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Town of Falmouth, Maine



Comprehensive Annual Financial Report

*For the Fiscal Year Ending
June 30, 2018*

TOWN OF FALMOUTH, MAINE
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2018

Prepared by:

Peter McHugh
Finance Director

TOWN OF FALMOUTH, MAINE
Comprehensive Annual Financial Report
For the year ended June 30, 2018

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Comprehensive Annual Financial Report
For the year ended June 30, 2018

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INTRODUCTORY SECTION

TOWN OF FALMOUTH, MAINE

December 20, 2018

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, 2018.

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

Runyon Kersteen Ouellette, Certified Public Accountants, has issued an unmodified ("clean") opinion on the Town of Falmouth, Maine's, financial statements for the year ended June 30, 2018. 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 is required to undergo an annual single audit in conformity with the Single Audit Act of 1984 and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is included in a separately issued report.

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 12,102 persons (Census estimate for July 1, 2016). Under Maine statutes, the Town is empowered to levy a property tax on both real and personal property located within its boundaries.

271 FALMOUTH ROAD FALMOUTH, MAINE 04105 207.781.5253
www.town.falmouth.me.us

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 34 as part of the basic financial statements for the governmental funds.

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 2000's (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 7.3% in 2018). From 2017 to 2018, the Town's taxable base grew by 1.4% while TIF district values grew by 6.8%. The Town's current-year property tax collection rate remained at a very healthy 97.3% collected by August 31, 2018.

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 70 building permits for new construction issued this year, including 67 permits for new single-family residential housing and 3 permits for new commercial buildings.

Finally, relative to many other municipalities, the Town has an extremely diversified tax base, with its largest taxpayer comprising only 2.99% of its total tax base, and its top ten taxpayers combined representing only 8.84% 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 2018-19 capital plan calls for a continuation of road and sidewalk improvements, Falmouth Road repaving, Brown Street drainage, drainage system repairs, replacement of the Town data and phone system, energy efficient street light fixture replacements, a radio system upgrade for Fire/EMS, various community center building projects including roof and flooring replacement, replacement of Town building lighting with more energy efficient LED lighting, and open space acquisitions.

This year's 2018-19 multi-year equipment replacement plan also calls for the purchase of a plow and maintenance truck, a dump/plow truck, a light duty plow truck, and a pavement patching machine for Public Works, two new cruisers, and replacement body armor for the Police Department, a new EMS Captain truck, UTV vehicle for off-road fire and EMS rescue, and a cardiac monitor for the Fire Department, and two ¾ ton pickup trucks for Parks & Community Programs.

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 2017-18, 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. Proceeded with final design and cost estimates for the voter approved implementation of the Route 100 Infrastructure project scheduled to begin in 2019.
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. Completed work on the upgrade of the Town's pump station and force main at Mill Creek which serves a significant portion of Falmouth and the Town of Cumberland.
6. Planned for the continued expansion of natural gas lines throughout the community.
7. Considered next steps to implement master plan scenarios for a portion of the Route One North TIF district with recommended improvements including intersection and roadway improvements, as well as pedestrian and bicycle amenities.
8. Continued marketing for the Route One South Corridor where the recently completed infrastructure improvement project has spurred development growth.
9. Completed a 20-year sewer master plan to ensure the system can accommodate growth and maintain service levels.
10. 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 2018-19, the Town will continue to work on long-range planning initiatives which are included in the 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. Conduct construction bidding for the Route 100 Infrastructure project.
3. Continue implementation of the Town's highly successful 2006 Open Space Plan and complete an update to this plan.
4. Complete an infrastructure plan for Blackstrap Road.
5. Complete installation of a wayfinding signage project.
6. Initiate a comprehensive watershed assessment of the community.
7. Explore a possible update of the West Falmouth Crossing Master Plan.
8. Investigate affordable housing opportunities at the Town-owned Woods Road site.

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. Reconstruction and expansion of the Memorial Library. The Town intends to issue up to \$3,310,000 in GO Bonds approved by referendum in support of this project in 2019.
2. The Town plans on issuing up to \$6,000,000 in GO Bonds sometime in 2019 to fund a portion of the Route 100 Infrastructure project. Debt service for these Bonds will be paid out of the West Falmouth TIF.
3. Hosting the Town's 300th Anniversary Celebration events.

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, 2017. This was the 26th 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,

Nathan A. Poore
Town Manager

Peter M. McHugh
Finance Director



Government Finance Officers Association

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

Presented to

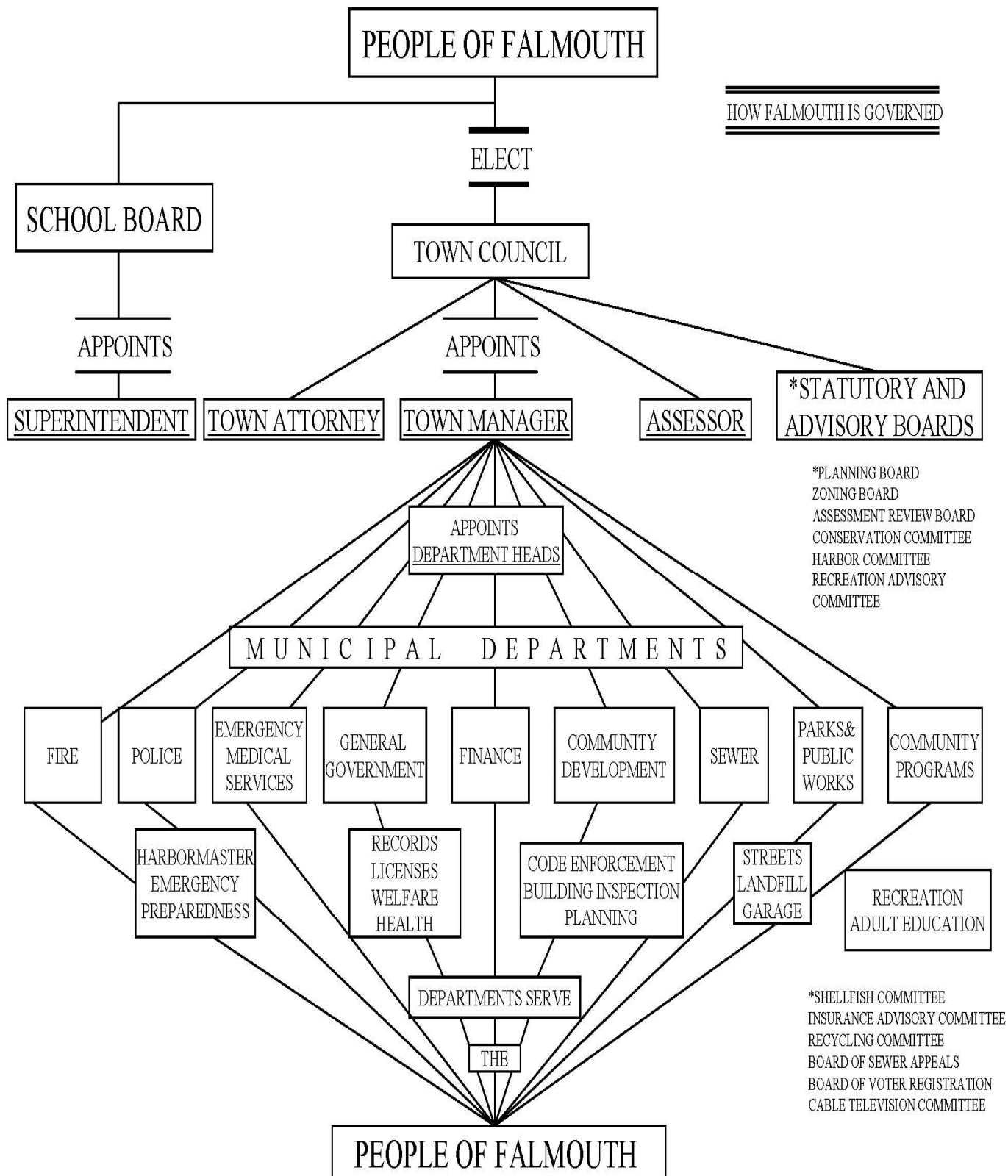
**Town of Falmouth
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



