upon a measurement date of June 28, 2019. The sensitivity of total OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.50%	3.50%	4.50%
Total OPEB liability	\$ 5,619,701	\$ 4,778,141	\$ 4,107,304
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 5,619,701</u>	<u>\$ 4,778,141</u>	<u>\$ 4,107,304</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of total OPEB liability to changes in healthcare cost trend rates are as follows:

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 4,025,571	\$ 4,778,141	\$ 5,731,347
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 4,025,571</u>	<u>\$ 4,778,141</u>	<u>\$ 5,731,347</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

*Assumptions*

Significant actuarial assumptions employed by the actuary for economic purposes are based on GASB 75 paragraph 36. Assumptions other than the discount rate are based on historical and future projections of long-term health care rates:

Discount Rate - 3.50% per annum.

Trend Assumptions:

Pre-Medicare - Initial trend of 5.55% applied in FYE 2019 grading over 15 years to 3.73% per annum.

Medicare - Initial trend of 3.72% applied in FYE 2019 grading over 15 years to 2.81% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2018 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of June 30, 2018, they are as follows:

Retirement Rates - Rates vary for plans based on age and service

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims

Family Enrollment Composition - It is assumed that 80% is married with an eligible spouse.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method

Salaries - Were not available from the client and were assumed using the Teachers/Age Service Salary scatter from the State Retirement Agency. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service scatter.

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were assumed to be the midpoint of each service group. Those under 1 year of service, the date was assumed to be January 1, 2019 and all other groups were assumed to be hired on July 1 of each service midpoint.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

Rate of Mortality:

Healthy Annuitants - Based on 99% of the RP\_2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP\_2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected using the RPEC\_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Healthy Employees - Based on 99% of the RP\_2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP\_2014 Total Dataset Healthy Annuitant Mortality Tables after the end of the Total Employee Mortality Table, both projected using the RPEC\_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Disabled Annuitants - Based on 108% and 105% of the RP\_2014 Total Dataset Disabled Annuitant Mortality Table, respectively for males and females, projected from the 2006 base rates using the RPEC\_2015 model with an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Retiree Continuation Percentage:

Retirees currently in the Group Companion Plan (Medicare participants) are assumed to remain in the Group Companion Plan.

Retirees who are currently age 64 or over age 65 and enrolled in a Pre-Medicare plan are assumed to never be eligible for Medicare and are assumed to remain enrolled in the Pre-Medicare plan.

Retirees who are currently under age 64 and enrolled in a Pre-Medicare plan are assumed to be eligible for Medicare and are assumed to remain in the Pre-Medicare plan until age 64 and enroll in the Group Companion plan at age 65.

Spouses who are currently in the Pre-Medicare plan will follow the same assumptions as the retired member; if the member is never eligible for Medicare the spouse is not either.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

Significant actuarial assumptions employed by the actuary for claims and expense purposes are the based on the actual community rated premiums of the entire group. As of June 30, 2019, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through June 30, 2019 and projects through 2020 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

Medical Plan Election - Employees are assumed to continue in their current medical plan for their entire career. 50% of retirees are assumed to switch from the Choice Plan to the Standard Plan.

Medicare Eligibility - Assumed to be age 65, with the exception of retirees over age 65 who are not in the Group Companion Plan, all retirees under age 64 and current actives with a date of hire before March 31, 1986.

**Changes in Total OPEB Liability**

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2020, there were no differences between expected and actual experience.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2019. For the fiscal year ended June 30, 2020, there were no changes in assumptions.



TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

*Differences between Projected and Actual Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Town Finance Director's Office at 271 Falmouth Road, Falmouth, Maine 04105.

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

**Plan Description**

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

**Employees Covered by Benefit Terms**

At January 1, 2020, the following employees were covered by the benefit terms:

Active members	88
Retirees and spouses	10
Total	<u>98</u>

**Contributions**

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

**Retiree Premium Amounts:**

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS 200	\$809	\$1,814
POS C	\$847	\$1,899
PPO 500	\$779	\$1,748
PPO 2500	\$642	\$1,440
<u>Medicare</u>		
Medicare-Eligible Retirees	\$589	\$1,179

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

At June 30, 2020, the Town reported a liability of \$1,241,555 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date. The Town's total OPEB

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2020, the Town recognized OPEB expense of \$40,968. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,603	\$ 67,424
Changes of assumptions	179,885	94,928
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	17,372	-
Total	<u>\$ 274,860</u>	<u>\$ 162,352</u>

\$17,372 were 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 net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2021	\$ 15,062
2022	15,062
2023	15,062
2024	15,062
2025	15,064
Thereafter	19,824

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2019. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.74% per annum for June 30, 2020 was based upon a measurement date of December 27, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 1,240,245	\$ 1,241,555	\$ 958,892
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,240,245</u>	<u>\$ 1,241,555</u>	<u>\$ 958,892</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 1,081,329	\$ 1,241,555	\$ 1,441,158
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,081,329</u>	<u>\$ 1,241,555</u>	<u>\$ 1,441,158</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2020, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

*Amortization*

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

*Assumptions*

The actuarial assumptions used in the January 1, 2020 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

Discount Rate - 2.74% per annum for year end 2020 reporting. 4.10% per annum for 2019 year end reporting.

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2020\_b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections, and market analysis. For years 2024 - 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP\_2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP\_2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC\_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected.

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$10,179.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.



TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLANS  
(CONTINUED)

*Differences between Projected and Actual Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Town Finance Director's Office at 271 Falmouth Road, Falmouth, Maine 04105.

NOTE 17 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Falmouth's landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero years. Federal and state laws require that certain post closure care be met. The Town estimates that on an annual basis, some immaterial costs will be incurred for post closure care. As of June 30, 2020, \$16,000 is reported as landfill post-closure care as a long-term obligation and represents the estimated remaining cost of the monitoring tests at the site for thirty years after closure. The annual amount will be paid for within the Town's annual operating budget.

NOTE 18 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and Portland Water District debt. As of June 30, 2020, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
County of Cumberland	\$ 35,425,000	5.41%	\$ 1,916,493
Portland Water District-Wastewater	35,911,417	11.27%	4,046,000
Portland Water District-Water	55,760,544	8.01%	4,466,420
			<u>\$ 10,428,913</u>

## TOWN OF FALMOUTH, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

#### NOTE 19 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS

The Town has established four tax increment financing districts in accordance with Maine statutes to finance development programs located in the Town of Falmouth. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured asset values". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness to fund the expenditures of the development program and to finance future expansion.

#### NOTE 20 - JOINT VENTURES

##### ECOMAINE

The Town is a member of a joint venture with 45 other municipalities throughout Cumberland, Oxford and York counties. ecomaine is a solid waste management corporation that creates electricity through its processing of waste and also operates as an extensive recycling program. A joint committee made up of the Town of Falmouth and 20 other member communities owns and controls the corporation. 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 the financial statements in connection with its participation in ecomaine. The Town of Falmouth has an owner membership of 3.80% in ecomaine as of June 30, 2020 (the most current period available).

ecomaine has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of ecomaine, payable from and secured by a pledge of ecomaine revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision of the State of Maine, or a pledge of the full faith and credit of a political subdivision of the State of Maine. ecomaine has no taxing power. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2020 (the most current period available), ecomaine had no outstanding debt. Additionally, the Town's share of the projected landfill closure and post closure cost relating to ecomaine is estimated to be \$582,860.

##### PORTLAND WATER DISTRICT

The Town is a member of a joint venture with 9 other municipalities throughout the Portland area. The Portland Water District (PWD) supplies pure water for domestic,

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 20 - JOINT VENTURES (CONTINUED)

sanitary and municipal services to its members and sells the same to 2 other local water districts. The PWD also wastewater and sewerage treatment services and related environmental and billing services for member and participating municipalities. The PWD is managed by an 11-member Board of Trustees made up of elected officials from the Town of Falmouth and the other 9 member municipalities for 5-year terms. The Town has no explicit, measurable equity interest and therefore has not reported an asset in the financial statements in connection with its participation in PWD. A Comprehensive Annual Financial Report as of December 31, 2019 (the most recent period available) may be obtained from the Portland Water District, PO Box 3553, Portland, Maine 04104.

In March of 1981 (and amended in September of 2002 and February of 2015), the Town and PWD entered into a sewerage service contract to allow for the flow of sewerage into the Town's wastewater treatment facilities from the Town of Cumberland. This agreement includes the modification and upgrade of the Town's wastewater system and treatment facilities to accommodate the requirements of this agreement, for which PWD will reimburse the Town for a share of the costs associated and the Town will allocate various shares of capacity at their facilities. For this purpose, PWD has agreed to finance the Mill Creek Project through sewer bonds and for which it will be the sole owner, while the Town will remain responsible for routine operations and maintenance. When the sewer bonds have been paid by the Town, ownership of the Mill Creek Project will revert back to the Town.

NOTE 21 - 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 carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal and the Maine School Management Associations.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2020. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

TOWN OF FALMOUTH, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 22 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

The Town's School Department receives education subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the Town's School Department share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the Town's School Department and then recovers through the ED 279. Adjustments made by the State in the fiscal year of 2020 could include expenditures from the fiscal year of 2020 that would normally be accrued. The actual amount cannot be determined at this time however, it is the position of the Town's School Department that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine units concerning this matter.

The Town's School Department has a contingent liability related to the elementary school construction project. This project was funded with State funds and a certain percentage of unspent funds need to be returned to the State after the project costs have been audited by the State. The total amount of the unspent proceeds including interest earned, as of June 30, 2020 is \$636,028. As of June 30, 2020, the State has not completed the project's final audit and cannot provide a reasonable estimate of the amount to be returned to the State, therefore no liability has been recorded for June 30, 2020.

NOTE 23 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

### Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Changes in the Net OPEB Liability - MEABT and MMEHT Plans
- Schedule of Changes in the Net OPEB Liability and Related Ratios - MEABT and MMEHT Plans
- Schedule of Proportionate Share of the Net OPEB Liability - SET and PLD Plans
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

