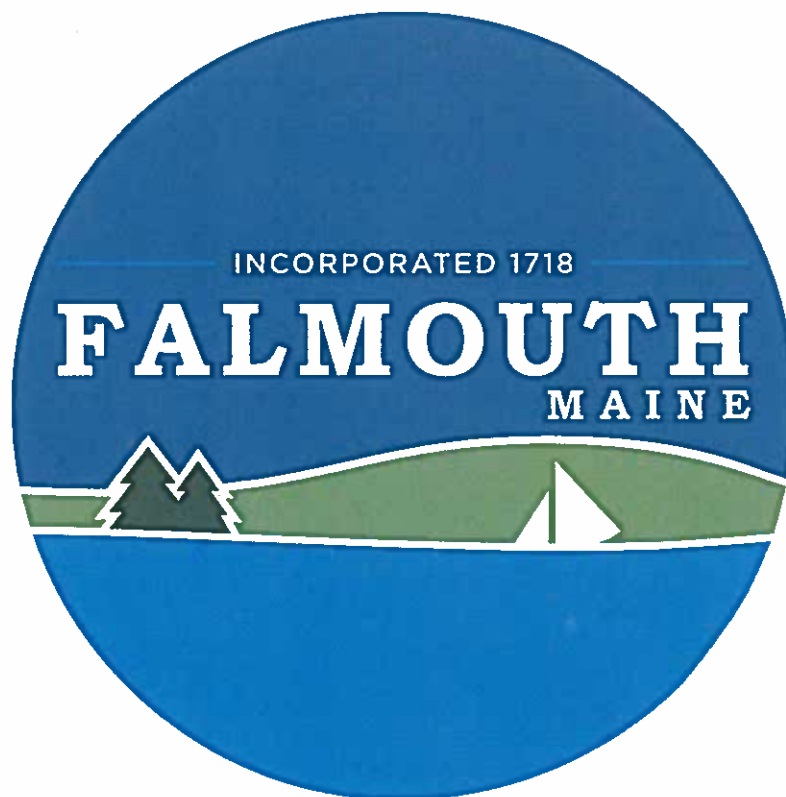


Town of Falmouth, Maine

Proposed Budget

Fiscal Year 2021-2022



Submitted by

Nathan A. Poore, Town Manager  
Peter McHugh, Finance Director

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# A Citizen's Guide to the FY22 Budget Document

The Town of Falmouth budget document provides concise and readable information to the public about Town government. The budget document represents the definitive policy statement of the Town, establishing levels of service and determining the allocation of municipal resources.

The Table of Contents lists every subject covered in this document and its page number. As a further aid, the document is divided into the following major sections:

- Budget Summary and Overview
- Revenue Detail
- Expenditure Detail (Broken down by departments and divisions)
- Capital Improvement Program, TIF and Special Revenue Funds
- Library Budget Detail
- Division Expense Summary
- Wastewater Enterprise Fund Budget

The Budget Summary and Overview section provides general information about the budget. It includes the letter of transmittal from the Town Manager to the Town Council as well as information and statistical data relating to the budget.

The Revenue Detail section contains information on the Town's various revenue accounts including actual revenues for FY20, estimated revenues for FY21, and proposed revenues for FY22. Line item notes for the various revenue accounts are also included in this section.

The Expenditure Detail and Division Expense Summary sections provide detailed information on all expenditure accounts. This section is divided by department. Each department section includes an organizational chart of the department, expenditure detail, and line item notes for the major line item accounts. The expenditure detail includes actual expenditures for FY20, estimated expenditures for FY21, and proposed expenditures for FY22.

The Capital Improvement Program (CIP) section contains the Town's multi-year Capital Improvement Program. This section includes a financial overview of the CIP, a description of approved CIP projects, the equipment replacement schedules for the Town's operating departments, and the Town's proposed street paving schedule.

The Tax Increment Financing District (TIF) section contains the Town's multi-year project plan for each of the TIF Districts and shows the captured value tax revenues and fund balance for each District by fiscal year.

The Special Revenue Fund section contains the Town's FY22 plan for both revenue and expenses and summarizes balances by Special Revenue Fund.

The Library and Wastewater sections contain the Town's FY22 Plan for each of those entities.

## **General Information**

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The accounts of the Town are organized on the basis of funds and account groups. The operations of each fund are maintained using a set of self-balancing accounts that are composed of its assets, liabilities, fund equity, revenues, and expenditures. This budget document deals with the operations of the Town's General Fund, Capital Improvements Funds, TIF Funds and Special Revenue Funds.

The general fund is used to account for all financial transactions that are not accounted for in categorical funds (sewer enterprise fund, trust and agency funds, etc.). The principle sources of revenue of the general fund are property taxes, excise taxes, inter-governmental revenue, charges for services, and miscellaneous revenue. Expenditures are for general government, financial administration, public safety, public works, community development, economic development, parks and community programs, education, and other agencies/non-departmental.

## **Charter/Code Requirements**

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Article V of the Falmouth Town Charter outlines the requirements for the budget. Per the Charter, the Town's fiscal year begins on the first day of July and ends on the last day of June. The Charter provides that, at least 35 days prior to the beginning of each budget year, the Town Manager "shall submit to the Council a budget and explanatory budget message. The Council shall be limited to the final determination of the total appropriation to be made to each of the several offices, departments and agencies of the Town, including the Department of Education."