TOWN OF FALMOUTH, MAINE
List of Principal Officials
June 30, 2018

<u>Title</u>	<u>Name</u>
Council member	Caleb Hemphill, Chair
Council member	Claudia King, Vice Chair
Council member	Aaron Svedlow
Council member	Andrea Ferrante
Council member	Ted Asherman
Council member	Hope Cahan
Council member	Amy Kuhn
Town Manager	Nathan Poore
Assessor	Renee Lachapelle
Code Enforcement Officer	Justin Brown
Community Programs Director	Alexis D'Ascanio
Community Development Director	Amanda Stearns
Economic Development Director	Theo Holtwijk
Finance Director	Peter McHugh
Fire Chief	Howard Rice
Information Systems Director	Jennifer Phinney
Police Chief	Edward Tolan
Public Works Director	Jay Reynolds
Town Clerk	Ellen Planer
Wastewater Treatment Superintendent	Robert Clark
School Board member	Danielle Tracy, Chair
School Board member	Caryn Bickerstaff, Vice Chair
School Board member	Dee Conroy-Vella
School Board member	Jen Libby
School Board member	Cindy Han
School Board member	Julie Fraser
School Board member	Julia Lucas

FINANCIAL SECTION

Independent Auditor's Report

Town Council
Town of Falmouth, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Falmouth, Maine as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Falmouth, Maine, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described on page 58 in the notes to basic financial statements, in 2018, the Town adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in Town's total health plan OPEB liability and related ratios, schedule of Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of Town's proportionate share of the net pension liability, and schedule of Town contributions as listed in the table of contents 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 introductory section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Town Council
Town of Falmouth, Maine

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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 fund financial statements and schedules of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018 on our consideration of the Town of Falmouth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Falmouth's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Falmouth, Maine's internal control over financial reporting and compliance.



December 20, 2018
South Portland, Maine

TOWN OF FALMOUTH, MAINE
Management's Discussion and Analysis
June 30, 2018

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 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Falmouth exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$95,411,443 (*net position*). Of this amount, \$14,811,074 (*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 \$2,095,305.
- As of the close of the current fiscal year, the Town of Falmouth's governmental funds reported combined ending fund balances of \$22,807,421, a decrease of \$2,166,073 in comparison with the prior year. This is detailed as follows:
 - The general fund decreased \$1,098,616. This was due to favorable operations of \$1,346,832 offset by current year net other financing uses (\$2,445,448).
 - The capital projects fund decreased \$2,050,726. This was due to current year transfers in from other funds equaling \$2,416,930 offset by net capital spending of \$4,467,656.
 - Other governmental funds including special revenue funds and the TIF Districts, increased \$983,269. Revenues of \$6,430,975, consisting mostly of property taxes for the TIFs (\$2,702,062), miscellaneous revenues (\$466,023), charges for services (\$2,542,444) and intergovernmental revenues (\$720,439). Expenditures of \$5,562,468 consisting mostly of school related expenditures (\$2,073,760), Community Programs and Parks expenditures (\$893,745), Debt Service (\$785,013), and Community Development expenditures (\$809,596). The balance (\$1,000,354) is made up of expenditures in other departments such as Public Safety, General Government, Public Works, and Capital Improvements. Excess revenues over expenditures of \$868,507 was supplemented by a \$114,762 net transfer from other funds.
- At the end of the current fiscal year, the Town unassigned fund balance for the general fund was \$9,923,606 and the School Department fund balance (listed as restricted in the CAFR) was \$1,116,345. The total unassigned fund balance for the Town General Fund and School Department General Fund of \$11,039,951 equates to 21.6% of total general fund expenditures.
- During the fiscal year, the Town paid \$3,985,000 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

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

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 29-30 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Falmouth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Falmouth maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital project fund (30 individual projects), both of which are considered to be major funds. Data from the other eight 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.

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 31-32 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 35-37 of this report.

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

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 38-39 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 40-68 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 77-92 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 \$95,411,443 at the close of the most recent fiscal year.

Town of Falmouth's Net Position							
	Governmental Activities		Business-type Activities		Total		
	2018	2017*	2018	2017*	2018	2017*	
Current and other assets	\$ 27,598,239	\$29,685,739	\$ 4,059,750	\$ 4,003,694	\$31,657,989	\$33,689,433	
Capital assets	99,945,986	100,196,235	19,681,868	19,587,707	119,627,854	119,783,942	
Total assets	127,544,225	129,881,974	23,741,618	23,591,401	151,285,843	153,473,375	
Deferred Outflow of Resources	\$ 3,273,683	\$ 2,547,304	\$ -	\$ -	\$ 3,273,683	\$ 2,547,304	
Non-current liabilities outstanding	51,517,051	54,160,081	3,093,524	3,397,821	54,610,575	57,557,902	
Other liabilities	4,059,545	4,100,571	95,790	338,337	4,155,335	4,438,908	
Total liabilities	55,576,596	58,260,652	3,189,314	3,736,158	58,765,910	61,996,810	
Deferred Inflows of Resources	382,173	228,545	-	-	382,173	228,545	
Net position:							
Net investment in capital assets	55,669,414	54,205,024	16,765,868	16,347,707	72,435,282	70,552,731	
Restricted	8,165,087	7,292,627	-	-	8,165,087	7,292,627	
Unrestricted	11,024,638	12,442,430	3,786,436	3,507,536	14,811,074	15,949,966	
Total net position	\$ 74,859,139	\$73,940,081	\$20,552,304	\$19,855,243	\$95,411,443	\$93,795,324	

*The 2017 column was not restated to reflect prior period adjustments that resulted from GASB 75 implementation that were recorded during the June 30, 2018 audit.