## TOWN OF FALMOUTH, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 12,638,087	\$ 12,638,087	\$ 12,638,087	\$ -
Resources (Inflows):				
Property taxes	43,001,661	42,262,049	41,967,517	(294,532)
Excise taxes	3,569,777	3,569,777	3,651,682	81,905
Intergovernmental	8,924,150	9,663,762	10,015,144	351,382
Licenses, permits and fees	503,829	503,829	540,524	36,695
Charges for services	814,725	814,725	867,350	52,625
Investment income, net of unrealized gains/(losses)	399,500	399,500	821,861	422,361
Fines and forfeitures	53,900	53,900	59,582	5,682
Other revenue	73,183	73,183	193,567	120,384
Amounts Available for Appropriation	<u>69,978,812</u>	<u>69,978,812</u>	<u>70,755,314</u>	<u>776,502</u>
Charges to Appropriations (Outflows):				
Administration	1,284,170	1,315,586	1,315,565	21
Finance	1,277,074	1,287,274	1,307,341	(20,067)
Police	3,310,155	3,310,155	3,242,332	67,823
Fire/EMS	1,773,769	1,773,769	1,733,448	40,321
Public works	2,075,347	2,075,347	1,963,542	111,805
Community development	589,497	615,697	592,894	22,803
Parks and community programs	513,487	513,487	511,330	2,157
Non-departmental/other agencies	2,708,928	2,646,199	2,607,278	38,921
Education	33,967,680	33,967,680	34,020,324	(52,644)
Debt service:				
Principal	3,555,000	3,555,000	3,552,100	2,900
Interest	1,164,900	1,164,900	1,147,817	17,083
Transfers to other funds	4,604,943	5,053,856	5,053,856	-
Total Charges to Appropriations	<u>56,824,950</u>	<u>57,278,950</u>	<u>57,047,827</u>	<u>231,123</u>
Budgetary Fund Balance, June 30	<u>\$ 13,153,862</u>	<u>\$ 12,699,862</u>	<u>\$ 13,707,487</u>	<u>\$ 1,007,625</u>
Utilization of unassigned fund balance	<u>\$ -</u>	<u>\$ 454,000</u>	<u>\$ -</u>	<u>\$ (454,000)</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>						
Proportion of the net pension liability	0.87%	0.89%	0.89%	0.83%	0.81%	0.83%
Proportionate share of the net pension liability	\$ 2,671,319	\$ 2,437,964	\$ 3,657,215	\$ 4,408,796	\$ 2,594,797	\$ 1,274,581
Covered payroll	\$ 5,053,399	\$ 4,907,936	\$ 4,645,209	\$ 4,252,672	\$ 4,150,350	\$ 3,881,506
Proportionate share of the net pension liability as a percentage of its covered payroll	52.86%	49.67%	78.73%	103.67%	62.52%	32.84%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	86.40%	81.61%	88.30%
<u>SET Plan:</u>						
Town's proportion of the net pension liability	0.006%	0.009%	0.009%	0.005%	0.007%	0.004%
Town's proportionate share of the net pension liability	\$ 86,751	\$ 125,174	\$ 126,661	\$ 90,488	\$ 98,829	\$ 43,537
State's proportionate share of the net pension liability associated with the Town	<u>22,579,424</u>	<u>20,396,885</u>	<u>21,731,558</u>	<u>\$ 25,678,122</u>	<u>\$ 19,059,269</u>	<u>\$ 14,865,081</u>
Total	<u>\$ 22,666,175</u>	<u>\$ 20,522,059</u>	<u>\$ 21,858,219</u>	<u>\$ 25,768,610</u>	<u>\$ 19,158,098</u>	<u>\$ 14,908,618</u>
Town's covered payroll	\$ 19,762,114	\$ 18,667,414	\$ 18,192,280	\$ 17,118,347	\$ 16,284,832	\$ 15,456,627
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.44%	0.67%	0.70%	0.53%	0.61%	0.28%
Plan fiduciary net position as a percentage of the total pension liability	84.52%	85.17%	80.78%	80.80%	81.20%	83.91%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	2020	2019	2018	2017	2016	2015
<u>PLD Plan:</u>						
Contractually required contribution	\$ 475,405	\$ 532,000	\$ 494,307	\$ 457,951	\$ 388,217	\$ 328,128
Contributions in relation to the contractually required contribution	<u>(475,405)</u>	<u>(532,000)</u>	<u>(494,307)</u>	<u>(457,951)</u>	<u>(388,217)</u>	<u>(328,128)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,560,850	\$ 5,053,399	\$ 4,907,936	\$ 4,645,209	\$ 4,252,672	\$ 4,150,350
Contributions as a percentage of covered payroll	8.55%	10.53%	10.07%	9.86%	9.13%	7.91%
<u>SET Plan:</u>						
Contractually required contribution	\$ 944,768	\$ 784,511	\$ 741,891	\$ 611,261	\$ 575,212	\$ 431,548
Contributions in relation to the contractually required contribution	<u>(944,768)</u>	<u>(784,511)</u>	<u>(741,891)</u>	<u>(611,261)</u>	<u>(575,212)</u>	<u>(431,548)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 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	4.44%	3.97%	3.97%	3.36%	3.36%	2.65%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.



## TOWN OF FALMOUTH, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT AND MMEHT PLANS  
FOR THE YEAR ENDED JUNE 30, 2020

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<u>MEABT:</u>			
Balances at 6/30/18 (Reporting June 30, 2019)	\$ 4,408,222	\$ -	\$ 4,408,222
Changes for the year:			
Service cost	59,240	-	59,240
Interest	170,485	-	170,485
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	265,705	-	265,705
Contributions - employer	-	125,511	(125,511)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(125,511)	(125,511)	-
Administrative expense	-	-	-
Net changes	369,919	-	369,919
Balances at 6/30/19 (Reporting June 30, 2020)	<u>\$ 4,778,141</u>	<u>\$ -</u>	<u>\$ 4,778,141</u>

## TOWN OF FALMOUTH, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT AND MMEHT PLANS  
FOR THE YEAR ENDED JUNE 30, 2020

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<u>MMEHT:</u>			
Balances at 1/1/19 (Reporting June 30, 2019)	\$ 1,085,714	\$ -	\$ 1,085,714
Changes for the year:			
Service cost	40,900	-	40,900
Interest	45,517	-	45,517
Changes of benefits	(25,899)	-	(25,899)
Differences between expected and actual experience	(77,056)	-	(77,056)
Changes of assumptions	205,583	-	205,583
Contributions - employer	-	33,204	(33,204)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(33,204)	(33,204)	-
Administrative expense	-	-	-
Net changes	155,841	-	155,841
Balances at 1/1/20 (Reporting June 30, 2020)	<u>\$ 1,241,555</u>	<u>\$ -</u>	<u>\$ 1,241,555</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
MEABT AND MMEHT PLANS  
LAST 10 FISCAL YEARS\*

<u>MEABT:</u>	<u>2020</u>	<u>2019</u>
<u>Total OPEB liability</u>		
Service cost (BOY)	\$ 59,240	\$ 62,472
Interest (includes interest on service cost)	170,485	161,596
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	265,705	(206,101)
Benefit payments, including refunds of member contributions	(125,511)	(121,173)
Net change in total OPEB liability	<u>\$ 369,919</u>	<u>\$ (103,206)</u>
Total OPEB liability - beginning	\$ 4,408,222	\$ 4,511,428
Total OPEB liability - ending	\$ 4,778,141	\$ 4,408,222
<u>Plan fiduciary net position</u>		
Contributions - employer	125,511	121,173
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(125,511)	(121,173)
Administrative expense	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 4,778,141</u>	<u>\$ 4,408,222</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered payroll	\$ 15,248,183	\$ 14,840,081
Net OPEB liability as a percentage of covered payroll	31.3%	29.7%

## TOWN OF FALMOUTH, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
MEABT AND MMEHT PLANS  
LAST 10 FISCAL YEARS\*

<u>MMEHT:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>			
Service cost (BOY)	\$ 40,900	\$ 45,450	\$ 42,665
Interest (includes interest on service cost)	45,517	39,916	38,339
Changes of benefit terms	(25,899)	-	-
Differences between expected and actual experience	(77,056)	-	124,166
Changes of assumptions	205,583	(98,456)	(33,740)
Benefit payments, including refunds of member contributions	(33,204)	(31,927)	(24,369)
Net change in total OPEB liability	<u>\$ 155,841</u>	<u>\$ (45,017)</u>	<u>\$ 147,061</u>
Total OPEB liability - beginning	\$ 1,085,714	\$ 1,130,731	\$ 983,670
Total OPEB liability - ending	\$ 1,241,555	\$ 1,085,714	\$ 1,130,731
<u>Plan fiduciary net position</u>			
Contributions - employer	33,204	31,927	24,369
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(33,204)	(31,927)	(24,369)
Administrative expense	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 1,241,555</u>	<u>\$ 1,085,714</u>	<u>\$ 1,130,731</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-
Covered payroll	\$ 5,546,727	\$ 5,044,751	\$ 5,044,751
Net OPEB liability as a percentage of covered payroll	22.4%	21.5%	22.4%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
SET AND PLD PLANS  
LAST 10 FISCAL YEARS\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>			
Proportion of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	816,679	786,690	752,176
Total	<u>\$ 816,679</u>	<u>\$ 786,690</u>	<u>\$ 752,176</u>
Covered payroll	\$ 19,762,114	\$ 18,667,414	\$ 18,192,280
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	48.04%	48.04%	47.29%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>PLD Life Insurance:</u>			
Proportion of the net OPEB liability	1.29%	1.30%	1.38%
Town's proportionate share of the net OPEB liability	\$ 262,474	\$ 262,474	\$ 222,163
Covered payroll	\$ 5,053,399	\$ 4,907,936	\$ 4,645,209
Proportionate share of the net OPEB liability as a percentage of its covered payroll	5.19%	5.35%	4.78%
Plan fiduciary net position as a percentage of the total OPEB liability	43.18%	43.92%	47.42%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	2020	2019
<u>MEABT:</u>		
Employer contributions	\$ 125,511	\$ 121,173
Benefit payments	(125,511)	(121,173)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 15,659,900	\$ 15,248,183
Contributions as a percentage of covered payroll	0.00%	0.00%
<u>MMEHT:</u>		
Employer contributions	\$ 33,204	\$ 31,927
Benefit payments	(33,204)	(31,927)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,438,500	\$ 5,209,000
Contributions as a percentage of covered payroll	0.00%	0.00%
<u>SET Life Insurance:</u>		
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 21,271,810	\$ 19,762,114
Contributions as a percentage of covered payroll	0.00%	0.00%
<u>PLD Life Insurance:</u>		
Contractually required contribution	\$ 921	\$ 1,431
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ 921</u>	<u>\$ 1,431</u>
Covered payroll	\$ 5,560,850	\$ 5,053,399
Contributions as a percentage of covered payroll	0.00%	0.00%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF FALMOUTH, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020

**Changes of Assumptions**

OPEB SET and PLD

The discount rates for the OPEB SET and PLD Plan were reduced from 5.13% to 4.98%.

MEABT OPEB Plan

There was a change in the discount rate for the MEABT OPEB Plan from 3.87% to 3.50% per GASB 75 discount rate selection.

MMEHT OPEB Plan

There was a change in the discount rate for the MMEHT OPEB Plan from 4.10% to 2.74% per GASB 75 discount rate selection. The repeal of the "Cadillac Tax" was reflected in this valuation by removing the previously planned excise tax.