The Charter further provides that the Town Manager's budget will be reviewed by the Town Council, which shall approve the budget with or without amendments. The Council is required to hold a public hearing on the budget. Following the hearing, the Council is required to adopt the budget, "with or without change", no later than 60 days from the beginning of the fiscal year. In the event the Council shall fail to adopt the budget within the 60 day period, the budget as presented by the Town Manager shall automatically become the budget for the fiscal year.

Article V, Section 506, of the Charter states that "the Town Council shall make a gross appropriation for each department, including the school department, for the ensuing municipal year." The gross appropriation for each department cannot be exceeded except by consent of the Council. Furthermore, the school budget is to be expended under the direction and control of the School Board.

During the budget year, the Town Council has the authority to make supplemental appropriations in order to cover unforeseen or emergency expenditures. The Charter also gives the Council authority to transfer amounts between departments within the budget. Finally, Article III, Section 302.2, provides that once a budget is adopted by the Council, the Town Manager is responsible for its administration.

Further inquiries regarding the budget and the budget process may be made by contacting either the Town Manager, Nathan Poore, or Finance Director, Peter McHugh at (207) 699-5311.

# **BUDGET SUMMARY AND OVERVIEW**

**To:** The Honorable Members of the Falmouth Town Council

**From:** Nathan Poore, Town Manager

**Date:** April 7, 2021

**Re:** 2021–2022 Budget Transmittal Letter

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I'm presenting the proposed fiscal year 2022 municipal budget. This budget was reviewed by finance department staff, my office, and the department head/management team. This budget increases the municipal portion of the mil rate by \$.33 to 3.63 mils, an increase of 10%. This budget request includes the restoration of \$635K of the \$1.4 million in FY21 COVID-related headcount and expense cuts (\$.26 mils) and includes \$167K (\$.07 mils) for the full year impact of the Phase I Fire Department headcount additions.

The proposed General Operating Budget for the Town is \$14,975,221, which represents a \$1,164,072 increase over the current year's (Fiscal Year 2021) appropriation. This translates into an 8.4% increase. This budget includes continued reductions in operating and capital spending to ease the transition of the restoration of the \$1.4 million in FY21 expense cuts due to the pandemic. This budget does not negatively impact the financial condition of the organization, but will require a rate increase. All substantial changes within the budget are sustainable.

### **Revenues**

We are projecting an increase in non-property tax revenues, including auto excise tax, and growth-related fees as the Town begins to return to normal post-pandemic activity levels. The FY22 Budget also assumes an increase in state revenue sharing. Overall, non-property tax revenues are projected to increase \$306,750 from the FY21 budget, which is a 5.1% increase.

### **Expenditures**

Personnel expense increases including wages, retirement, and health insurance are adding \$578,161 to the budget. The major components of the personnel cost increases were the full-year impacts of the Fire Department headcount additions throughout FY21 (\$204K), Town wage increases (\$100K), the impact of filling the 4 positions left unfilled as part of the COVID cost reductions (\$173K), and an increase in Fire Department workers compensation costs (\$48K). Other large increases include the restoration of a portion of other COVID expense reductions (\$305K).

The following table includes a list of major expenditure and Revenue changes.

**FY2022 Budget Impacts  
Funding Change FY22 vs FY21**

Budget Impact: Increase/(Decrease)

**Revenue**

• Auto Excise Taxes	\$ 196,645
• Interest Income	\$ (149,000)
• Growth related Fees	\$ 42,970
• State Revenue Sharing	\$ 197,468
• Franchise Fees	\$ 10,000
• Net Change in All Other Revenue	\$ 8,667

**Revenue Sub-Total Impact                \$ 306,750**

**Expense**

• Full-Time Salaries/Social Security	\$ 543,690
• Other Contractual Services	\$ 45,348
• Workers Comp	\$ 48,140
• Retirement	\$ 82,890
• Transfer to Special Revenue Funds	\$ 69,000
• Legal Services	\$ 34,500
• Computer Equipment	\$ 50,000
• Transfer to Capital Fund	\$ 196,850
• Social Service Agencies	\$ 35,000
• Net Change in All Other Expenses	\$ 58,654

**Expense Sub-Total Impact                \$ 1,164,072**

**Net Increase                                         \$ 857,322**

<b>Mil Rate Impact</b>	<b>\$ 0.36 mils</b>
<b>Mil Rate Impact of Increased Valuation</b>	<b><u>\$(0.03)mils</u></b>
<b>Mil Rate Increase</b>	<b>\$ 0.33 mils</b>

Mil Rate increases .33 mils from 3.30 to 3.63 mils.

**Projected Future Needs and Budget Impacts**



This budget continues to maintain financial stability (with a tax increase), deliver necessary services, and focus on sustainable solutions.

I look forward to working with the Council to meet the needs of Falmouth's citizens. I want to express my appreciation to everyone involved in the development of the final budget, including all department heads/managers and their staff.

# Budget Analysis

This section of the budget document, identified as the Budget Analysis, provides an overview of spending at multiple levels. The information in this section will illustrate budget impacts, explain changes and new programs, and compare resource allocation.