By far, the largest portion of the Town of Falmouth's net position (75.9%) 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,

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

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 (\$14,811,074) 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 59-66.

	Town of Falmouth's Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017*	2018	2017*	2018	2017*
Revenues:						
Program revenues:						
Charges for services	\$ 3,801,937	\$ 3,930,020	\$ 2,004,168	\$ 1,918,549	\$ 5,806,105	\$ 5,848,569
Operating grants and contributions	12,335,128	12,207,192	508,889	386,185	12,844,017	12,593,377
Capital grants and contributions	442,069	582,792	729,011	4,000,000	1,171,080	4,582,792
General revenues:						
Property taxes	37,875,513	36,046,143	-	-	37,875,513	36,046,143
Excise taxes	3,396,845	3,224,489	-	-	3,396,845	3,224,489
Cable TV franchise taxes	221,219	220,144	-	-	221,219	220,144
Grants not restricted to specific programs	1,089,754	941,537	-	-	1,089,754	941,537
Other	190,252	242,365	21,428	8,516	211,680	250,881
Total revenues	59,352,717	57,394,682	3,263,496	6,313,250	62,616,213	63,707,932
Expenses:						
General government	4,213,322	4,232,225	-	-	4,213,322	4,232,225
Financial management	1,193,225	1,121,047	-	-	1,193,225	1,121,047
Public safety	4,983,049	4,797,396	-	-	4,983,049	4,797,396
Public works	3,492,622	2,750,978	-	-	3,492,622	2,750,978
Community programs & parks	1,576,719	1,459,140	-	-	1,576,719	1,459,140
Community development	1,766,820	1,915,659	-	-	1,766,820	1,915,659
Education	39,033,885	36,324,140	-	-	39,033,885	36,324,140
Central garage	218,249	265,811	-	-	218,249	265,811
Interest on long-term debt	1,476,582	1,555,660	-	-	1,476,582	1,555,660
Wastewater treatment	-	-	2,566,435	2,259,793	2,566,435	2,259,793
Total expenses	57,954,473	54,422,056	2,566,435	2,259,793	60,520,908	56,681,849
Increase in net position	1,398,244	2,972,626	697,061	4,053,457	2,095,305	7,026,083
Net position--July 1, as restated	73,460,895	70,967,455	19,855,243	15,801,786	93,316,138	86,769,241
Net position--June 30	\$ 74,859,139	\$ 73,940,081	\$20,552,304	\$19,855,243	\$95,411,443	\$93,795,324

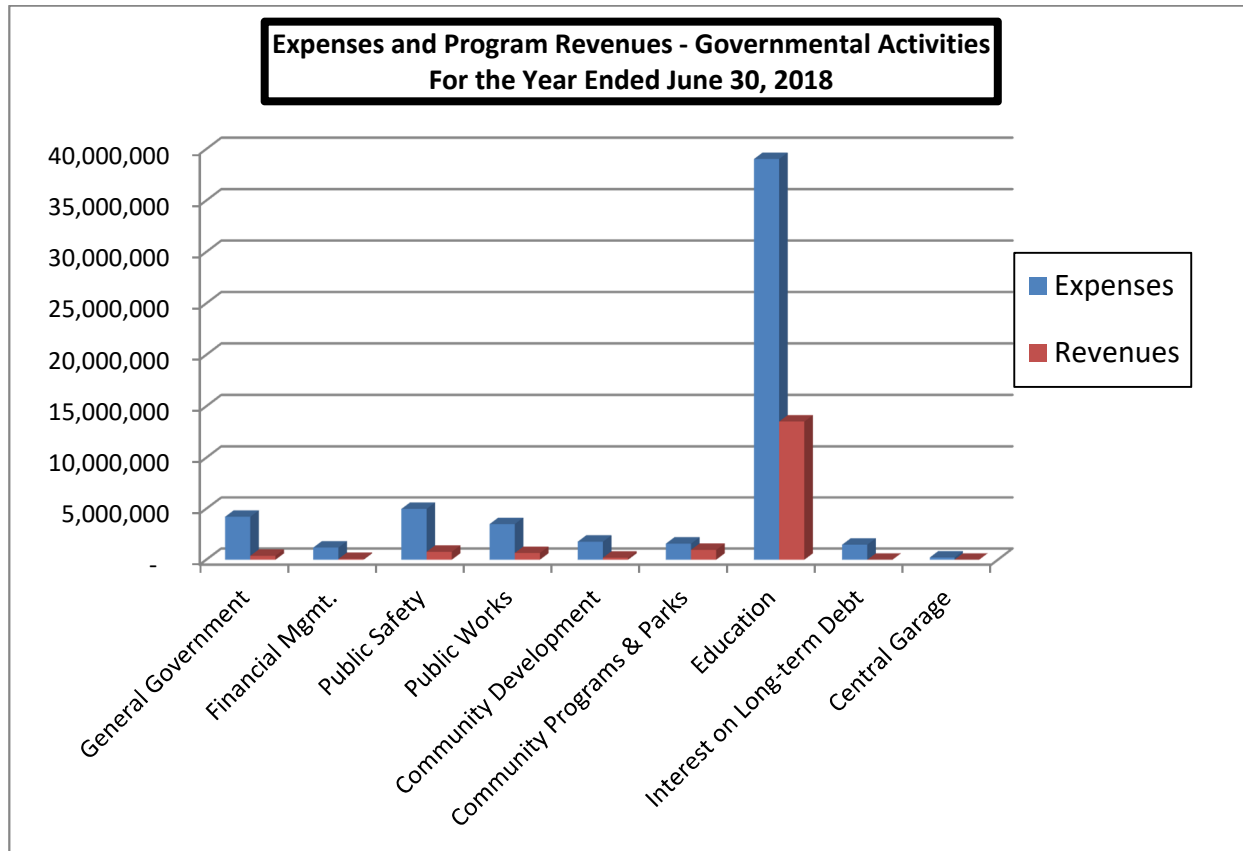
*The 2017 column was not restated to reflect prior period adjustments that resulted from GASB 75 implementation that were recorded during the June 30, 2018 audit.