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Education
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Combining Schedule of Net Position - Fiduciary Funds - Private-Purpose Trust Funds
- Combining Schedule of Changes in Net Position - Fiduciary Funds - Private-Purpose Trust Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function



## TOWN OF FALMOUTH, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,188,261	\$ 1,188,261	\$ 1,188,261	\$ -
Resources (Inflows):				
Taxes	30,219,388	30,219,388	30,219,388	-
Intergovernmental	8,327,692	8,327,692	8,378,038	50,346
Charges for Services	140,500	140,500	123,979	(16,521)
Interest Income	-	-	418	418
Other	-	-	4,805	4,805
Amounts Available for Appropriation	<u>39,875,841</u>	<u>39,875,841</u>	<u>39,914,889</u>	<u>39,048</u>
Charges to Appropriations (Outflows):				
Regular Instruction	16,916,147	16,916,147	16,600,591	315,556
Special Education	5,715,473	5,715,473	5,759,861	(44,388)
Career and Technical Education	1,500	1,500	-	1,500
Other Instruction	1,088,561	1,088,561	976,165	112,396
Student and Staff Support	3,714,160	3,714,160	3,626,925	87,235
System Administration	1,129,895	1,129,895	960,072	169,823
School Administration	1,569,485	1,569,485	1,585,018	(15,533)
Transportation	1,552,475	1,552,475	1,681,217	(128,742)
Facilities Maintenance	2,795,759	2,795,759	2,845,369	(49,610)
Debt service:				
Principal	3,180,000	3,180,000	3,180,000	-
Interest	1,024,125	1,024,125	1,024,125	-
Total Charges to Appropriations	<u>38,687,580</u>	<u>38,687,580</u>	<u>38,239,343</u>	<u>448,237</u>
Budgetary Fund Balance, June 30	<u>\$ 1,188,261</u>	<u>\$ 1,188,261</u>	<u>\$ 1,675,546</u>	<u>\$ 487,285</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 9,672	\$ 9,672
Accounts receivable (net of allowance for uncollectibles)	2,984	-	-	2,984
Due from other governments	207,827	-	-	207,827
Inventory	26,925	-	-	26,925
Due from other funds	7,648,341	2,677,741	-	10,326,082
<b>TOTAL ASSETS</b>	<u>\$ 7,886,077</u>	<u>\$ 2,677,741</u>	<u>\$ 9,672</u>	<u>\$ 10,573,490</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 214,010	\$ 144,937	\$ -	\$ 358,947
Accrued payroll and expenses	24,406	-	-	24,406
Due to other funds	273,149	441,230	500	714,879
<b>TOTAL LIABILITIES</b>	<u>511,565</u>	<u>586,167</u>	<u>500</u>	<u>1,098,232</u>
<b>FUND BALANCES</b>				
Nonspendable	26,925	-	9,648	36,573
Restricted	5,952,463	872,630	-	6,825,093
Committed	-	1,660,174	-	1,660,174
Assigned	1,470,350	-	-	1,470,350
Unassigned	(75,226)	(441,230)	(476)	(516,932)
<b>TOTAL FUND BALANCES</b>	<u>7,374,512</u>	<u>2,091,574</u>	<u>9,172</u>	<u>9,475,258</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 7,886,077</u>	<u>\$ 2,677,741</u>	<u>\$ 9,672</u>	<u>\$ 10,573,490</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 603,386	\$ 25,404	\$ -	\$ 628,790
Charges for services	1,734,013	-	-	1,734,013
Investment income, net of unrealized gains/(losses)	-	10,201	8	10,209
Other	806,292	194,045	-	1,000,337
TOTAL REVENUES	<u>3,143,691</u>	<u>229,650</u>	<u>8</u>	<u>3,373,349</u>
EXPENDITURES				
General government	65,975	-	-	65,975
Police	42,606	-	-	42,606
Fire/EMS	5,895	-	-	5,895
Public works	526,121	-	-	526,121
Community development	376,327	-	-	376,327
Community programs and parks	814,799	-	-	814,799
Education	1,975,515	-	-	1,975,515
Capital outlay	524,968	4,549,196	-	5,074,164
Debt Service:				
Principal	590,000	-	-	590,000
Interest	171,413	-	-	171,413
TOTAL EXPENDITURES	<u>5,093,619</u>	<u>4,549,196</u>	<u>-</u>	<u>9,642,815</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,949,928)</u>	<u>(4,319,546)</u>	<u>8</u>	<u>(6,269,466)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,705,032	1,407,490	-	4,112,522
Transfers (out)	(20,808)	-	-	(20,808)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,684,224</u>	<u>1,407,490</u>	<u>-</u>	<u>4,091,714</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	734,296	(2,912,056)	8	(2,177,752)
FUND BALANCES (DEFICITS) - JULY 1	<u>6,640,216</u>	<u>5,003,630</u>	<u>9,164</u>	<u>11,653,010</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 7,374,512</u>	<u>\$ 2,091,574</u>	<u>\$ 9,172</u>	<u>\$ 9,475,258</u>

See accompanying independent auditors' report and notes to financial statements.

### Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

## TOWN OF FALMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	Employee Bottle Money	Wellness	Veteran's Memorial	General Assistance	Comp Plan Maps	Property Revaluations
<b>ASSETS</b>						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	3,190	3,741	9,720	44,451	26,479	252,407
<b>TOTAL ASSETS</b>	<u>\$ 3,190</u>	<u>\$ 3,741</u>	<u>\$ 9,720</u>	<u>\$ 44,451</u>	<u>\$ 26,479</u>	<u>\$ 252,407</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 20	\$ -	\$ -	\$ -	\$ -
Accrued payroll and expenses	-	2,736	-	-	-	-
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>2,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	3,190	985	9,720	44,451	26,479	252,407
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>3,190</u>	<u>985</u>	<u>9,720</u>	<u>44,451</u>	<u>26,479</u>	<u>252,407</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 3,190</u>	<u>\$ 3,741</u>	<u>\$ 9,720</u>	<u>\$ 44,451</u>	<u>\$ 26,479</u>	<u>\$ 252,407</u>

## TOWN OF FALMOUTH, MAINE

## COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2020

	Land Use Ordinances	Invasive	Development Notices	Town Very Merry Weekend	Police Detail
<b>ASSETS</b>					
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-
Inventory	-	-	-	-	-
Due from other funds	-	1,757	1,067	9,788	9,719
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 1,757</u>	<u>\$ 1,067</u>	<u>\$ 9,788</u>	<u>\$ 9,719</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and expenses	-	-	-	-	284
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	1,757	1,067	9,788	9,435
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>-</u>	<u>1,757</u>	<u>1,067</u>	<u>9,788</u>	<u>9,435</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ -</u>	<u>\$ 1,757</u>	<u>\$ 1,067</u>	<u>\$ 9,788</u>	<u>\$ 9,719</u>

## TOWN OF FALMOUTH, MAINE

## COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2020

	Police Communication	EMS Scholarships	Fire EMS Detail	Street Permits	Disposal Bags	Conservation Corp
<b>ASSETS</b>						
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	4,835	38,832	23,125	47,088	536,557	5,144
<b>TOTAL ASSETS</b>	<u>\$ 4,835</u>	<u>\$ 38,832</u>	<u>\$ 23,125</u>	<u>\$ 47,088</u>	<u>\$ 536,557</u>	<u>\$ 5,144</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 53,042	\$ -
Accrued payroll and expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,042</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	4,835	38,832	23,125	47,088	483,515	5,144
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>4,835</u>	<u>38,832</u>	<u>23,125</u>	<u>47,088</u>	<u>483,515</u>	<u>5,144</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 4,835</u>	<u>\$ 38,832</u>	<u>\$ 23,125</u>	<u>\$ 47,088</u>	<u>\$ 536,557</u>	<u>\$ 5,144</u>

## TOWN OF FALMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	<u>Recreation</u>	<u>Sustainability</u>	<u>Parks Maintenance</u>	<u>Natural Gas Expansion</u>	<u>Oceanview Natural Gas TIF</u>	<u>Route 1 North TIF</u>
<b>ASSETS</b>						
Accounts receivable (net of allowance for uncollectibles)	\$ 2,984	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	16,454	1,993	71,448	6,577	565,088	4,120,242
<b>TOTAL ASSETS</b>	<u>\$ 19,438</u>	<u>\$ 1,993</u>	<u>\$ 71,448</u>	<u>\$ 6,577</u>	<u>\$ 565,088</u>	<u>\$ 4,120,242</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 3,372	\$ -	\$ -	\$ 2,471	\$ 114,993	\$ -
Accrued payroll and expenses	21,386	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>24,758</u>	<u>-</u>	<u>-</u>	<u>2,471</u>	<u>114,993</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	450,095	4,120,242
Committed	-	-	-	-	-	-
Assigned	(5,320)	1,993	71,448	4,106	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>(5,320)</u>	<u>1,993</u>	<u>71,448</u>	<u>4,106</u>	<u>450,095</u>	<u>4,120,242</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 19,438</u>	<u>\$ 1,993</u>	<u>\$ 71,448</u>	<u>\$ 6,577</u>	<u>\$ 565,088</u>	<u>\$ 4,120,242</u>



## TOWN OF FALMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	Route 1 South TIF	Trail Maintenance	School Special Revenue Funds Total	School Lunch Fund	Total
<b>ASSETS</b>					
Accounts receivable (net of allowance for uncollectibles)	\$ -	\$ -	\$ -	\$ -	\$ 2,984
Due from other governments	-	-	207,827	-	207,827
Inventory	-	-	-	26,925	26,925
Due from other funds	1,384,076	6,735	457,828	-	7,648,341
<b>TOTAL ASSETS</b>	<u>\$ 1,384,076</u>	<u>\$ 6,735</u>	<u>\$ 665,655</u>	<u>\$ 26,925</u>	<u>\$ 7,886,077</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,950	\$ -	\$ 38,156	\$ 6	\$ 214,010
Accrued payroll and expenses	-	-	-	-	24,406
Due to other funds	-	-	197,929	75,220	273,149
<b>TOTAL LIABILITIES</b>	<u>1,950</u>	<u>-</u>	<u>236,085</u>	<u>75,226</u>	<u>511,565</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	26,925	26,925
Restricted	1,382,126	-	-	-	5,952,463
Committed	-	-	-	-	-
Assigned	-	6,735	429,570	-	1,470,350
Unassigned	-	-	-	(75,226)	(75,226)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>1,382,126</u>	<u>6,735</u>	<u>429,570</u>	<u>(48,301)</u>	<u>7,374,512</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 1,384,076</u>	<u>\$ 6,735</u>	<u>\$ 665,655</u>	<u>\$ 26,925</u>	<u>\$ 7,886,077</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Employee Bottle Money	Wellness	Veteran's Memorial	General Assistance	Comp Plan Maps	Property Revaluations
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other	-	2,866	-	-	-	-
TOTAL REVENUES	-	2,866	-	-	-	-
EXPENDITURES						
General government	-	11,534	337	-	18,090	9,393
Police	-	-	-	-	-	-
Fire/EMS	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Community programs and parks	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
TOTAL EXPENDITURES	-	11,534	337	-	18,090	9,393
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(8,668)	(337)	-	(18,090)	(9,393)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	9,100	-	-	9,000	161,800
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	9,100	-	-	9,000	161,800
NET CHANGE IN FUND BALANCES (DEFICITS)	-	432	(337)	-	(9,090)	152,407
FUND BALANCES (DEFICITS) - JULY 1	3,190	553	10,057	44,451	35,569	100,000
FUND BALANCES (DEFICITS) - JUNE 30	\$ 3,190	\$ 985	\$ 9,720	\$ 44,451	\$ 26,479	\$ 252,407

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Land Use Ordinances	Invasive	Development Notices	Town Very Merry Weekend	Police Detail
REVENUES					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 5,929
Charges for services	-	-	-	-	-
Other	-	-	4,800	2,319	37,381
TOTAL REVENUES	-	-	4,800	2,319	43,310
EXPENDITURES					
General government	-	3,389	4,952	17,246	-
Police	-	-	-	-	37,640
Fire/EMS	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Community programs and parks	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
TOTAL EXPENDITURES	-	3,389	4,952	17,246	37,640
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(3,389)	(152)	(14,927)	5,670
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	808	20,000	-
Transfers (out)	(808)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(808)	-	808	20,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(808)	(3,389)	656	5,073	5,670
FUND BALANCES (DEFICITS) - JULY 1	808	5,146	411	4,715	3,765
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 1,757	\$ 1,067	\$ 9,788	\$ 9,435