## Tax Rate Calculation

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This tax rate calculation table includes a projected increase in property valuation of \$23.1 million.

<b>Property Tax Rate Calculation 2021-22 Town Budget</b>	
<b>Expenditures</b>	14,975,221
<b>Overlay</b>	20,093
<b>Non-tax revenues</b>	(6,363,004)
<b>Net from property taxes</b>	8,632,310
<b>2021-22 projected valuation</b>	2,376,760,000
<b>2021-22 projected tax rate</b>	3.63
<b>2020-21 rate</b>	3.30
<b>Tax rate increase (decrease)</b>	0.33
<b>Tax Rate % Increase</b>	9.9%

## Expenditures (By Object of Expenditure)

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This table and following chart demonstrate how funds are allocated between four major categories. We are primarily a service providing organization, which is why a significant amount of our budget is associated with personnel costs.

<b>Personnel</b>	<b>Supplies &amp; Services</b>	<b>Capital / Debt Service</b>	<b>Other Agencies &amp; Special Revenue Funds</b>
\$9,465,505	3,117,408	1,056,623	1,335,685

## **Expenditures (Personnel)**

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The total cost of personnel services (wages and benefits) in the FY22 budget is **\$ 9,465,505** representing a 6.5% increase over FY21. Much of the difference in this category is a result of the following:

- Average non-union wage increases will be 2.5% on July 1, 2022 (\$100K).
- The Town is budgeting the following personnel hires (positions unfilled as part of COVID expense cuts): Police Officer, Executive Assistant, Engineering Technician, and a Parks Maintenance position all on July 1, 2021.
- The full-year impact of the 6 January 2021 Fire Department Firefighter additions is \$202K partially offset by a reduction in Fire part-time salaries (\$91K) for per diem coverage for those positions July – December 2020.
- Benefits for the new positions added \$94K to the FY22 Budget. Workers Compensation increases \$48K for the full-time Fire Department employees.
- Health insurance costs are flat year over year as the rate did not increase in calendar 2021. Changes in coverage levels are the only variances on this line.

## **Expenditures (Supplies and Services)**

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The proposed budget includes **\$ 3,117,408** for supplies and services, which represents a \$212K or 7.3% increase from the FY21 budget. The notable impacts in this category include:

- An increase in computer equipment costs of \$50K to cover \$25K in COVID-deferred FY21 computer replacements and \$25K in normal FY22 computer replacements.
- An increase in legal services of \$34.5K is primarily due to COVID cut restorations and legal fees to cover union negotiations. Union contracts for the Teamsters and the Police Union expire June 30, 2021.
- An increase in social service agency contributions (\$35K), and COVID cut restorations to contract services (\$70K) and other professional services (\$15K).
- A decrease in electricity costs of \$10K primarily due to a full year of net energy billing credits from the new landfill solar array project to be completed in 2021.

## **Expenditures (Capital Outlay / Debt Service)**

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Funding levels in this category are the foundation for ongoing fiscal stability. We will continue to fund capital needs from annual revenues, capital CIP funds, Tax Increment Financing Districts and the issuance of debt. A successful capital improvement program (CIP) will not show mil rate impact fluctuations with substantial peaks and valleys. This budget and the remaining CIP are structured to accommodate the goal of steady funding without significant changes in the mil rate. The budget includes funds for implementing the FY22 CIP recovery plan designed to restore reduced capital spending balances and deferred spending as a component of the FY21 COVID expense cuts. CIP fund transfers and debt service costs will total **\$1,056,623**, which is a 21.6% increase from the FY21 budget. This increase was primarily due to an increase of \$197K in transfers to CIP offset by decreased debt service costs as principal balances are paid down.

The Town's strategy of making prudent investments in its capital equipment/facilities and infrastructure should be continued because it sustains the condition of our infrastructure and minimizes long-term maintenance costs.

## **Expenditures (Contributions and Transfers to Special Revenue Funds)**

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Contributions to outside agencies include the Falmouth Memorial Library and METRO Bus. Funding levels, based on outside agency recommendations and requests, total **\$1,335,685** in FY22 (an increase of \$185,822 or 16.2% from last year). The increase is primarily due to an increase in Library funding (\$10K) and the METRO assessment (\$6K).

In addition, the restoration of COVID cuts to the Highland Lake project (\$20K), contingency funds to cover union negotiation (\$53K), and increased transfers to Special Revenue funds (\$40K for Comprehensive Plan spending, and \$29K for senior recreation services made up the remainder of the increase.

The budget includes a contribution toward Library operations of \$643,607, which is 1.7% more than last year (Appendix D contains the Library Budget). Metro Bus expenses are increasing an assumed \$6K or 3.0% from the FY2021 level.

## **Significant Projected Changes in Expense**

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This table represents a list of those expense codes with the most significant projected change compared to the FY20 budget.