The Town of Falmouth's net position increased by \$2,095,305, or 2.2%, during the current fiscal year. Total governmental activities revenue increased by \$1,958,035 or 3.4% over the prior year primarily due to increased operating grants and contributions of \$127,936, an increase in taxes of \$2,002,801, and an increase in grants not restricted to specific programs of \$148,217.

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

Total expenses increased \$3,839,059 or 6.77% from the prior year. The increase was driven by increases in school operating expenses (\$2,709,745), an increase in Community Programs & Parks of \$117,579, an increase in Public Safety of \$185,653, an increase in Public Works expense of \$741,644, and increased Wastewater expense of \$306,642 offset by decreases in Community Development (\$148,839), Interest on Long-term Debt (\$79,078), and Central Garage expense (\$47,562).

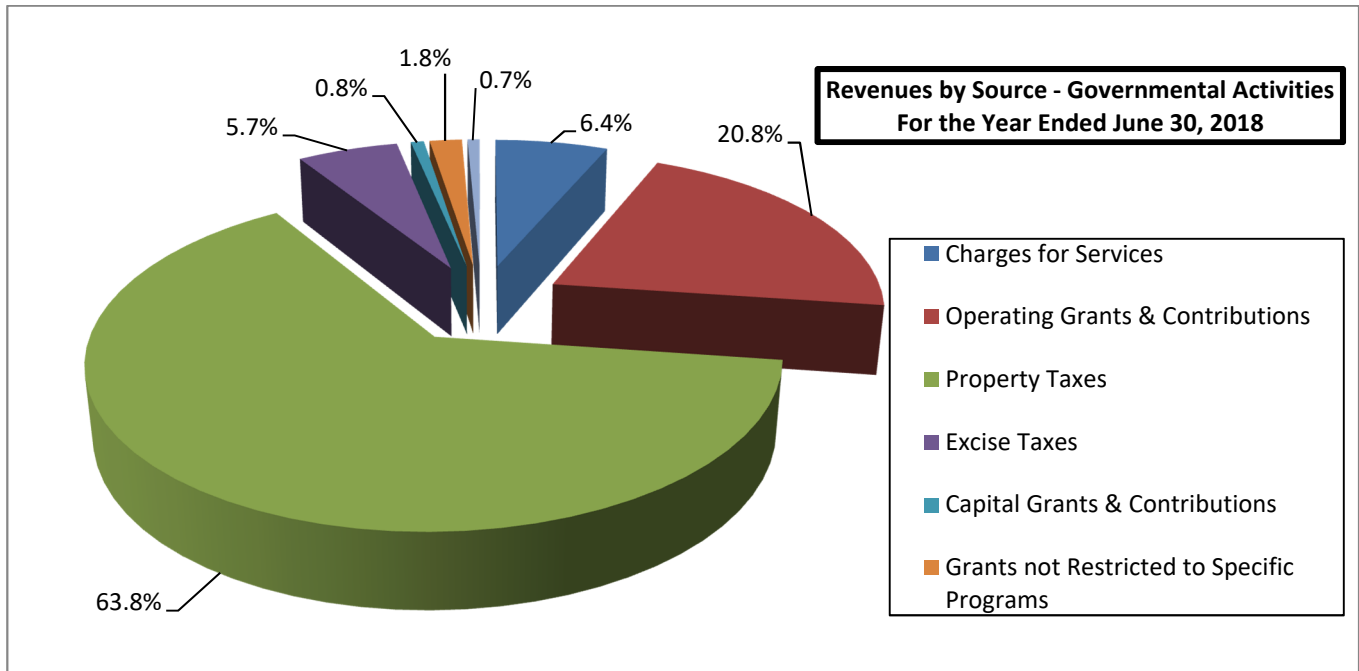
Governmental activities. Governmental activities increased the Town of Falmouth's net position by \$1,398,244 thereby accounting for 66.7% of the total growth in the Town's net position. The following charts illustrate total expenses and revenues by program and revenues by source for all governmental activities. Key elements of this increase are as follows:



- Property tax revenues increased by \$1,829,370 or 5.1% during the year. The tax rate increased from 15.09 mills to 15.62 mills in 2018 or 3.5%. This, along with a 1.4% increase in total property valuation, and strong tax collection efforts, reflected in the Town's continued high tax collection rate of 97.3% collected by August 31, 2018, resulted in the increase.
- Excise taxes increased \$172,356 or 5.3% from the prior year as new car sales and leases continue to see strong growth.
- Operating grants and contributions increased \$127,936 mostly due to increases in amounts received for Education and General Government.
- General Government line item expenses decreased by \$18,903 or 0.4%. This is primarily due to reduced departmental expenses (\$201,941) offset by increased County Taxes (\$98,390) and non-departmental expenses (\$90,664).
- Public Safety overall expenses increased \$185,653 primarily due to increased employee costs.
- Public Works increased by \$741,644 due to increased depreciation, vehicle maintenance, collection fees, and increased street line painting costs.

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

- Community Development expenses decreased \$148,839 primarily due to a decrease in TIF expenditures.
- Financial Management expenses increased \$72,178 primarily due to increased IT costs and assessor fees.
- Education line-item expenses increased by \$2,709,745 in 2018 compared to 2017 primarily due to an increase in capital project spending (\$1,201,757) and increased school operating expense.



Business-type activities. The Town's one business-type activity, its wastewater treatment operation, increased the Town of Falmouth's net position by \$697,061. Key elements of this year's activity are as follows:

- Charges for Services increased by \$85,619 from the prior year.
- Operating Grants and Contributions increased \$122,704.
- Capital Grants and Contributions decreased \$3,270,989 due to the receipt of a \$4,000,000 SRF loan (issued on behalf of the Town by Portland Water District) in 2017 for the Mill Creek Pump Station Replacement Project.
- Expenses increased by \$306,642 or 13.6% due to employee costs and the Mill Creek Pump Station project.

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 \$22,807,421, a decrease of \$2,166,073 from the prior year. This decrease is due to excess expenditures over revenue in the capital project fund (\$4,467,656), increased fund transfers from the general fund to the capital projects fund offset by excess revenues over expenditures in both general fund and other

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

government funds. Approximately 41.8% of this total amount (\$9,540,529) constitutes *unassigned fund balance*, which is available for spending at the Town's discretion.