## SCHEDULE E (CONTINUED)

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Police Communication	EMS Scholarships	Fire EMS Detail	Street Permits	Disposal Bags	Conservation Corp
REVENUES						
Intergovernmental revenues	\$ 1,976	\$ -	\$ -	\$ -	\$ 2,151	\$ -
Charges for services	-	-	7,793	12,275	511,154	-
Other	5,635	10,516	-	-	-	500
TOTAL REVENUES	<u>7,611</u>	<u>10,516</u>	<u>7,793</u>	<u>12,275</u>	<u>513,305</u>	<u>500</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Police	4,966	-	-	-	-	-
Fire/EMS	-	-	5,895	-	-	-
Public works	-	-	-	-	520,227	-
Community development	-	-	-	-	-	-
Community programs and parks	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>4,966</u>	<u>-</u>	<u>5,895</u>	<u>-</u>	<u>520,227</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,645</u>	<u>10,516</u>	<u>1,898</u>	<u>12,275</u>	<u>(6,922)</u>	<u>500</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	2,645	10,516	1,898	12,275	(6,922)	500
FUND BALANCES (DEFICITS) - JULY 1	<u>2,190</u>	<u>28,316</u>	<u>21,227</u>	<u>34,813</u>	<u>490,437</u>	<u>4,644</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 4,835</u>	<u>\$ 38,832</u>	<u>\$ 23,125</u>	<u>\$ 47,088</u>	<u>\$ 483,515</u>	<u>\$ 5,144</u>

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Recreation	Sustainability	Parks Maintenance	Natural Gas Expansion	Oceanview Natural Gas TIF	Route 1 North TIF
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ -
Charges for services	630,151	-	-	-	-	-
Other	-	2,537	11,850	10,000	-	-
TOTAL REVENUES	<u>630,151</u>	<u>2,537</u>	<u>11,850</u>	<u>10,000</u>	<u>3,000</u>	<u>-</u>
EXPENDITURES						
General government	-	1,034	-	-	-	-
Police	-	-	-	-	-	-
Fire/EMS	-	-	-	-	-	-
Public works	-	-	-	5,894	-	-
Community development	-	-	-	-	139,495	137,125
Community programs and parks	799,799	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	386,422	1,088
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>799,799</u>	<u>1,034</u>	<u>-</u>	<u>5,894</u>	<u>525,917</u>	<u>138,213</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(169,648)</u>	<u>1,503</u>	<u>11,850</u>	<u>4,106</u>	<u>(522,917)</u>	<u>(138,213)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	99,000	-	-	-	654,387	545,211
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>99,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>654,387</u>	<u>545,211</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(70,648)	1,503	11,850	4,106	131,470	406,998
FUND BALANCES (DEFICITS) - JULY 1	<u>65,328</u>	<u>490</u>	<u>59,598</u>	<u>-</u>	<u>318,625</u>	<u>3,713,244</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (5,320)</u>	<u>\$ 1,993</u>	<u>\$ 71,448</u>	<u>\$ 4,106</u>	<u>\$ 450,095</u>	<u>\$ 4,120,242</u>

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Route 1 South TIF	Trail Maintenance	School Special Revenue Funds Total	School Lunch Fund	Total
REVENUES					
Intergovernmental revenues	\$ -	\$ -	\$ 522,473	\$ 67,857	\$ 603,386
Charges for services	-	-	-	572,640	1,734,013
Other	-	1,405	713,585	2,898	806,292
TOTAL REVENUES	-	1,405	1,236,058	643,395	3,143,691
EXPENDITURES					
General government	-	-	-	-	65,975
Police	-	-	-	-	42,606
Fire/EMS	-	-	-	-	5,895
Public works	-	-	-	-	526,121
Community development	99,707	-	-	-	376,327
Community programs and parks	-	15,000	-	-	814,799
Education	-	-	1,066,915	908,600	1,975,515
Capital outlay	137,458	-	-	-	524,968
Debt Service:					
Principal	590,000	-	-	-	590,000
Interest	171,413	-	-	-	171,413
TOTAL EXPENDITURES	998,578	15,000	1,066,915	908,600	5,093,619
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(998,578)	(13,595)	169,143	(265,205)	(1,949,928)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,205,726	-	-	-	2,705,032
Transfers (out)	(20,000)	-	-	-	(20,808)
TOTAL OTHER FINANCING SOURCES (USES)	1,185,726	-	-	-	2,684,224
NET CHANGE IN FUND BALANCES (DEFICITS)	187,148	(13,595)	169,143	(265,205)	734,296
FUND BALANCES (DEFICITS) - JULY 1	1,194,978	20,330	260,427	216,904	6,640,216
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,382,126	\$ 6,735	\$ 429,570	\$ (48,301)	\$ 7,374,512

See accompanying independent auditors' report and notes to financial statements.

### Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

## TOWN OF FALMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2020

	Energy Efficiency	Food Pantry	Town Hall Office	Gen Gov Renovation	Gen Gov Vehicles
ASSETS					
Due from other funds	\$ 3,184	\$ 1,189	\$ 43,889	\$ 103,350	\$ 41,858
TOTAL ASSETS	<u>\$ 3,184</u>	<u>\$ 1,189</u>	<u>\$ 43,889</u>	<u>\$ 103,350</u>	<u>\$ 41,858</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 87,522	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,522</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	3,184	1,189	43,889	15,828	41,858
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>3,184</u>	<u>1,189</u>	<u>43,889</u>	<u>15,828</u>	<u>41,858</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 3,184</u>	<u>\$ 1,189</u>	<u>\$ 43,889</u>	<u>\$ 103,350</u>	<u>\$ 41,858</u>



## TOWN OF FALMOUTH, MAINE

## COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2020

	Computers	Cable TV	Police Small Equip	Police Vehicles	Police Dept Communications	Harbor Equipment
ASSETS						
Due from other funds	\$ -	\$ 116,452	\$ 1,480	\$ 2,875	\$ 28,588	\$ 54,030
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 116,452</u>	<u>\$ 1,480</u>	<u>\$ 2,875</u>	<u>\$ 28,588</u>	<u>\$ 54,030</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 6,321	\$ -
Due to other funds	58,837	-	-	-	-	-
TOTAL LIABILITIES	<u>58,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,321</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	116,452	1,480	2,875	22,267	54,030
Assigned	-	-	-	-	-	-
Unassigned	(58,837)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(58,837)</u>	<u>116,452</u>	<u>1,480</u>	<u>2,875</u>	<u>22,267</u>	<u>54,030</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 116,452</u>	<u>\$ 1,480</u>	<u>\$ 2,875</u>	<u>\$ 28,588</u>	<u>\$ 54,030</u>

## TOWN OF FALMOUTH, MAINE

## COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2020

	Fire Dept Building	Fire Dept Equipment	PW Building and Equip	Public Works Heavy Equip	Public Works Streets	Transfer Station Equip
ASSETS						
Due from other funds	\$ 379,788	\$ 166,357	\$ 25,247	\$ -	\$ 179,654	\$ 52,285
TOTAL ASSETS	<u>\$ 379,788</u>	<u>\$ 166,357</u>	<u>\$ 25,247</u>	<u>\$ -</u>	<u>\$ 179,654</u>	<u>\$ 52,285</u>
LIABILITIES						
Accounts payable	\$ 6,982	\$ -	\$ -	\$ -	\$ 44,112	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>6,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,112</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	372,806	166,357	25,247	-	135,542	52,285
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>372,806</u>	<u>166,357</u>	<u>25,247</u>	<u>-</u>	<u>135,542</u>	<u>52,285</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 379,788</u>	<u>\$ 166,357</u>	<u>\$ 25,247</u>	<u>\$ -</u>	<u>\$ 179,654</u>	<u>\$ 52,285</u>

## TOWN OF FALMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2020

	<u>Parks Renovation</u>	<u>Parks Equipment</u>	<u>Community Center</u>	<u>Community Prog Vehicles</u>	<u>Open Spaces</u>	<u>Capital Street Lights</u>
ASSETS						
Due from other funds	\$ 240,477	\$ 19,174	\$ 77,225	\$ 7,262	\$ 210,002	\$ 50,745
TOTAL ASSETS	<u>\$ 240,477</u>	<u>\$ 19,174</u>	<u>\$ 77,225</u>	<u>\$ 7,262</u>	<u>\$ 210,002</u>	<u>\$ 50,745</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	240,477	19,174	77,225	7,262	210,002	50,745
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>240,477</u>	<u>19,174</u>	<u>77,225</u>	<u>7,262</u>	<u>210,002</u>	<u>50,745</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 240,477</u>	<u>\$ 19,174</u>	<u>\$ 77,225</u>	<u>\$ 7,262</u>	<u>\$ 210,002</u>	<u>\$ 50,745</u>

SCHEDULE F (CONTINUED)

TOWN OF FALMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2020

	Library Bond	School Capital Projects Funds Total	Total
ASSETS			
Due from other funds	\$ 236,602	\$ 636,028	\$ 2,677,741
TOTAL ASSETS	<u>\$ 236,602</u>	<u>\$ 636,028</u>	<u>\$ 2,677,741</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 144,937
Due to other funds	-	382,393	441,230
TOTAL LIABILITIES	<u>-</u>	<u>382,393</u>	<u>586,167</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	236,602	636,028	872,630
Committed	-	-	1,660,174
Assigned	-	-	-
Unassigned	-	(382,393)	(441,230)
TOTAL FUND BALANCES (DEFICITS)	<u>236,602</u>	<u>253,635</u>	<u>2,091,574</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 236,602</u>	<u>\$ 636,028</u>	<u>\$ 2,677,741</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Energy Efficiency	Food Pantry	Town Hall Office	Gen Gov Renovation	Gen Gov Vehicles
REVENUES					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	-	-	-	-	-
Other	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Capital outlay	26,535	-	6,450	97,396	-
TOTAL EXPENDITURES	26,535	-	6,450	97,396	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(26,535)	-	(6,450)	(97,396)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	25,377	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	25,377	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,158)	-	(6,450)	(97,396)	-
FUND BALANCES (DEFICITS) - JULY 1	4,342	1,189	50,339	113,224	41,858
FUND BALANCES (DEFICITS) - JUNE 30	\$ 3,184	\$ 1,189	\$ 43,889	\$ 15,828	\$ 41,858

## SCHEDULE G (CONTINUED)

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Computers	Cable TV	Police Small Equip	Police Vehicles	Police Dept Communications	Harbor Equipment
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ 1,266	\$ -	\$ 9,542	\$ 14,596
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	-
Other	-	-	1,175	7,850	-	-
TOTAL REVENUES	-	-	2,441	7,850	9,542	14,596
EXPENDITURES						
Capital outlay	211,046	27,215	16,038	130,647	23,422	3,970
TOTAL EXPENDITURES	211,046	27,215	16,038	130,647	23,422	3,970
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(211,046)	(27,215)	(13,597)	(122,797)	(13,880)	10,626
OTHER FINANCING SOURCES (USES)						
Transfers in	145,000	-	-	120,000	8,000	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	145,000	-	-	120,000	8,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(66,046)	(27,215)	(13,597)	(2,797)	(5,880)	10,626
FUND BALANCES (DEFICITS) - JULY 1	7,209	143,667	15,077	5,672	28,147	43,404
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (58,837)</u>	<u>\$ 116,452</u>	<u>\$ 1,480</u>	<u>\$ 2,875</u>	<u>\$ 22,267</u>	<u>\$ 54,030</u>