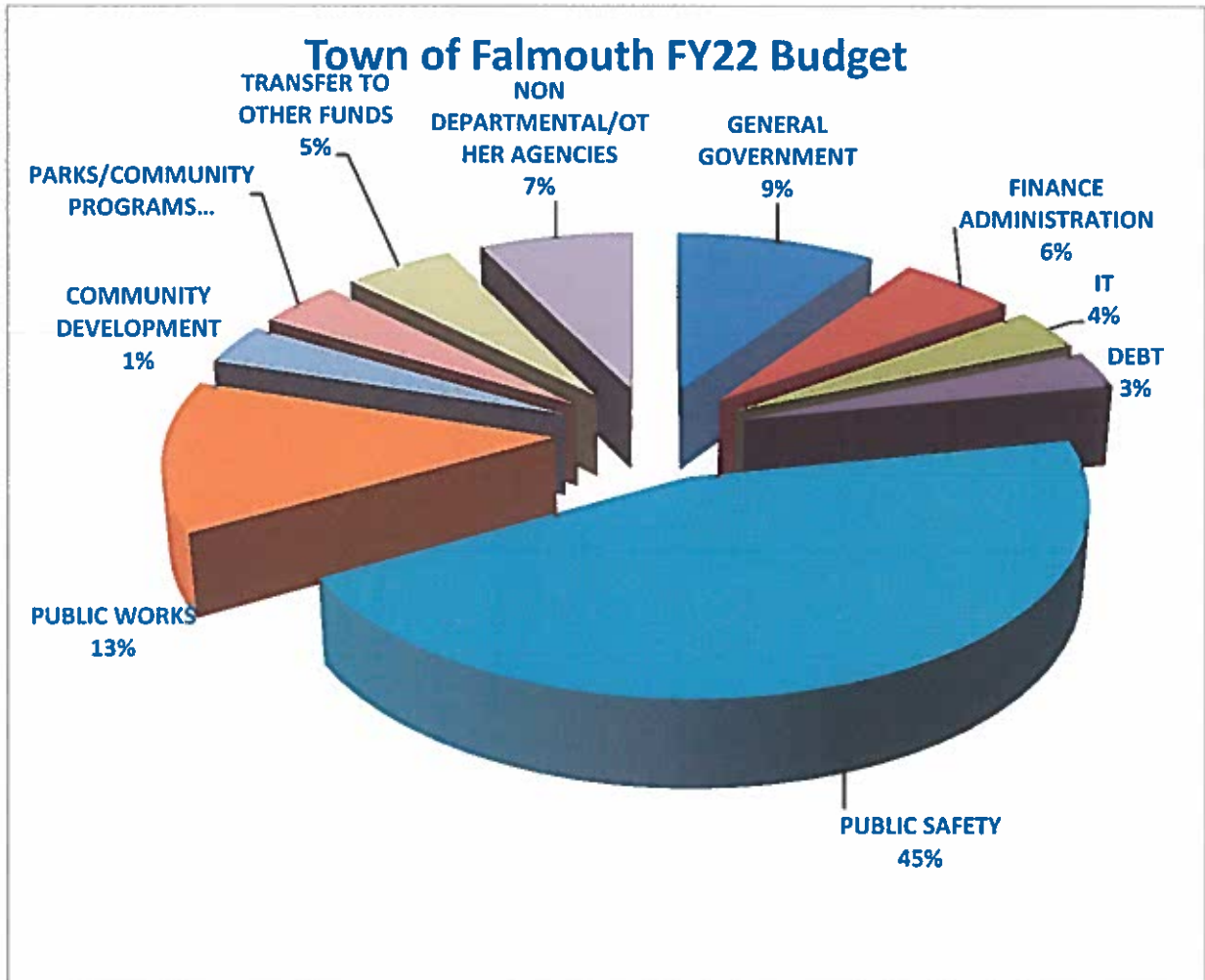
<b>FULL-TIME SALARIES/SOC SECURITY</b>	<b>543,690</b>
<b>RETIREMENT</b>	<b>82,890</b>
<b>WORKERS COMP</b>	<b>48,140</b>
<b>LEGAL SERVICES</b>	<b>34,500</b>
<b>SOCIAL SERVICE AGENCIES</b>	<b>35,000</b>
<b>OTHER CONTRACTUAL SERVICES</b>	<b>45,348</b>
<b>COMPUTER EQUIPMENT</b>	<b>50,000</b>
<b>TRANSFER TO CAPITAL FUND</b>	<b>196,850</b>
<b>TRANSFER TO SPECIAL REVENUE FUND</b>	<b>69,000</b>
<b>OTHER</b>	<b>58,654</b>