The remainder of the fund balance is as follows: *special revenue funds* (\$1,229,108), which are committed for a specified purpose; *capital project funds* which are committed to capital projects (\$2,786,093); *Assigned Funds* (\$171,600) which are uncommitted fund balances assigned to repay the State of Maine for overpayment of a Business Equipment Tax Reimbursement in FY 2019; and *restricted or non-spendable* (\$9,080,091) 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 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 \$11,515,096, (\$1,591,490 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 19.4% of total general fund expenditures, while total fund balance represents 22.6% of that same amount.

The fund balance of the Town of Falmouth's general fund decreased by \$1,098,616 during the current fiscal year. Major factors in this year's fund balance activity are as follows:

- General fund property tax revenues increased by \$1,641,235 (4.9%) during the year. This increase reflects both a 1.2% increase in total property non-TIF valuation, and an increase of 3.5% in the mil rate (from 15.09 to 15.62 mils), as well as strong tax collection efforts, reflected in the Town's continued high tax collection rate of 97.3% collected by August 31, 2018.
- Intergovernmental revenue decreased by \$68,513 from the prior year due to a \$579,882 decrease in state aid for education offset by an increase in state school pension on-behalf payments (\$367,359), an increase in State homestead reimbursement (\$109,374), and increased State revenue share (\$28,471).
- A \$172,356 increase in excise taxes, a \$36,990 decrease in charges for services, a \$102,217 decrease in license, fees and permits, a \$12,669 decrease in investment earnings due to unrealized net investment loss (\$437,998), and a \$38,905 decrease in miscellaneous revenue.
- Net other financing uses of \$2,445,448.
- Total General Fund expenditures increased by \$1,957,277 or 4.0%.

The capital project fund decreased by \$2,050,726 due to capital spending of \$4,927,065 offset by capital fund appropriations from the general fund of \$2,416,930 and revenues of \$459,409.

The combined fund balance of the other (nonmajor) governmental funds increased by \$983,269 due to tax revenue of \$2,702,062, intergovernmental revenue of \$720,439, charges for services of \$2,542,444 and miscellaneous revenues of \$466,030 primarily offset by community development spending of \$809,596, education and food service spending of \$2,073,760, community programs and parks spending of \$893,745, capital spending of \$229,654, and debt service payments of \$785,013.

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 \$3,786,436, and net position of the fleet maintenance internal service fund was zero. The total increase in net position for the wastewater treatment fund was \$697,061. The total operating income for the internal service fund was \$0.

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

General Fund Budgetary Highlights

For the current fiscal year, all revenue line-items (with the exception of property taxes, investment earnings, and charges for services) exceeded budgetary projections and all expenditure line-items were within budgetary limits. Revenues were \$184,943 lower than budget and expenditures were \$297,482 lower than budget. Other financing uses were \$1,211,155 higher than budget due to supplemental appropriations for a Fire Department tower truck and the purchase of street lights from CMP and subsequent replacement with energy-efficient LED lights.

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, 2018 amounts to \$119,627,854 (net of accumulated depreciation), a decrease of \$156,088. This investment in capital assets includes land, buildings and system, land improvements, machinery and equipment, and infrastructure. The total decrease in the Town of Falmouth's investment in net capital assets for the current fiscal year was 0.13% (a 0.25% decrease for governmental activities and a 0.48% increase for business-type activities).

Town of Falmouth's Capital Assets (net of depreciation)							
	Governmental Activities		Business-type Activities		Totals		
	2018	2017	2018	2017	2018	2017	
Land	\$ 8,913,871	\$ 8,625,208	\$ 350,600	\$ 350,600	\$ 9,264,471	\$ 8,975,808	
Construction-in-progress	789,066	571,035	115,851	4,909,463	904,917	5,480,498	
Buildings & improvements	52,951,613	54,971,201	6,037,769	6,254,337	58,989,382	61,225,538	
Improvements other than buildings	542,671	537,263	-	-	542,671	537,263	
Machinery and equipment	5,178,947	4,130,922	1,625,001	1,866,517	6,803,948	5,997,439	
Infrastructure	31,569,818	31,360,606	11,552,647	6,206,790	43,122,465	37,567,396	
Total	\$ 99,945,986	\$ 100,196,235	\$ 19,681,868	\$ 19,587,707	\$ 119,627,854	\$ 119,783,942	

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 rehabilitation of Middle Road, Woodville Road repaving, and Pleasant Hill Road repaving. Other projects included Huston Park lighting upgrades, completion of a senior center and open space acquisitions. We replaced the floats and gangways at the harbor that were destroyed in the November 2017 storm. In addition, Wastewater completed the Mill Creek Pump Station and Force Main Upgrade Project.
- Major equipment additions include two plow/maintenance trucks and a roadside mower for Public Works, a new tower truck and ambulance for the Fire Department, three new police cruisers, new computer hardware and upgrades to the wastewater security system.

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

Additional information on the Town of Falmouth's capital assets can be found in the notes to the basic financial statements on pages 48-49 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Falmouth had total bonded debt outstanding of \$45,091,000. Of this amount, \$42,175,000 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 entire (\$3,380,000) 2011 High School Construction Refunding Bond and 84.2% of the \$7,545,000 2011 Elementary School Construction Bond and the associated \$18,120,000 Elementary School Refunding Bond. The State contribution toward debt service totaled \$3,347,054 in 2018. The remaining \$2,916,000 of the Town's debt consists of sewer revenue bonds secured solely by sewer user fees.

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

Town of Falmouth's Outstanding Debt						
General Obligation and Revenue Bonds						
	Governmental activities		Business-type debt		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$42,175,000	\$46,890,000	\$ -	\$ -	\$42,175,000	\$ 46,890,000
Revenue bonds	-	-	2,916,000	3,240,000	2,916,000	3,240,000
Total	\$42,175,000	\$46,890,000	\$2,916,000	\$3,240,000	\$45,091,000	\$ 50,130,000

During the fiscal year, the Town paid \$3,985,000 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 its "AAA" credit rating from Standard & Poor's and maintained its "Aa1" 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 \$360,202,500. The Town's actual total outstanding debt of \$45,091,000 (for all municipal purposes) is significantly below the authorized state limit. Additional information on the Town of Falmouth's long-term debt can be found in the notes to the basic financial statements on pages 50-54 of this report.