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Fire Dept Building	Fire Dept Equipment	PW Building and Equip	Public Works Heavy Equip	Public Works Streets	Transfer Station Equip
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	-
Other	-	-	-	33	148,108	-
TOTAL REVENUES	-	-	-	33	148,108	-
EXPENDITURES						
Capital outlay	83,135	-	30,629	378,537	417,684	-
TOTAL EXPENDITURES	83,135	-	30,629	378,537	417,684	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(83,135)	-	(30,629)	(378,504)	(269,576)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	421,000	135,000	30,000	270,113	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	421,000	135,000	30,000	270,113	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	337,865	135,000	(629)	(108,391)	(269,576)	-
FUND BALANCES (DEFICITS) - JULY 1	34,941	31,357	25,876	108,391	405,118	52,285
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 372,806</u>	<u>\$ 166,357</u>	<u>\$ 25,247</u>	<u>\$ -</u>	<u>\$ 135,542</u>	<u>\$ 52,285</u>

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Parks Renovation</u>	<u>Parks Equipment</u>	<u>Community Center</u>	<u>Community Prog Vehicles</u>	<u>Open Spaces</u>	<u>Capital Street Lights</u>
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	-
Other	-	35,675	-	-	1,204	-
TOTAL REVENUES	<u>-</u>	<u>35,675</u>	<u>-</u>	<u>-</u>	<u>1,204</u>	<u>-</u>
EXPENDITURES						
Capital outlay	2,883	51,897	21,055	-	643,645	27,127
TOTAL EXPENDITURES	<u>2,883</u>	<u>51,897</u>	<u>21,055</u>	<u>-</u>	<u>643,645</u>	<u>27,127</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,883)</u>	<u>(16,222)</u>	<u>(21,055)</u>	<u>-</u>	<u>(642,441)</u>	<u>(27,127)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	28,000	20,000	15,000	-	190,000	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>28,000</u>	<u>20,000</u>	<u>15,000</u>	<u>-</u>	<u>190,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	25,117	3,778	(6,055)	-	(452,441)	(27,127)
FUND BALANCES (DEFICITS) - JULY 1	<u>215,360</u>	<u>15,396</u>	<u>83,280</u>	<u>7,262</u>	<u>662,443</u>	<u>77,872</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 240,477</u>	<u>\$ 19,174</u>	<u>\$ 77,225</u>	<u>\$ 7,262</u>	<u>\$ 210,002</u>	<u>\$ 50,745</u>



## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Library Bond	School Capital Projects Funds Total	Total
REVENUES			
Intergovernmental revenues	\$ -	\$ -	\$ 25,404
Investment income, net of unrealized gains/(losses)	-	10,201	10,201
Other	-	-	194,045
TOTAL REVENUES	<u>-</u>	<u>10,201</u>	<u>229,650</u>
EXPENDITURES			
Capital outlay	<u>2,291,699</u>	<u>58,186</u>	<u>4,549,196</u>
TOTAL EXPENDITURES	<u>2,291,699</u>	<u>58,186</u>	<u>4,549,196</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,291,699)</u>	<u>(47,985)</u>	<u>(4,319,546)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,407,490
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>1,407,490</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(2,291,699)	(47,985)	(2,912,056)
FUND BALANCES (DEFICITS) - JULY 1	<u>2,528,301</u>	<u>301,620</u>	<u>5,003,630</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 236,602</u>	<u>\$ 253,635</u>	<u>\$ 2,091,574</u>

See accompanying independent auditors' report and notes to financial statements.

### Permanent Funds

Permanent funds are used to account for assets held by the Town of Falmouth, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

## TOWN OF FALMOUTH, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2020

	Perpetual Care	Total
ASSETS		
Cash and cash equivalents	\$ 9,672	\$ 9,672
TOTAL ASSETS	<u>\$ 9,672</u>	<u>\$ 9,672</u>
LIABILITIES		
Due to other funds	\$ 500	\$ 500
TOTAL LIABILITIES	<u>500</u>	<u>500</u>
FUND BALANCES		
Nonspendable - principal	9,648	9,648
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	(476)	(476)
TOTAL FUND BALANCES	<u>9,172</u>	<u>9,172</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,672</u>	<u>\$ 9,672</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Perpetual Care	Total
REVENUES		
Investment income, net of unrealized gains/(losses)	\$ 8	\$ 8
TOTAL REVENUES	<u>8</u>	<u>8</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	8	8
FUND BALANCES - JULY 1	<u>9,164</u>	<u>9,164</u>
FUND BALANCES - JUNE 30	<u><u>\$ 9,172</u></u>	<u><u>\$ 9,172</u></u>

See accompanying independent auditors' report and notes to financial statements.

### Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2020

	Karen Boffa Camp Scholarship	Stetson Memorial Fund	Class of 1995 Scholarship	Clayton Thomas Scholarship	Leola West Scholarship
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	75	596	500	-	34,867
TOTAL ASSETS	<u>\$ 75</u>	<u>\$ 596</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 34,867</u>
LIABILITIES					
Deposits held for others	\$ -	\$ -	\$ -	\$ 1,074	\$ -
Due to other governments	-	-	-	-	500
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,074</u>	<u>\$ 500</u>
NET POSITION					
Restricted	75	596	500	-	34,367
Unrestricted (deficit)	-	-	-	(1,074)	-
TOTAL NET POSITION	<u>75</u>	<u>596</u>	<u>500</u>	<u>(1,074)</u>	<u>34,367</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 75</u>	<u>\$ 596</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 34,867</u>

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2020

	Jim Caldwell Scholarship	Blaze Scholarship	Other Scholarships	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 80,383	\$ 80,383
Due from other governments	579	500	-	37,117
TOTAL ASSETS	<u>\$ 579</u>	<u>\$ 500</u>	<u>\$ 80,383</u>	<u>\$ 117,500</u>
LIABILITIES				
Deposits held for others	\$ -	\$ -	\$ -	\$ 1,074
Due to other governments	-	-	-	500
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,574</u>
NET POSITION				
Restricted	579	500	80,383	117,000
Unrestricted (deficit)	-	-	-	(1,074)
TOTAL NET POSITION	<u>579</u>	<u>500</u>	<u>80,383</u>	<u>115,926</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 579</u>	<u>\$ 500</u>	<u>\$ 80,383</u>	<u>\$ 117,500</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Karen Boffa Camp Scholarship	Stetson Memorial Fund	Class of 1995 Scholarship	Clayton Thomas Scholarship	Leola West Scholarship
ADDITIONS					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ 286
Other contributions	-	-	-	-	-
TOTAL ADDITIONS	-	-	-	-	286
DEDUCTIONS					
Scholarship awards	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-
TOTAL DEDUCTIONS	-	-	-	-	-
CHANGE IN NET POSITION	-	-	-	-	286
NET POSITION - JULY 1	75	596	500	(1,074)	34,081
NET POSITION - JUNE 30	<u>\$ 75</u>	<u>\$ 596</u>	<u>\$ 500</u>	<u>\$ (1,074)</u>	<u>\$ 34,367</u>



## TOWN OF FALMOUTH, MAINE

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Jim Caldwell Scholarship	Blaze Scholarship	Other Scholarships	Total
ADDITIONS				
Interest income	\$ -	\$ -	\$ -	\$ 286
Other contributions	-	-	19,330	19,330
TOTAL ADDITIONS	-	-	19,330	19,616
DEDUCTIONS				
Scholarship awards	277	-	16,840	17,117
Miscellaneous expense	-	-	-	-
TOTAL DEDUCTIONS	277	-	16,840	17,117
CHANGE IN NET POSITION	(277)	-	2,490	2,499
NET POSITION - JULY 1	856	500	77,893	113,427
NET POSITION - JUNE 30	\$ 579	\$ 500	\$ 80,383	\$ 115,926

See accompanying independent auditors' report and notes to financial statements.

### General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

## TOWN OF FALMOUTH, MAINE

## SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION

JUNE 30, 2020

	Land and Non-depreciable Assets	Improvements Other Than Buildings, Buildings and Improvements	Machinery and Equipment	Infrastructure	Total
General government	\$ 10,190,638	\$ 3,346,999	\$ 2,165,783	\$ -	\$ 15,703,420
Public safety	475,800	5,354,929	5,583,528	-	11,414,257
Public works	9,199,093	1,462,581	3,616,277	45,114,917	59,392,868
Parks and community programs	1,702,100	3,773,354	638,334	-	6,113,788
Education	647,198	67,038,594	3,918,818	-	71,604,610
Total General Capital Assets	22,214,829	80,976,457	15,922,740	45,114,917	164,228,943
Less: Accumulated Depreciation	-	(31,589,550)	(9,616,128)	(15,045,238)	(56,250,916)
Net General Capital Assets	<u>\$ 22,214,829</u>	<u>\$ 49,386,907</u>	<u>\$ 6,306,612</u>	<u>\$ 30,069,679</u>	<u>\$ 107,978,027</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF FALMOUTH, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2020

	General Capital Assets 7/1/19	Additions	Deletions	General Capital Assets 6/30/20
General government	\$ 12,389,679	\$ 3,313,741	\$ -	\$ 15,703,420
Public safety	11,273,798	260,774	(120,315)	11,414,257
Public works	52,991,515	6,796,088	(394,735)	59,392,868
Parks and community programs	6,017,842	133,453	(37,507)	6,113,788
Education	71,378,424	337,004	(110,818)	71,604,610
Total General Capital Assets	154,051,258	10,841,060	(663,375)	164,228,943
Less: Accumulated Depreciation	(52,000,761)	(4,611,415)	361,260	(56,250,916)
Net General Capital Assets	<u>\$ 102,050,497</u>	<u>\$ 6,229,645</u>	<u>\$ (302,115)</u>	<u>\$ 107,978,027</u>

See accompanying independent auditors' report and notes to financial statements.

## 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.

Content	Tables
Financial Trends	1-4
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
Revenue Capacity	5-7
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	
Debt Capacity	8-11
<i>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.</i>	
Demographic and Economic Information	12-13
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
Operating Information	14-15
<i>This schedule contains 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.</i>	

TABLE 1

## TOWN OF FALMOUTH, MAINE

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities:										
Net investment in capital assets	\$ 64,402,620	\$58,273,002	\$55,669,414	\$54,205,024	\$50,126,899	\$45,611,250	\$41,041,245	\$38,256,352	\$30,753,086	\$24,544,049
Restricted	7,730,053	6,722,277	8,165,087	7,292,627	7,183,760	8,172,054	8,483,144	6,251,719	6,781,723	9,973,196
Unrestricted	10,381,816	11,974,749	11,024,638	12,442,430	13,579,352	13,477,736	16,042,959	18,026,092	17,068,952	18,275,885
Total governmental activities net position	<u>\$ 82,514,489</u>	<u>\$76,970,028</u>	<u>\$74,859,139</u>	<u>\$73,940,081</u>	<u>\$70,890,011</u>	<u>\$67,261,040</u>	<u>\$65,567,348</u>	<u>\$62,534,163</u>	<u>\$54,603,761</u>	<u>\$52,793,130</u>
Business-type activities:										
Net investment in capital assets	\$ 16,673,844	\$17,084,399	\$16,765,868	\$16,347,707	\$12,719,464	\$11,954,332	\$11,938,638	\$12,175,806	\$12,088,052	\$12,227,194
Unrestricted	3,896,449	3,636,031	3,786,436	3,507,536	3,082,322	3,231,839	3,029,652	2,664,461	2,715,432	2,574,430
Total business-type activities net position	<u>\$ 20,570,293</u>	<u>\$20,720,430</u>	<u>\$20,552,304</u>	<u>\$19,855,243</u>	<u>\$15,801,786</u>	<u>\$15,186,171</u>	<u>\$14,968,290</u>	<u>\$14,840,267</u>	<u>\$14,803,484</u>	<u>\$14,801,624</u>
Primary government:										
Net investment in capital assets	\$ 81,076,464	\$75,357,401	\$72,435,282	\$70,552,731	\$62,846,363	\$57,565,582	\$52,979,883	\$50,432,158	\$42,841,138	\$36,771,243
Restricted	7,730,053	6,722,277	8,165,087	7,292,627	7,183,760	8,172,054	8,483,144	6,251,719	6,781,723	9,973,196
Unrestricted	14,278,265	15,610,780	14,811,074	15,949,966	16,661,674	16,709,575	19,072,611	20,690,553	19,784,384	20,850,315
Total primary government net position	<u>\$ 103,084,782</u>	<u>\$97,690,458</u>	<u>\$95,411,443</u>	<u>\$93,795,324</u>	<u>\$86,691,797</u>	<u>\$82,447,211</u>	<u>\$80,535,638</u>	<u>\$77,374,430</u>	<u>\$69,407,245</u>	<u>\$67,594,754</u>

Note: The Town implemented GASB #54 in 2011.  
The Town implemented GASB #68 in 2015.  
The Town implemented GASB #75 in 2018.