## **Expenditures (Budget Summary by Department)**

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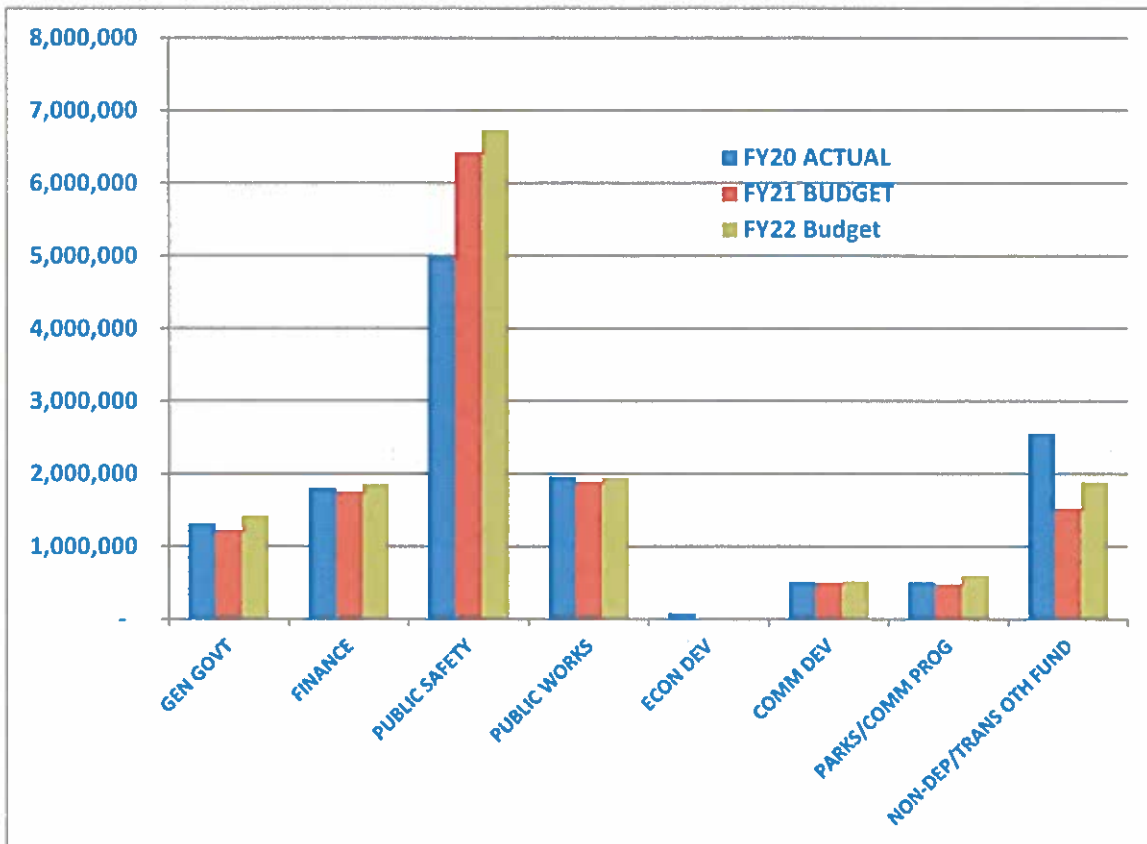
The pie chart on the next page illustrates the final budget allocated by department. Most of our spending goes toward the delivery of services such as Parks and Community Programs, Public Safety, and Public Works.

Administration expenses are much smaller, which is desirable so that more resources can be used for the delivery of services. Finance administrative services also support some School Department functions.



## **Budget Allocation by Department**

The bar graph on the next page presents a budget comparison by department. The explanation for variations depends on many factors including but not limited to varying levels of inflation (depending on the types of expenditures made within each department), personnel changes, reductions in some areas, and program changes.



Changes in department budgets include several explanations such as:

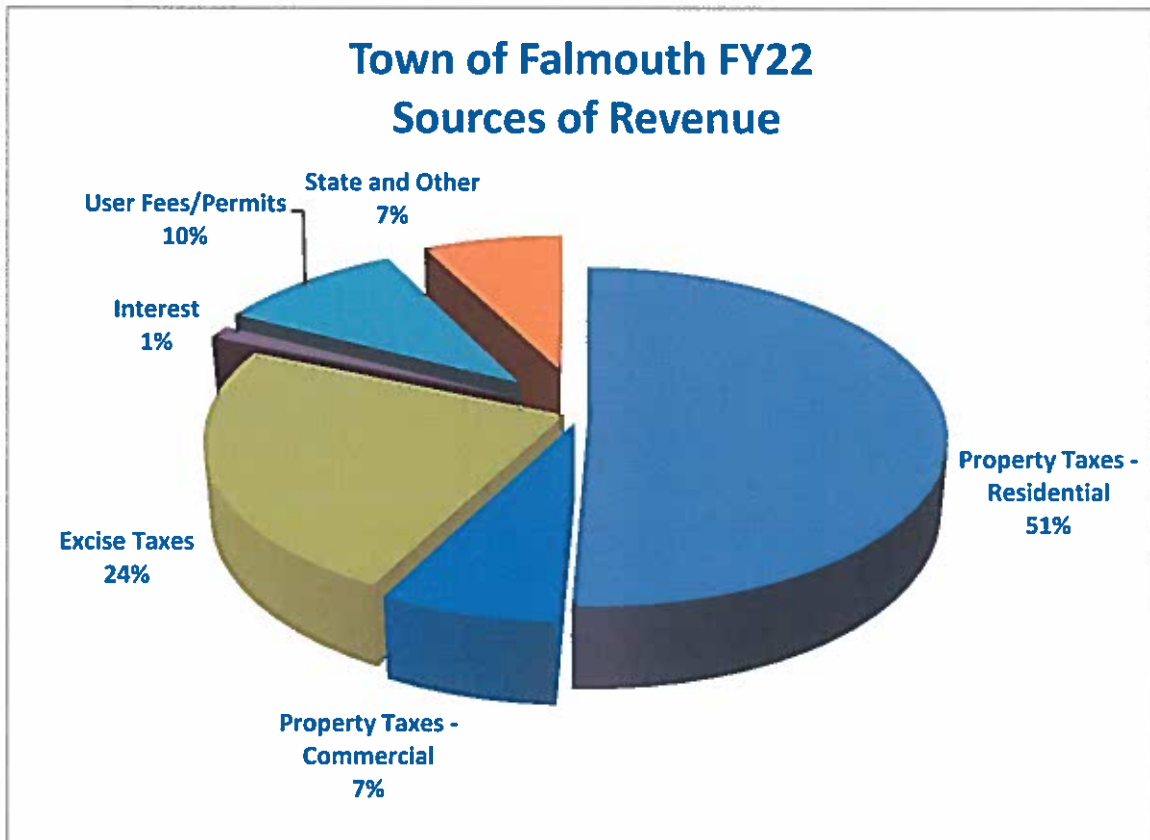
- **General Government:** This category has increased 15.7%. This is a result of the addition of an Executive Assistant, staff salary increases, retirement increases, legal services and social service agency increases. Restorations of COVID expense cuts in the Sustainability Department include the Highland Lake Project costs and other contractual services (invasive plant treatment and pesticide water testing).
- **Finance:** This category has increased 5.7%. This is a result of the restoration of FY21 computer equipment replacements cut as part of the COVID reductions in addition to the normal FY22 replacements. In addition, increases in workers compensation for the increased Fire Department staff, general insurance coverage increases for vehicles and mobile equipment, audit cost increases, staff Cola salary increases, health insurance coverage level increases, retirement cost increases, and IT contract services cost increases.
- **Public Safety:** FY22 is projected to increase 4.8% because of salary, retirement and health insurance increases, the addition of a Police Officer, and a full year of January 2021 Fire Department hires