Economic Factors and Next Year's Budgets and Rates

- The Town of Falmouth's property tax base continues to remain stable, paced by a stable building and real estate construction market. Falmouth's taxable valuation base grew by 1.4% in fiscal year 2017-18. A total of 70 building permits for new construction were issued in 2017-18, including 67 permits for new single-family residential housing and 3 permits for new commercial buildings.
- Certain economic areas are showing increased strength. For example, the automobile market's continued strength has led to a strong increase in automobile excise collections. This amount increased 5.3% to \$3,396,845 in fiscal year 2017-18 from \$3,224,489 in the prior year.
- The Town makes a continual effort to ensure that its property tax base is assessed at 100% of market value. A revaluation of commercial and residential properties was conducted in 2009. 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

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

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 continues to be the uncertainty regarding state aid to education and state municipal revenue sharing, combined with the potential loss of federal grant money. This uncertainty will require constant monitoring by Town staff of the upcoming state legislative session.
- The Town experienced a large unrealized loss of principal in its investments due to rising interest rates. The Town rarely sells its investments prior to maturity but will closely monitor the situation. The Town's interest earnings have continued to increase based on the higher interest rates.
- The Town has seen the costs of employee health insurance increase at a more moderate pace in 2018 with an increase of 5.0% on each of the plans.

Where applicable, the factors above were considered in preparing the Town of Falmouth's budget for the 2018 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 low. The positive trends noted above helped offset an increase of 4.12% in net School expenditures, and 6.4% County requirements from property taxes and result in a 3.5% increase in the property tax rate in fiscal year 2017-18. The tax rate increased to \$15.62 per thousand of valuation.

Affecting the future development for the Town:

- The private expansion of natural gas lines throughout the Town is continuing. Installation of the distribution system will represent a significant investment in Falmouth. The entire project is expected to take between five and ten years. In addition, the Ocean View senior community continues to expand at a rapid pace. Both of these major developments are in the Ocean View/Natural Gas TIF District.
- The Town continues to implement a prioritized bicycle and pedestrian infrastructure plan.
- 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.
- Private development continues to expand in the Route 1 South commercial district following the 2016 completion of the Town's \$12M infrastructure investment.
- The Town is considering next steps to implement 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.
- In May 2015, the Town completed a \$10,500,000 vision plan for the Route 100 commercial corridor infrastructure improvements. On June 14, 2016, Falmouth voters approved up to \$6,000,000 of general obligation bonds to finance a portion of the 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 scheduled to begin in 2019.
- The Town has completed a 20-year sewer master plan to ensure the system can accommodate growth while maintaining service levels.
- The Town is investigating affordable housing opportunities at the Town-owned Woods Road site.

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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,273,258	-	14,273,258
Investments	14,786,011	-	14,786,011
Receivables:			
Taxes	1,338,945	-	1,338,945
Accounts	182,479	347,903	530,382
Due from other governments	248,174	6,794	254,968
Notes	283,500	-	283,500
Internal balances	(3,679,215)	3,679,215	-
Inventories	139,372	-	139,372
Prepaid items	20,045	25,838	45,883
Tax-acquired property	5,670	-	5,670
Capital assets not being depreciated	9,702,937	466,451	10,169,388
Capital assets net of accumulated depreciation	90,243,049	19,215,417	109,458,466
Total assets	127,544,225	23,741,618	151,285,843
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	1,395,045	-	1,395,045
Deferred outflows of resources related to OPEB	123,008	-	123,008
Deferred outflows of resources related to pensions	1,755,630	-	1,755,630
Total deferred outflows of resources	3,273,683	-	3,273,683
LIABILITIES			
Accounts payable and other current liabilities	530,492	25,594	556,086
Accrued payroll	3,130,116	30,535	3,160,651
Accrued interest	192,927	39,661	232,588
Taxes paid in advance	12,313	-	12,313
Held on behalf of others	193,697	-	193,697
Noncurrent liabilities:			
Due within one year	4,574,854	396,588	4,971,442
Due in more than one year	46,942,197	2,696,936	49,639,133
Total liabilities	55,576,596	3,189,314	58,765,910
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to OPEB	102,063	-	102,063
Deferred inflows of resources related to pensions	280,110	-	280,110
Total deferred inflows of resources	382,173	-	382,173
NET POSITION			
Net investment in capital assets	55,669,414	16,765,868	72,435,282
Restricted for:			
Tax incremental financing	6,809,528	-	6,809,528
Perpetual care, nonexpendable	9,648	-	9,648
Perpetual care, expendable	7	-	7
Education	1,345,843	-	1,345,843
Grants and restricted programs	61	-	61
Unrestricted	11,024,638	3,786,436	14,811,074
Total net position	\$ 74,859,139	20,552,304	95,411,443

The notes to the financial statements are an integral part of this statement.

TOWN OF FALMOUTH, MAINE
Statement of Activities
For the year ended June 30, 2018

For the year ended June 30, 2022					Net (expense) revenue and changes		
Functions/programs	Expenses	Program Revenues			in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 4,213,322	227,355	154,672	1,099	(3,830,196)	-	(3,830,196)
Financial management	1,193,225	78,313	-	-	(1,114,912)	-	(1,114,912)
Public safety	4,983,049	579,096	49,486	149,985	(4,204,482)	-	(4,204,482)
Public works	3,492,622	518,039	-	145,120	(2,829,463)	-	(2,829,463)
Community development	1,766,820	194,501	-	-	(1,572,319)	-	(1,572,319)
Community programs and parks	1,576,719	816,700	1,935	145,865	(612,219)	-	(612,219)
Education	39,033,885	1,386,202	12,129,035	-	(25,518,648)	-	(25,518,648)
Interest on long-term debt	1,476,582	-	-	-	(1,476,582)	-	(1,476,582)
Central garage	218,249	1,731	-	-	(216,518)	-	(216,518)
Total governmental activities	57,954,473	3,801,937	12,335,128	442,069	(41,375,339)	-	(41,375,339)
Business-type activities:							
Wastewater treatment	2,566,435	2,004,168	508,889	729,011	-	675,633	675,633
Total business-type activities	2,566,435	2,004,168	508,889	729,011	-	675,633	675,633
Total primary government	\$ 60,520,908	5,806,105	12,844,017	1,171,080	(41,375,339)	675,633	(40,699,706)
General revenues:							
Property taxes				\$ 37,875,513	-		37,875,513
Excise taxes				3,396,845	-		3,396,845
Cable TV franchise taxes				221,219	-		221,219
Grants not restricted to specific programs:							
State revenue sharing				469,256	-		469,256
Homestead exemption				581,348	-		581,348
Other governmental revenues				39,150	-		39,150
Unrestricted investment earnings				137,531	21,428		158,959
Miscellaneous revenues				52,721	-		52,721
Total general revenues				42,773,583	21,428		42,795,011
Change in net position					1,398,244	697,061	2,095,305
Net position - beginning, as restated					73,460,895	19,855,243	93,316,138
Net position - ending					\$ 74,859,139	20,552,304	95,411,443

The notes to the financial statements are an integral part of this statement.