TABLE 2

## TOWN OF FALMOUTH, MAINE

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
Governmental activities										
General government	\$ 4,781,736	\$ 2,643,701	\$ 4,213,322	\$ 4,232,225	\$ 4,575,776	\$ 3,683,548	\$ 3,586,007	\$ 3,182,216	\$ 3,320,569	\$ 3,289,549
Financial management	1,307,341	1,238,141	1,193,225	1,121,047	1,204,538	1,049,103	978,002	1,060,159	1,057,419	952,802
Public safety	5,709,527	5,366,716	4,983,049	4,797,396	4,533,160	4,419,078	4,093,811	3,828,094	3,922,211	3,668,031
Public works	3,675,011	3,660,138	3,492,622	2,750,978	3,209,514	2,957,355	4,236,453	3,270,196	3,298,303	4,219,050
Community development	1,399,956	1,292,783	1,766,820	1,915,659	1,279,967	2,069,053	578,546	619,971	1,035,617	1,047,470
Community program and parks	1,555,293	1,674,500	1,576,719	1,459,140	1,329,529	1,270,322	1,080,035	948,169	1,219,430	1,027,630
Education	41,063,971	38,702,886	39,033,885	36,324,140	34,427,522	32,903,013	31,460,774	29,224,616	31,919,090	27,994,675
Interest on long-term debt	1,331,087	1,561,000	1,476,582	1,555,660	1,662,539	1,768,827	1,618,608	1,659,562	1,617,393	607,485
Capital Outlay	162,801	-	-	-	-	-	-	-	-	-
Central garage	-	209,438	218,249	265,811	254,384	239,277	203,205	218,903	-	-
Total governmental activities expenses	60,986,723	56,349,303	57,954,473	54,422,056	52,476,929	50,359,576	47,835,441	44,011,886	47,390,032	42,806,692
Business-type activities										
Wastewater treatment	2,816,681	2,583,085	2,566,435	2,259,793	1,952,806	2,051,999	1,896,432	1,991,986	1,950,836	1,928,995
Total business-type activities expenses	2,816,681	2,583,085	2,566,435	2,259,793	1,952,806	2,051,999	1,896,432	1,991,986	1,950,836	1,928,995
Total primary government expenses	<u>\$ 63,803,404</u>	<u>\$ 58,932,388</u>	<u>\$ 60,520,908</u>	<u>\$ 56,681,849</u>	<u>\$ 54,429,735</u>	<u>\$ 52,411,575</u>	<u>\$ 49,731,873</u>	<u>\$ 46,003,872</u>	<u>\$ 49,340,868</u>	<u>\$ 44,735,687</u>
<b>Program revenue</b>										
Governmental activities										
Charges for services										
General government	540,524	1,296,165	227,355	412,884	354,297	388,559	351,006	234,962	219,992	189,795
Financial management	59,582	76,887	78,313	52,396	53,247	-	-	51,160	39,720	71,604
Public safety	789,231	605,979	579,096	640,104	662,920	626,114	720,216	747,310	707,946	669,934
Public works	52,646	61,869	518,039	466,343	500,059	510,650	495,178	2,615,975	2,871,751	2,533,358
Community development	-	526,334	194,501	105,175	62,507	33,042	11,252	-	103,111	81,513
Community program and parks	165,083	167,305	816,700	750,775	644,853	546,224	655,725	508,819	3,066	4,007
Education	1,734,013	12,224,858	1,386,202	1,501,674	1,209,994	1,128,358	234,653	166,812	192,766	184,679
Central garage	-	209,438	1,731	669	1,463	1,412	206,343	238,896	-	-
Operating grants and contributions	13,534,068	-	12,335,128	12,207,192	11,872,141	12,357,354	11,707,971	11,241,851	10,368,451	10,532,867
Capital grants and contributions	2,088,921	-	442,069	582,792	1,237,845	241,118	198,649	1,270,929	4,468,498	526,643
Total governmental activities program revenue	18,964,068	15,168,835	16,579,134	16,720,004	16,599,326	15,832,831	14,580,993	17,076,714	18,975,301	14,794,400
Business-type activities										
Charges for services										
Wastewater treatment	2,089,949	2,012,107	2,004,168	1,918,549	1,767,660	1,750,443	1,692,615	1,963,058	1,932,503	1,893,277
Operating grants and contributions	219,553	201,364	508,889	386,185	340,647	380,737	326,673	-	-	-
Capital grants and contributions	348,542	522,694	729,011	4,000,000	-	132,600	-	65,711	20,193	68,645
Total business-type activities program revenue	2,658,044	2,736,165	3,242,068	6,304,734	2,108,307	2,263,780	2,019,288	2,028,769	1,952,696	1,961,922
Total primary government program revenue	<u>\$ 21,622,112</u>	<u>\$ 17,905,000</u>	<u>\$ 19,821,202</u>	<u>\$ 23,024,738</u>	<u>\$ 18,707,633</u>	<u>\$ 18,096,611</u>	<u>\$ 16,600,281</u>	<u>\$ 19,105,483</u>	<u>\$ 20,927,997</u>	<u>\$ 16,756,322</u>
<b>Net (expense) revenue</b>										
Governmental activities	\$(42,022,655)	\$(41,180,468)	\$(41,375,339)	\$(37,702,052)	\$(35,877,603)	\$(34,526,745)	\$(33,254,448)	\$(26,935,172)	\$(28,414,731)	\$(28,012,292)
Business-type activities	(158,637)	153,080	675,633	4,044,941	155,501	211,781	122,856	36,783	1,860	32,927
Total primary government net expense	<u>\$(42,181,292)</u>	<u>\$(41,027,388)</u>	<u>\$(40,699,706)</u>	<u>\$(33,657,111)</u>	<u>\$(35,722,102)</u>	<u>\$(34,314,964)</u>	<u>\$(33,131,592)</u>	<u>\$(26,898,389)</u>	<u>\$(28,412,871)</u>	<u>\$(27,979,365)</u>

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenue and Other Changes in Net Position										
Governmental activities										
Taxes:										
Property taxes	\$41,876,124	\$40,481,952	\$37,875,513	\$36,046,143	\$34,630,748	\$32,854,038	\$32,220,901	\$29,014,155	\$27,578,490	\$26,155,485
Excise taxes	3,651,682	3,560,107	3,396,845	3,224,489	3,138,658	3,040,917	2,911,618	2,650,054	2,384,488	2,364,465
Cable TV franchise fees	222,802	229,783	221,219	220,144	211,124	210,467	210,542	210,622	209,381	148,241
Unrestricted grants and contributions	13,336	577,940	1,089,754	941,537	886,641	776,762	796,872	672,593	674,047	646,733
Investment earnings	832,070	888,714	137,531	168,961	211,542	94,277	80,141	60,619	37,596	33,885
Miscellaneous	971,102	1,943,116	52,721	73,404	175,471	88,103	125,013	2,257,532	230,732	153,743
Total governmental activities	<u>47,567,116</u>	<u>47,681,612</u>	<u>42,773,583</u>	<u>40,674,678</u>	<u>39,254,184</u>	<u>37,064,564</u>	<u>36,345,087</u>	<u>34,865,575</u>	<u>31,114,734</u>	<u>29,502,552</u>
Business-type activities										
Investment earnings	8,500	15,046	21,428	8,516	14,933	6,100	5,167	-	-	-
Total business-type activities	<u>8,500</u>	<u>15,046</u>	<u>21,428</u>	<u>8,516</u>	<u>14,933</u>	<u>6,100</u>	<u>5,167</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$47,575,616</u>	<u>\$47,696,658</u>	<u>\$42,795,011</u>	<u>\$40,683,194</u>	<u>\$39,269,117</u>	<u>\$37,070,664</u>	<u>\$36,350,254</u>	<u>\$34,865,575</u>	<u>\$31,114,734</u>	<u>\$29,502,552</u>
Change in net position										
Governmental activities	\$ 5,544,461	\$ 6,501,144	\$ 1,398,244	\$ 2,972,626	\$ 3,376,581	\$ 2,537,819	\$ 3,090,639	\$ 7,930,403	\$ 2,700,003	\$ 1,490,260
Business-type activities	(150,137)	168,126	697,061	4,053,457	170,434	217,881	128,023	36,783	1,860	32,927
Total primary government	<u>\$ 5,394,324</u>	<u>\$ 6,669,270</u>	<u>\$ 2,095,305</u>	<u>\$ 7,026,083</u>	<u>\$ 3,547,015</u>	<u>\$ 2,755,700</u>	<u>\$ 3,218,662</u>	<u>\$ 7,967,186</u>	<u>\$ 2,701,863</u>	<u>\$ 1,523,187</u>

Note: The County implemented GASB #68 in 2015.  
 The County implemented GASB #75 in 2018.



TABLE 3

## TOWN OF FALMOUTH, MAINE

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 49,412	\$ 25,925	\$ 303,545	\$ 303,666	\$ 297,332	\$ 308,051	\$ 310,169	\$ 20,011	\$ 65,254	\$ -
Restricted	92,396	86,431	1,116,345	1,109,460	1,048,593	785,481	969,129	27,110	577,865	592,712
Committed	1,675,546	1,188,261	-	-	-	-	-	831,198	5,690,995	6,693,591
Assigned	365,000	270,000	171,600	622,000	-	-	-	87,335	128,097	225,108
Unassigned	11,525,133	11,067,470	9,923,606	10,578,586	11,081,063	10,578,837	12,007,853	13,266,470	11,514,542	11,320,374
Total general fund	<u>\$ 13,707,487</u>	<u>\$ 12,638,087</u>	<u>\$ 11,515,096</u>	<u>\$ 12,613,712</u>	<u>\$ 12,426,988</u>	<u>\$ 11,672,369</u>	<u>\$ 13,287,151</u>	<u>\$ 14,232,124</u>	<u>\$ 17,976,753</u>	<u>\$ 18,831,785</u>
All Other Governmental Funds										
Nonspendable	\$ 36,573	\$ 35,792	\$ 36,573	\$ 34,665	\$ 20,097	\$ 23,762	\$ 23,762	\$ 18,752	\$ 18,752	\$ 10,301
Restricted	10,723,884	15,324,216	7,623,628	7,625,911	7,556,379	8,804,120	17,274,179	6,224,010	6,933,139	10,462,258
Committed	1,660,174	2,475,329	4,015,201	4,806,145	5,561,429	5,737,486	6,815,356	4,844,418	-	-
Assigned	1,470,350	1,176,135	-	-	-	-	-	1,027,392	603,322	568,048
Unassigned	(516,932)	(484)	(383,077)	(106,939)	(75,687)	(277,897)	(15,653)	(94,834)	-	(1,496)
Total all other governmental funds	<u>\$ 13,374,049</u>	<u>\$ 19,010,988</u>	<u>\$ 11,292,325</u>	<u>\$ 12,359,782</u>	<u>\$ 13,062,218</u>	<u>\$ 14,287,471</u>	<u>\$ 24,097,644</u>	<u>\$ 12,019,738</u>	<u>\$ 7,555,213</u>	<u>\$ 11,039,111</u>

Note: In 2011, GASB #54 was implemented.