- **Public Works:** The FY22 3.2% increase is due to the addition of an Engineering Technician, non-union Cola wage increases and street painting increases due to a large number of stop bars that need repainting.
- **Community Programs:** An increase of 24.6% primarily due to the addition of a Parks Maintenance Position, staff wage allocation changes, increased special revenue funding to cover senior service positions in the recreation fund budget and the addition of a Forrester (contract services).
- **Community Development:** An increase of 4.5% primarily from increases in salary, overtime, retirement costs, and projected legal services for short term rental related fees.
- **Non-Departmental and Other Agencies:** An increase of 23.4% primarily attributable to increases in CIP funding needed to fund expenditure deferrals that were part of the COVID expense cuts, increased funding for the Comprehensive Plan, an increase in the Senior Tax Relief Program resulting from increasing the income maximum to \$50K, and union negotiation contingency costs. Both the Police Union and Teamsters Union expire on June 30, 2021.



## Revenues

Municipal services are supported by several revenue sources including property taxes that account for 58% of all revenue sources for municipal (non-education) services. The following pie chart shows where all our revenues originate and demonstrates our reliance on property taxes (chart only applies to municipal services).

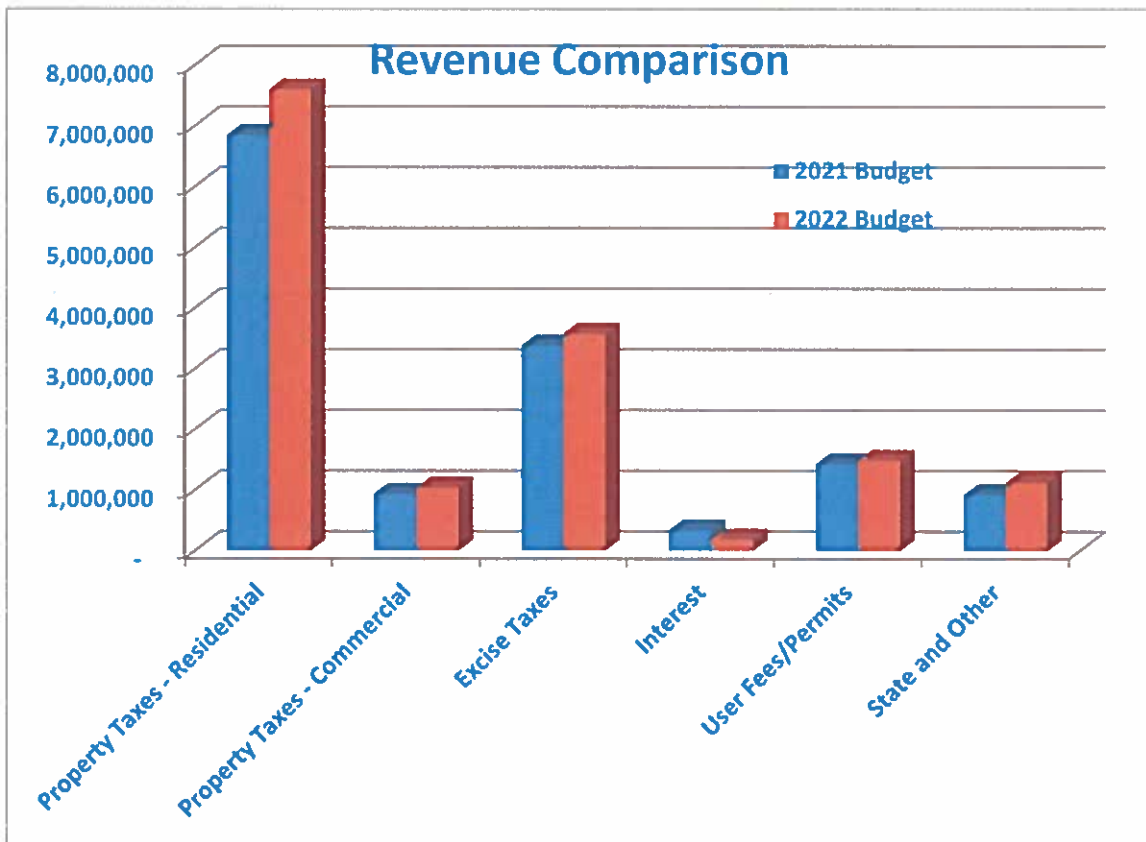


For the FY21 Budget, 77.4% of the funding required to support education general fund expenses came from property tax revenues (note: this will be updated with the FY22 Budget % once the School Budget is complete).

The estimated non-property tax revenues in FY22 are projections based on prior year trends, known changes in state and federal laws, and the economic impact of the coronavirus pandemic. There is a budget-to-budget increase of 5.1%. The table on the following page represents a list of those revenues with the most significant projected change compared to the FY21 budget.

<b>AUTO EXCISE TAX</b>	<b>196,645</b>
<b>STATE REVENUE SHARING</b>	<b>197,468</b>
<b>INTEREST INCOME</b>	<b>(149,000)</b>
<b>AMBULANCE CHARGES</b>	<b>(15,921)</b>
<b>BUILDING PERMITS</b>	<b>26,390</b>
<b>FRANCHISE FEES</b>	<b>10,000</b>
<b>ELECTRICAL PERMITS</b>	<b>8,840</b>
<b>PLUMBING INSPECTIONS</b>	<b>7,740</b>
<b>OTHER</b>	<b>24,589</b>

The following bar graph compares the FY22 and FY21 revenue budget. The increase in total property tax collections is due to a projected mil rate increase of \$.33 or 9.9%. The mil rate increase results from an increase in net Town expenditures offset by an increase in the projected property valuation (new homes, lot splits, new businesses and additions/renovations) upon which the tax rate is based. Auto excise taxes are projected to increase 5.2% over the latest FY2021 revenue projection. State Revenue Sharing is projected to increase 24% over the FY21 budget.