TOWN OF FALMOUTH, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 14,263,603	-	9,655	14,273,258
Investments	14,786,011	-	-	14,786,011
Receivables:				
Taxes	1,094,628	-	-	1,094,628
Liens	244,317	-	-	244,317
Accounts	144,471	-	38,008	182,479
Due from other governments	105,865	-	142,309	248,174
Notes	283,500	-	-	283,500
Due from other funds	-	3,212,299	8,121,814	11,334,113
Inventories	-	-	26,925	26,925
Prepaid items	20,045	-	-	20,045
Tax-acquired property	5,670	-	-	5,670
Total assets	\$ 30,948,110	3,212,299	8,338,711	42,499,120
LIABILITIES				
Accounts payable	305,790	138,954	80,941	525,685
Accrued payroll	3,084,875	-	38,790	3,123,665
Taxes paid in advance	12,313	-	-	12,313
Due to other funds	15,105,836	-	-	15,105,836
Total liabilities	18,508,814	138,954	119,731	18,767,499
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	786,512	-	-	786,512
Unavailable revenues - ambulance fees	137,688	-	-	137,688
Total deferred inflows of resources	924,200	-	-	924,200
FUND BALANCES				
Nonspendable	303,545	-	36,573	340,118
Restricted	1,116,345	611,459	7,012,169	8,739,973
Committed	-	2,786,093	1,229,108	4,015,201
Assigned	171,600	-	-	171,600
Unassigned	9,923,606	(324,207)	(58,870)	9,540,529
Total fund balances	11,515,096	3,073,345	8,218,980	22,807,421
Total liabilities, deferred inflows of resources, and fund balances	\$ 30,948,110	3,212,299	8,338,711	

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.	99,945,986
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	924,200
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(1,444,160)
Accrued interest	(192,927)
Landfill postclosure care liability	(48,000)
Net pension liability with related deferred outflows and inflows of resources	(2,308,356)
Net OPEB liability with related deferred outflows and inflows of resources	(1,331,949)
Deferred charge from refunding	1,395,045
Capital leases	(88,040)
Bonds payable, including unamortized premiums	(44,800,081)

Net position of governmental activities	\$ 74,859,139
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The notes to the financial statements are an integral part of this statement.

TOWN OF FALMOUTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2018

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 35,083,517	-	2,702,062	37,785,579
Excise	3,396,845	-	-	3,396,845
Licenses, permits and fees	493,179	-	-	493,179
Intergovernmental	12,238,420	292,176	720,439	13,251,035
Charges for services	929,959	-	2,542,444	3,472,403
Fines and forfeitures	54,552	-	-	54,552
Investment earnings	120,184	17,340	7	137,531
Miscellaneous	52,361	149,893	466,023	668,277
Total revenues	52,369,017	459,409	6,430,975	59,259,401
EXPENDITURES				
Current:				
General government	1,278,943	-	196,046	1,474,989
Financial management	1,193,225	-	-	1,193,225
Public safety	4,363,236	-	44,080	4,407,316
Public works	1,999,498	-	444,586	2,444,084
Community development	675,481	-	809,596	1,485,077
Community programs and parks	471,450	-	893,745	1,365,195
Education	33,991,092	883,290	1,191,211	36,065,593
Non-departmental	685,011	-	85,988	770,999
County tax	1,624,750	-	-	1,624,750
Food service	-	-	882,549	882,549
Debt service:				
Principal	3,395,000	-	590,000	3,985,000
Interest	1,344,499	-	195,013	1,539,512
Capital outlay:				
Capital improvements	-	4,043,775	229,654	4,273,429
Total expenditures	51,022,185	4,927,065	5,562,468	61,511,718
Excess (deficiency) of revenues over (under) expenditures	1,346,832	(4,467,656)	868,507	(2,252,317)
Other financing sources (uses):				
Refunding bonds issued	18,120,000	-	-	18,120,000
Premium on refunding bonds issued	2,210,927	-	-	2,210,927
Payment to refunded bond escrow agent	(20,245,045)	-	-	(20,245,045)
Transfers in	-	2,416,930	114,762	2,531,692
Transfers out	(2,531,330)	-	-	(2,531,330)
Total other financing sources (uses)	(2,445,448)	2,416,930	114,762	86,244
Net change in fund balances	(1,098,616)	(2,050,726)	983,269	(2,166,073)
Fund balances - beginning	12,613,712	5,124,071	7,235,711	24,973,494
Fund balances - ending	\$ 11,515,096	3,073,345	8,218,980	22,807,421

The notes to the financial statements are an integral part of this statement.

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, 2018

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

Net change in fund balances - total governmental funds (from Statement 4)	\$	(2,166,073)
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Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation expense (\$4,263,530) exceeded capital outlays (\$4,017,181).		(246,349)
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In the statement of activities, only the gain or loss on disposal of capital assets is reported. However, in governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.

(3,900)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in unavailable revenues.

91,223

Change in accruals are recorded on the statement of net position, but not on the governmental fund balance sheet - increase in accrued compensated absences (\$105,610), other post employment benefits liability with related deferred outflows and inflows (\$63,136), and net pension liabilities with related deferred outflows and inflows (\$127,831), and the decrease in accrued interest (\$28,376) and accrued landfill liability (\$16,000).

(252,201)

The difference between the principle refunded (\$18,850,000) and the payment to the refunding escrow (\$20,245,045) represents a deferred charge.

1,395,045

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

This is the increase in premiums (\$2,176,373) and the decrease in bonds (\$4,715,000) and capital leases (\$41,872).

2,580,499

Change in net position of governmental activities (see Statement 2)	\$	1,398,244
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The notes to the financial statements are an integral part of this statement.