TABLE 4

## TOWN OF FALMOUTH, MAINE

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>REVENUES</b>										
Taxes	\$ 45,619,199	\$ 44,301,345	\$ 41,182,424	\$ 39,185,034	\$ 37,811,495	\$ 35,954,078	\$ 35,167,105	\$ 33,704,800	\$ 31,469,323	\$ 30,111,392
Licenses, fees and permits	540,524	535,151	493,179	595,396	501,876	448,332	617,051	490,400	412,617	366,528
Intergovernmental revenues	15,636,325	10,936,331	13,251,035	13,494,737	13,517,559	12,301,393	11,830,853	12,141,113	11,133,290	11,372,188
Charges for services	2,601,363	2,959,589	3,472,403	3,498,945	3,117,773	2,956,653	2,495,788	724,432	732,685	664,288
Fines and forfeitures	59,582	76,887	54,552	54,425	56,607	48,245	50,092	56,568	42,193	73,565
Interest	832,070	888,714	137,531	168,961	211,542	94,277	80,141	60,619	43,010	105,260
Miscellaneous revenues	1,193,904	1,621,850	668,277	310,189	654,535	1,161,945	390,554	2,192,289	1,788,185	1,675,396
<b>TOTAL REVENUES</b>	<b>66,482,967</b>	<b>61,319,867</b>	<b>59,259,401</b>	<b>57,307,687</b>	<b>55,871,387</b>	<b>52,964,923</b>	<b>50,631,584</b>	<b>49,370,221</b>	<b>45,621,303</b>	<b>44,368,617</b>
<b>EXPENDITURES</b>										
General government	1,381,540	1,345,720	1,474,989	1,394,501	1,260,205	1,416,430	1,065,691	1,032,042	1,061,434	1,038,658
Financial management	1,307,341	1,238,141	1,193,225	1,121,047	1,135,530	1,049,103	978,002	1,060,159	898,317	870,631
Public safety	5,024,281	4,684,265	4,407,316	4,149,690	3,939,272	3,880,849	3,540,345	3,292,596	3,198,606	3,079,808
Public works	2,489,663	2,460,598	2,444,084	2,334,934	2,203,968	2,267,942	2,379,541	2,293,304	1,818,647	1,909,968
Community development	1,399,956	1,292,783	1,485,077	1,874,220	1,450,815	1,578,173	578,546	619,971	604,505	610,355
Community program and parks	1,326,129	1,453,138	1,365,195	1,269,768	1,127,438	1,107,795	1,052,917	927,687	1,098,737	1,070,767
Education	38,899,309	35,272,809	36,948,142	34,685,068	32,691,751	31,277,421	29,963,464	28,494,449	28,100,902	27,440,999
Non-departmental	871,365	943,262	770,999	680,335	727,422	992,149	765,011	736,554	975,792	983,639
County tax	1,735,913	1,668,790	1,624,750	1,526,360	1,456,279	1,376,320	1,321,522	1,208,849	1,181,421	1,153,336
Reserves	-	-	-	-	-	-	-	-	2,301,946	20,610,734
Capital improvements	10,701,746	6,275,492	4,273,429	3,056,619	4,724,975	13,560,125	7,990,066	7,689,360	5,827,908	-
Debt service:										
Principal	4,445,000	3,980,000	3,985,000	3,975,000	3,975,000	3,980,000	3,140,000	3,140,000	1,288,500	1,288,500
Interest	1,468,263	1,350,437	1,539,512	1,604,001	1,701,331	1,874,932	1,488,006	1,554,806	1,603,518	609,000
<b>TOTAL EXPENDITURES</b>	<b>71,050,506</b>	<b>61,965,435</b>	<b>61,511,718</b>	<b>57,671,543</b>	<b>56,393,986</b>	<b>64,361,239</b>	<b>54,263,111</b>	<b>52,049,777</b>	<b>49,960,233</b>	<b>60,666,395</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,567,539)</b>	<b>(645,568)</b>	<b>(2,252,317)</b>	<b>(363,856)</b>	<b>(522,599)</b>	<b>(11,396,316)</b>	<b>(3,631,527)</b>	<b>(2,679,556)</b>	<b>(4,338,930)</b>	<b>(16,297,778)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Bonds issued	-	9,310,000	18,120,000	-	1,900,000	-	14,400,000	-	-	47,050,000
Payment to bond refunding agent	-	(76,277)	(20,245,045)	-	(1,969,008)	-	-	-	-	(9,315,000)
Bond premiums	-	253,499	2,210,927	-	120,973	-	421,316	-	-	236,378
Sale of general capital assets	-	-	-	-	-	-	-	3,332,054	-	-
Operating transfers in	5,074,664	5,623,106	2,531,692	1,672,242	2,301,628	3,277,162	2,937,837	13,837,646	-	-
Operating transfers out	(5,074,664)	(5,623,106)	(2,531,330)	(1,672,242)	(2,301,628)	(3,277,162)	(2,937,837)	(13,837,646)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>9,487,222</b>	<b>86,244</b>	<b>-</b>	<b>51,965</b>	<b>-</b>	<b>14,821,316</b>	<b>3,332,054</b>	<b>-</b>	<b>37,971,378</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (4,567,539)</b>	<b>\$ 8,841,654</b>	<b>\$ (2,166,073)</b>	<b>\$ (363,856)</b>	<b>\$ (470,634)</b>	<b>\$ (11,396,316)</b>	<b>\$ 11,189,789</b>	<b>\$ 652,498</b>	<b>\$ (4,338,930)</b>	<b>\$ 21,673,600</b>
<b>Debt service as a percentage of noncapital expenditures</b>										
	9.80%	9.57%	9.65%	10.22%	11.00%	11.53%	10.00%	10.58%	6.55%	3.13%

## 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	Dollar Amounts Expressed in 000's				Total
	Real Estate	Personal Property	Excise Tax		
2011	\$ 27,041	\$ 427	\$ 2,364	\$	29,832
2012	27,041	424	2,384		29,849
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

TABLE 5

## TOWN OF FALMOUTH, MAINE

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)

Year	Total Assessed Value (000's) (1)					Total Direct Tax Rate (per \$1,000)	Estimated Actual Value (000's) (2)	Assessed Value as a % of Actual Value
	Real Property		Personal Property	Less: Tax Exempt Real Property				
	Commercial Property	Residential Property		Total				
2011	\$ 332,559	\$ 1,931,630	\$ 35,325	\$ (77,053)	\$ 2,222,461	\$ 12.35	\$ 2,071,900	107.3%
2012	334,324	1,953,295	33,580	(77,448)	2,243,751	12.92	2,097,800	107.0%
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)	2,456,681	16.47	2,532,600	97.0%
2020	318,047	2,184,276	36,263	(49,978)	2,488,608	16.87	2,726,900	91.3%

(1) Source: Falmouth Assessor's Office

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

## TOWN OF FALMOUTH, MAINE

Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

Collection Year	Direct Rates			Total Tax Rate
	Town Rate	Education Rate	County Rate (1)	
2011	\$ 3.04	\$ 8.77	\$ 0.54	\$ 12.35
2012	3.01	9.36	0.55	12.92
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

(1) 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

TABLE 6

## TOWN OF FALMOUTH, MAINE

Principal Property Taxpayers  
Current Year and Nine Years Ago  
(amounts expressed in thousands)

Employer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ocean View Retirement LLC	75,797	1	3.09%	33,873	1	1.51%
ARC	27,681	2	1.13%			
20 Thames Street LLC	22,480	3	0.92%	11,846	5	0.53%
Central Maine Power Co.	20,780	4	0.85%	10,487	7	0.47%
Princeton Falmouth LLC	15,892	5	0.65%	16,046	4	0.72%
Foreside Place LLC	11,491	6	0.47%			
Portland Country Club	11,120	7	0.45%	11,556	6	0.52%
Falmouth Ventures LLC	9,238	8	0.38%	9,246	8	0.41%
Tyler Technologies, Inc.	8,530	9	0.35%			
Hannaford Bros. Inc.	8,020	10	0.33%	8,952	9	0.40%
Falmouth Realty Associates				23,188	2	1.04%
Marr Associates LLP				8,540	10	0.38%
West Falmouth Development LLC				21,082	3	0.94%
Totals	211,028		8.61%	154,816		6.92%

TABLE 7

## TOWN OF FALMOUTH, MAINE

Property Tax Levies  
Last Ten Fiscal Years  
(amounts expressed in thousands)

Fiscal Year	Total Levy	Current Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collections	Percent of Total Tax
2011	\$ 27,618	\$ 26,969	97.7%	\$ 642	\$ 27,611	99.97%
2012	29,218	28,330	97.0%	876	29,206	99.96%
2013	30,706	29,509	96.1%	1,183	30,692	99.95%
2014	32,294	31,382	97.2%	895	32,277	99.95%
2015	32,837	31,871	97.1%	959	32,830	99.98%
2016	34,619	33,632	97.1%	970	34,602	99.95%
2017	36,049	35,160	97.5%	885	36,045	99.99%
2018	37,838	36,810	97.3%	989	37,799	99.90%
2019	40,461	40,315	99.6%	140	40,455	99.99%
2020	41,983	41,663	99.2%	-	41,663	99.24%

TABLE 8

## TOWN OF FALMOUTH, MAINE

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases	Wastewater Revenue Bonds				
2011	\$ 51,989	\$ 150	\$ -	\$ 5,184		\$ 57,323	13.96%	\$ 5
2012	50,700	100	-	4,860		55,660	10.43%	4.98
2013	47,560	100	-	4,536		52,196	9.78%	4.67
2014	59,241	-	-	4,212		63,453	11.42%	5.67
2015	55,237	-	-	3,888		59,125	10.64%	5.10
2016	51,348	-	191	3,564		55,103	9.92%	4.76
2017	47,339	-	130	3,240		50,709	7.33%	4.17
2018	44,800	-	88	2,916		47,804	6.91%	3.93
2019	47,505	-	45	2,592		50,142	6.56%	4.12
2020	43,060	-	-	2,268		45,328	5.93%	3.73



## TOWN OF FALMOUTH, MAINE

Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
 (amounts expressed in thousands, except per capita amount)

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Assessed Value</u>	<u>Per Capita</u>
2011	\$ 51,989	2.51%	\$ 4,648
2012	50,700	2.42%	4,533
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

## TOWN OF FALMOUTH, MAINE

Direct and Overlapping Governmental Activities Debt  
June 30, 2019  
(amounts expressed in thousands)

	<u>Debt Outstanding</u>	<u>Percentage Applicable to Town of Falmouth</u>	<u>Share of Overlapping Debt</u>
Direct Debt	\$ 43,060	100.00%	\$ 43,060
Overlapping Debt:			
Cumberland County	35,425	5.41%	1,916
Portland Water District (Wastewater Fund)	35,911	11.27%	4,046
Portland Water District (Water Fund)	55,760	8.01%	4,466
	<u>127,096</u>		<u>10,428</u>
	<u>\$ 170,156</u>		<u>\$ 53,488</u>

Overlapping Debt:

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

At June 30, 2020, the Town's state valuation for comparison to the County of \$2,726,900,000 was 5.41% of the County's state valuation of \$50,417,650,000. The Town's share is 5.41% or \$1,916,004 of Cumberland County's \$35,425,000 long-term debt outstanding as of June 30, 2020.