# Financial Condition

One of the primary strengths of the Town of Falmouth has been and continues to be its stable financial condition. This part of the report demonstrates financial condition by analyzing several characteristics and practices. This information will demonstrate the Town's stable fiscal condition.

Analysts use several financial indicators to measure a municipality's financial condition. This report identifies the following information/indicators: property tax burden; ratio of bonded debt to assessed valuation; direct debt per capita; tax collection rate; and the Town's unassigned fund balance.

## Property Tax Burden

The State Bureau of Taxation publishes annual full value tax rates for all Maine communities. Full value tax rates are used to provide fair comparisons between communities. The rate is calculated by using the State determined valuations and the adjusted locally determined property tax commitments.

This table compares Falmouth's full value rate with other area communities. This table relies on State derived data. The most recent available data demonstrates that Falmouth's full value rate is \$1.48 below the regional average in 2019. Falmouth has the lowest rate in the group. Since 2009, Falmouth has had a rate below the average every year.

<b>Greater Portland</b>											
<b>Communities</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Cape Elizabeth	13.20	14.19	15.00	15.65	15.79	15.34	14.93	15.09	14.52	14.53	14.18
Cumberland	14.67	15.78	16.53	17.75	17.85	17.95	18.63	17.70	17.67	17.89	17.38
Falmouth	12.16	12.60	13.15	13.82	14.30	13.82	14.00	14.22	14.13	14.05	13.76
Gorham	13.50	13.77	14.66	14.93	15.54	15.27	15.42	15.70	15.13	14.96	14.76
Portland	16.54	17.27	17.90	18.57	18.71	18.97	18.76	18.08	17.47	16.92	16.68
Scarborough	11.97	12.55	13.27	13.93	14.67	14.68	14.82	14.84	14.64	14.01	14.44
South Portland	14.66	15.28	15.90	16.37	16.43	16.50	16.70	15.98	15.33	14.92	14.65
Westbrook	16.14	16.48	17.45	17.51	17.13	16.93	17.31	17.27	16.94	17.01	16.39
Windham	12.00	12.75	13.60	14.33	14.19	13.97	14.46	14.86	14.56	14.24	14.01
Yarmouth	16.11	17.00	17.94	18.56	18.66	17.51	17.32	16.88	16.42	15.90	16.17
Greater Portland Average	14.10	14.77	15.54	16.14	16.33	16.09	16.24	16.06	15.68	15.44	15.24
Falmouth	12.16	12.60	13.15	13.82	14.30	13.82	14.00	14.22	14.13	14.05	13.76
Variance from Average	1.94	2.17	2.39	2.32	2.03	2.27	2.24	1.84	1.55	1.39	1.48

## Debt Ratios

The Maine Municipal Bond Bank has found the average debt/valuation ratio for Maine municipalities to be 2.1%. Municipalities have a legal debt limit of 15%, however, bond analysts consider anything under a 3% debt/valuation ratio to be acceptable. As of June 30, 2021, Falmouth's gross debt/valuation ratio will be 1.56%. It should be noted that the bonded indebtedness of the Town's sewer utility is paid through sewer user charges, and not through property tax dollars, and is not reflected in this table.

