New York, April 02, 2019 -- Moody's Investors Service has assigned a Aaa rating to the town of Falmouth, Maine's $9.3 million 2019 General Obligation Bonds. Additionally, Moody's has upgraded both the town's outstanding general obligation limited tax (GOLT) debt and issuer rating to Aaa from Aa1. A stable outlook has been assigned. Approximately $51 million of debt is affected.

RATINGS RATIONALE

The upgrade to Aaa reflects the strong growth trend in the town's tax base valuation alongside improving and already strong resident wealth and income levels. Further, the rating considers a stable financial position with sufficient but below average reserves for the highest rating category, average debt burden, and very low pension liabilities.

We consider the outstanding debt to be GOLT because of limitations under Maine State law on property tax levy increases. The issuer rating is equivalent to the city's hypothetical general obligation unlimited tax rating (GOULT); there is no debt associated with the GOULT security.

RATING OUTLOOK

The stable outlook reflects our expectation that the town will continue to grow in size while improving or maintaining its financial reserves.

FACTORS THAT COULD LEAD TO AN UPGRADE

- N/A

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Prolonged structural imbalance
- Material reduction in General Fund balance
- Decrease in tax base and demographic profile
- Significant growth in debt burden

LEGAL SECURITY

Debt service is secured by the town's general obligation limited tax pledge as debt service is subject to the state's property tax limitation known as LD-1.

USE OF PROCEEDS

The bonds will support renovations for the Falmouth Memorial Library as well as infrastructure improvements at the Route 100 project.

PROFILE

Falmouth, ME is a residential suburb of Portland, ME (Aa1 stable) with a population of 12,162.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.
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