The Town is also served by the Portland Water District. At June 30, 2020, the Town's share of self-supporting bonded water debt is 8.01% or \$4,466,420 of the total debt of \$55,760,544.

The Town is also served by the Portland Water District Wastewater Fund. At June 30, 2020, the Town's share of self-supporting bonded wastewater debt is 11.27% or \$4,046,000 of the total debt of \$35,911,417.

TABLE 11

## TOWN OF FALMOUTH, MAINE

Legal Debt Margin Information  
Last Ten Fiscal Years  
(amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Assessed value per State	<u>\$ 2,726,900</u>	<u>\$ 2,532,600</u>	<u>\$ 2,401,350</u>	<u>\$ 2,338,100</u>	<u>\$ 2,253,100</u>	<u>\$ 2,141,950</u>	<u>\$ 2,091,550</u>	<u>\$ 2,097,800</u>	<u>\$ 2,071,900</u>	<u>\$ 2,131,400</u>
Total debt limit - all purposes - 15% of assessed value	409,035	379,890	360,203	350,715	337,965	321,293	313,733	314,670	310,785	319,710
Less outstanding debt applicable to debt limit	<u>47,809</u>	<u>52,827</u>	<u>47,804</u>	<u>50,709</u>	<u>55,103</u>	<u>59,125</u>	<u>63,032</u>	<u>52,096</u>	<u>55,560</u>	<u>57,173</u>
Legal debt margin	<u>361,226</u>	<u>327,063</u>	<u>312,399</u>	<u>300,006</u>	<u>282,862</u>	<u>262,168</u>	<u>250,701</u>	<u>262,574</u>	<u>255,225</u>	<u>262,537</u>
Total outstanding debt applicable to the limit as a percentage of debt limit	<u>11.69%</u>	<u>13.91%</u>	<u>13.27%</u>	<u>14.46%</u>	<u>16.30%</u>	<u>18.40%</u>	<u>20.09%</u>	<u>16.56%</u>	<u>17.88%</u>	<u>17.88%</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	204,518	189,945	180,101	175,358	168,983	160,646	156,866	157,335	157,335	155,393
Less outstanding debt applicable to debt limit	<u>20,610</u>	<u>17,540</u>	<u>9,144</u>	<u>9,530</u>	<u>10,803</u>	<u>11,507</u>	<u>11,900</u>	<u>2,700</u>	<u>2,900</u>	<u>3,100</u>
Debt margin for municipal purposes	<u>183,908</u>	<u>172,405</u>	<u>170,957</u>	<u>165,828</u>	<u>158,180</u>	<u>149,139</u>	<u>144,966</u>	<u>154,635</u>	<u>154,435</u>	<u>152,293</u>
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	<u>10.08%</u>	<u>9.23%</u>	<u>5.08%</u>	<u>5.43%</u>	<u>6.39%</u>	<u>7.16%</u>	<u>7.59%</u>	<u>1.72%</u>	<u>1.84%</u>	<u>1.99%</u>
School purposes - 10.0%										
Debt limit	272,690	253,260	240,135	233,810	225,310	214,195	209,155	209,780	209,780	207,190
Less outstanding debt applicable to debt limit	<u>24,931</u>	<u>32,695</u>	<u>35,744</u>	<u>37,939</u>	<u>40,736</u>	<u>43,730</u>	<u>46,920</u>	<u>44,860</u>	<u>47,800</u>	<u>48,850</u>
Debt margin for municipal purposes	<u>247,759</u>	<u>220,565</u>	<u>204,391</u>	<u>195,871</u>	<u>184,574</u>	<u>170,465</u>	<u>162,235</u>	<u>164,920</u>	<u>161,980</u>	<u>158,340</u>
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	<u>9.14%</u>	<u>12.91%</u>	<u>14.88%</u>	<u>16.23%</u>	<u>18.08%</u>	<u>20.42%</u>	<u>22.43%</u>	<u>21.38%</u>	<u>22.79%</u>	<u>23.58%</u>
Storm and sanitary sewer purposes - 7.5%										
Debt limit	204,518	189,945	180,101	175,358	168,983	160,646	156,866	157,335	157,335	155,393
Less outstanding debt applicable to debt limit	<u>2,268</u>	<u>2,592</u>	<u>2,916</u>	<u>3,240</u>	<u>3,564</u>	<u>3,888</u>	<u>4,212</u>	<u>4,536</u>	<u>4,860</u>	<u>5,223</u>
Debt margin for municipal purposes	<u>202,250</u>	<u>187,353</u>	<u>177,185</u>	<u>172,118</u>	<u>165,419</u>	<u>156,758</u>	<u>152,654</u>	<u>152,799</u>	<u>152,475</u>	<u>150,170</u>
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	<u>1.11%</u>	<u>1.36%</u>	<u>1.62%</u>	<u>1.85%</u>	<u>2.11%</u>	<u>2.42%</u>	<u>2.69%</u>	<u>2.88%</u>	<u>3.09%</u>	<u>3.36%</u>
Maximum total debt limit - 15.0%	<u>409,035</u>	<u>379,890</u>	<u>360,203</u>	<u>350,715</u>	<u>337,965</u>	<u>321,293</u>	<u>313,733</u>	<u>314,670</u>	<u>310,785</u>	<u>319,710</u>

TABLE 12

## TOWN OF FALMOUTH, MAINE

Demographic Statistics  
Last Ten Fiscal Years

Year	Population (1)	Personal Income (000's)	Per Capita Personal Income (1)	Median Age (1)	Years of Formal Schooling (1)	Unemployment Rate (2)	School Enrollment (3)
2011	11,185	\$ 410,668	\$ 36,716	40.7	13.4	5.30%	2,099
2012	11,185	533,435	47,692	45.3	13.4	4.90%	2,150
2013	11,185	533,435	47,692	45.3	13.4	4.70%	2,140
2014	11,185	555,612	49,675	46.8	13.4	4.40%	2,126
2015	11,587	555,612	47,951	45.3	13.4	3.20%	2,119
2016	11,587	555,612	47,951	45.3	13.4	2.80%	2,131
2017	12,162	691,496	56,857	47.1	13.4	2.10%	2,114
2018	12,162	691,496	56,857	47.1	13.4	1.90%	2,133
2019	12,162	764,382	62,850	46.7	13.4	2.20%	2,090
2020	12,162	764,382	62,850	46.7	13.4	6.30%	2,008

(1) Source: U.S. Census Bureau, American Community Survey

(2) Source: U.S. Department of Labor

(3) Source: State of Maine, Department of Education

TABLE 13

## TOWN OF FALMOUTH, MAINE

Principal Employers  
Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Falmouth	478	1	9.70%	439	2	9.02%
TD Banknorth	444	2	9.02%	444	1	8.92%
Tyler Technologies	375	3	7.62%	375		7.62%
Hannaford Bros. Inc.	200	4	4.06%	200		4.06%
Walmart	150	5	3.05%			0.00%
Sedgewood Commons	150	6	3.05%	150	5	3.05%
Shaw's Supermarket	150	7	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%

TABLE 14

## TOWN OF FALMOUTH, MAINE

Full-time Equivalent Regular Town Employees by Function (1)  
For the Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government	28	23	23	23	23	23	23	23	23	23
Public safety:										
Police:										
Officers (including harbormaster)	19	20	19	19	18	18	18	18	18	17
Civilians	10	10	8	8	8	8	8	8	8	8
Fire/EMS protection:										
Officers	5	4	3	3	3	3	2	1	1	2
Administrative	1	1	1	1	1	1	1	1	1	1
Public works:										
Public works	12	12	9	12	12	12	12	14	12	11
Solid waste	2	2	2	2	2	2	2	1	1	2
Vehicle maintenance	2	2	2	3	3	3	3	3	3	3
Community programs and parks:										
Community programs	6	6	6	5	4	4	4	5	5	4
Parks	2	2	2	2	2	2	2	2	2	2
Education:										
Instructional	213	213	209	209	205	205	202	181	181	183
Other	171	171	151	147	143	143	141	139	137	142
Wastewater treatment	7	7	7	8	7	7	7	7	7	7
Total	478	473	442	442	431	431	425	403	399	405

Source: Town payroll office and school department

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

TABLE 15

## TOWN OF FALMOUTH, MAINE

Selected Operating Indicators and Capital Asset Statistics by Function  
For the Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government:										
Number of motor vehicle registrations	12,447	13,983	14,166	13,976	13,384	13,486	13,119	12,802	11,933	11,273
Number of building permits issued	300	251	249	270	208	233	254	232	227	223
Number of real estate parcels	5,594	5,539	5,494	5,460	5,369	5,318	5,287	5,259	5,251	5,238
Public safety:										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	13	13	13	11	11	11	11	11	9	9
Number of requests for service	16,240	20,765	22,443	17,129	22,233	17,480	21,782	18,383	21,959	22,823
Number of law violations:										
Physical arrests	136	79	126	121	129	117	154	130	108	101
Traffic violations	2,707	5,003	5,872	5,484	5,410	3,654	3,921	3,588	4,008	4,422
Parking violations	243	151	225	182	269	138	257	472	93	131
Number of street lights	591	591	590	617	617	614	614	610	612	612
Number of harbor moorings	1,187	1,168	1,137	1,097	1,135	1,118	1,081	1,104	1,109	1,114
Fire/EMS protection:										
Number of stations	3	3	3	3	3	2	2	3	3	3
Number of fire apparatus	9	9	9	9	9	9	9	9	10	10
Number of fire dept. requests for service	821	565	668	708	725	733	555	582	615	539
Number of ambulances	3	3	3	3	3	3	3	3	3	3
Number of EMS requests for service	1,395	1,254	1,251	1,181	1,246	1,063	1,072	967	1,022	1,039
Public works:										
Miles of streets	85	80	80	79	79	78	77	76	76	76
Traffic signals	14	14	13	13	13	12	12	12	12	13
Number of vehicles and rolling equipment	35	35	35	35	35	43	42	42	56	56
Community programs & parks:										
Number of recreational and adult education programs	815	803	670	670	644	652	521	470	514	456
Number of program participants	14,000	14,500	13,900	10,185	9,901	9,448	8,065	7,800	6,800	6,800
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	1	1	1	1	1	1	1	2	2	2
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	3
Number of elementary school students	1,348	1,408	1,441	1,414	1,409	1,149	1,416	1,405	1,423	1,405
Number of secondary schools	1	1	1	1	1	1	2	1	1	1
Number of secondary school students	660	682	692	700	685	692	710	735	727	694
Number of school buses, vans and rolling equipment	40	39	39	39	40	40	40	42	42	42
Wastewater treatment:										
Miles of sanitary sewers	56	56	56	56	56	56	56	56	56	55
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	6
Number of service connections	2,480	2,440	2,425	2,399	2,366	2,342	2,335	2,300	2,273	2,249
Daily average treatment in gallons	950,000	973,000	910,000	870,000	876,000	978,000	889,000	907,000	971,000	952,000
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.