<b>Fiscal Year End June 30</b>	<b>Pop.**</b>	<b>Assessed Valuation* (x 1,000)</b>	<b>Total Direct Debt (x 1,000)</b>	<b>Debt as % of Assessed Value</b>	<b>Direct Debt per Capita</b>
2021	12,162	\$2,492,781	\$38,820	1.56%	3,191.91
2020	12,162	\$2,488,608	\$43,060	1.73%	3,540.54
2019	12,162	\$2,456,681	\$47,505	1.93%	3,906.02
2018	12,162	\$2,422,433	\$42,175	1.74%	3,467.77
2017	12,162	\$2,388,936	\$46,890	1.96%	3,855.45
2016	11,185	\$2,368,572	\$50,865	2.15%	4,547.61
2015	11,185	2,328,863	\$54,840	2.35%	4,903.00
2014	11,185	2,287,140	58,820	2.57%	5,258.83
2013	11,185	2,268,623	47,560	2.10%	4,252.12
2012	11,185	2,243,751	50,700	2.26%	4,532.86

**\*Includes TIF valuation**

**\*\*Source: U.S. Census Bureau, American Community Survey**  
**Total Direct Debt includes High School construction, Public Safety building bond refinancing, Route 1 South infrastructure, Middle School Construction, Elementary School Construction refinancing, and the Route 100 Infrastructure/Library Construction Bond.**

## Assessed Valuation

Over the past 20 years, Falmouth's valuation has increased between 0.75% to 4% per year. It is projected that net new non-TIF valuation will add \$23.1 million, or 1.0% to the Town's assessed valuation for FY2022 bringing that estimated total to \$2,376,760,000. FY2021 total valuation equates to \$204,965 per capita, which is generally considered a very good valuation ratio for a community with a limited commercial tax base. Direct Debt per Capita is projected to fall to \$3,192 as of June 30, 2021.

## Tax Collection Rates

A municipality's tax collection rate is another indicator of financial stability. Falmouth has had an excellent current year collection rate averaging over 98% in each of the past five years. Overall collection rates have reached 99.9% for the tax years 2010-2019.

## Unassigned Fund Balance

Falmouth’s unreserved, unassigned fund balance as of June 30, 2020, was \$11,525,133. The fund balance should not be viewed as “cash on hand” or surplus funds. There are many encumbrances against the fund balance such as reserves for receivables (unpaid taxes). For example, if the tax collection rate declined to 91%, as it did during the recession in the early 1990’s, the amount that would need to be reserved for tax receivables would substantially increase. The current fund balance exceeds the minimum standards set by the Council’s adopted fund balance policy, providing the Town with a healthy “available” fund balance. A copy of the fund balance policy is attached as Appendix G.

There was a \$457,663 increase in the unassigned fund balance compared to FY2019. The FY2020 excess revenues over expenditures were partially offset by transfers to the capital improvement and special revenue funds, supplemental appropriations for the Revaluation project (\$119K), the Communication Plan (\$45K), and Police Vehicle fund (\$20K). The total General Fund balance increased by \$1,069,400 in FY2020.

Total Governmental Funds, including the Capital, TIF and Special Revenue Funds, for the Town decreased \$4,567,539 in FY2020 primarily due to the spending of Library/Route 100 construction bond proceeds of \$5.9 million.

The fund balance provides the Town with adequate coverage for various liabilities, accounts receivable, unforeseen expenses, or shortfalls in revenues. It has also enabled the Town to meet all its cash flow needs despite the timing of property tax collections, which are well into the fiscal year. Credit rating institutions such as Moody’s and Standard & Poor’s, consider fund balance when rating municipalities. The Town’s credit rating was reaffirmed at Aaa by Moody’s and reaffirmed at AAA by Standard and Poor’s during 2020.

<b>Analysis of Fund Balance</b>	
<b>Unreserved, unassigned Fund Balance (6/30/19)</b>	<b>\$ 11,525,133.00</b>
<b>Minimum Reserve required by Fund Balance Policy</b> <b>(16.7% of total 2019-20 expenditure budget and \$1,000,000</b> <b>further reserve for capital investments)</b>	<b>(9,721,591)</b>
<b>Projected “Available” Fund Balance</b>	<b>\$ 1,803,542.30</b>

The “available” fund balance should not be relied upon for regular tax relief. In accordance with Council fund balance policy, this available balance should be used for what is commonly called “one-time” expenses. Regular reliance on fund balance could artificially reduce the tax rate, but when fund balance is no longer available, the tax rate would increase. “Available” fund balance is essential for the Town’s ability to respond to unforeseen circumstances. These unforeseen circumstances can include natural disasters, premature infrastructure failure, and economic influences uncontrollable at the local level.