TOWN OF FALMOUTH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2018

	Budgeted amounts		Actual amounts	Variance with final budget positive (negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 35,536,495	35,136,354	35,083,517	(52,837)
Excise	3,347,760	3,347,760	3,396,845	49,085
Licenses, permits and fees	485,538	485,538	493,179	7,641
Intergovernmental	9,129,513	9,529,654	9,564,280	34,626
Charges for services	1,058,476	1,058,476	929,959	(128,517)
Fines and forfeitures	52,038	52,038	54,552	2,514
Investment earnings	250,000	250,000	120,184	(129,816)
Miscellaneous	20,000	20,000	52,361	32,361
Total revenues	49,879,820	49,879,820	49,694,877	(184,943)
EXPENDITURES				
Current:				
General government	1,299,639	1,301,764	1,278,943	22,821
Financial management	1,223,867	1,223,867	1,193,225	30,642
Public safety	4,356,935	4,366,935	4,363,236	3,699
Public works	2,045,367	2,093,167	1,999,498	93,669
Community development	612,375	677,539	675,481	2,058
Community programs and parks	481,033	511,033	471,450	39,583
Education	31,363,752	31,363,752	31,316,952	46,800
Non-departmental	777,289	702,125	685,011	17,114
County tax	1,624,750	1,624,750	1,624,750	-
Debt service:				
Principal	3,395,000	3,395,000	3,395,000	-
Interest	1,299,713	1,299,713	1,258,617	41,096
Total expenditures	48,479,720	48,559,645	48,262,163	297,482
Excess of revenues over expenditures	1,400,100	1,320,175	1,432,714	112,539
Other financing sources (uses):				
Transfers out	(1,400,100)	(2,531,330)	(2,531,330)	-
Budgeted use of surplus	-	1,211,155	-	(1,211,155)
Total other financing sources (uses)	(1,400,100)	(1,320,175)	(2,531,330)	(1,211,155)
Net change in fund balance	-	-	(1,098,616)	(1,098,616)
Fund balance - beginning			12,613,712	
Fund balance - ending	\$		11,515,096	

The notes to the financial statements are an integral part of this statement.

TOWN OF FALMOUTH, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities - Enterprise Fund Wastewater	Governmental Activities Internal Service Fund
ASSETS		
Current assets:		
Accounts receivable	\$ 347,903	-
Due from other governments	6,794	-
Due from other funds	3,679,215	-
Inventories	-	112,447
Prepaid expenses	25,838	-
Total current assets	4,059,750	112,447
Noncurrent assets:		
Capital assets, not being depreciated:		
Land	350,600	-
Construction in progress	115,851	-
Capital assets, being depreciated:		
Buildings and improvements	11,534,804	-
Machinery and equipment	4,260,050	-
Infrastructure	17,615,398	-
Less accumulated depreciation	(14,194,835)	-
Total capital assets (net of accumulated depreciation)	19,681,868	-
Total noncurrent assets	19,681,868	-
Total assets	23,741,618	112,447
LIABILITIES		
Current liabilities:		
Accounts payable	25,594	4,807
Accrued payroll	30,535	6,451
Due to other funds	-	101,189
Accrued interest	39,661	-
Current portion of compensated absences	72,588	-
Current portion of bonds payable	324,000	-
Total current liabilities	492,378	112,447
Noncurrent liabilities:		
Compensated absences	104,936	-
Bonds payable - noncurrent	2,592,000	-
Total noncurrent liabilities	2,696,936	-
Total liabilities	3,189,314	112,447
NET POSITION		
Net investment in capital assets	16,765,868	-
Unrestricted	3,786,436	-
Total net position	\$ 20,552,304	-

The notes to the financial statements are an integral part of this statement.

TOWN OF FALMOUTH, MAINE
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2018

	Business-type Activities - Enterprise Fund Wastewater	Governmental Activities Internal Service Fund
Operating revenues:		
User fees	\$ 1,855,916	218,249
Connection charges	110,900	-
Intergovernmental	508,889	-
Miscellaneous	37,352	-
Total operating revenues	2,513,057	218,249
Operating expenses:		
Personnel services	799,364	207,492
Contract services	462,099	9,201
Supplies and materials	88,104	1,556
Repairs and maintenance	310,745	-
Depreciation	829,163	-
Total operating expenses	2,489,475	218,249
Operating income	23,582	-
Nonoperating income (expenses):		
Investment earnings	21,428	-
Interest expense	(76,960)	-
Total nonoperating expenses	(55,532)	-
Loss before contributions	(31,950)	-
Capital contributions	729,011	-
Total capital contributions	729,011	-
Change in net position	697,061	-
Total net position - beginning	19,855,243	-
Total net position - ending	\$ 20,552,304	-

The notes to the financial statements are an integral part of this statement.

TOWN OF FALMOUTH, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

	Business-type Activities- Enterprise Fund Wastewater	Governmental Activities- Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 2,544,386	218,249
Payments to suppliers	(1,131,913)	(21,920)
Payments to employees	(777,081)	(210,879)
Net cash provided by (used in) operating activities	635,392	(14,550)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(923,324)	-
Repayment of revenue bonds	(324,000)	-
Interest paid on bonds	(76,960)	-
Capital contributions	729,011	-
Net cash used in capital and related financing activities	(595,273)	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Increase in interfund loans	-	14,550
Decrease in interfund loans	(61,547)	-
Net cash provided by (used in) non-capital financing activities	(61,547)	14,550
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	21,428	-
Net cash provided by investing activities	21,428	-
Net increase in cash	-	-
Cash, July 1	-	-
Cash, June 30	\$ -	-
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 23,582	-
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	829,163	-
(Increase) decrease in accounts receivable	32,183	-
(Increase) decrease in due from other governments	(854)	-
(Increase) decrease in inventories	-	(11,782)
(Increase) decrease in prepaid expenses	(25,838)	-
Increase (decrease) in accounts payable	(245,127)	619
Increase (decrease) in accrued payroll	2,580	(3,387)
Increase (decrease) in compensated absences payable	19,703	-
Net cash provided by (used in) operating activities	\$ 635,392	(14,550)

The notes to the financial statements are an integral part of this statement.

TOWN OF FALMOUTH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

		Private - purpose Trusts	Agency Funds
ASSETS			
Cash and cash equivalents	\$	72,784	246,442
Investments		34,409	-
Due from other funds		947	192,750
Total assets		108,140	439,192
LIABILITIES			
Accounts payable		244	-
Held for student activities		-	239,482
Held for performance guarantees		-	199,710
Total liabilities		244	439,192
NET POSITION			
Held in trust	\$	107,896	-

The notes to the financial statements are an integral part of this statement.

FALMOUTH SCHOOL DEPARTMENT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2018

	Private- purpose Trust Funds
Additions:	
Donations	\$ 22,622
Total additions	22,622
Deductions:	
Scholarships and other	31,415
Total deductions	31,415
Loss before transfers	(8,793)
Transfer out	(362)
Total transfers	(362)
Change in net position	(9,155)
Net position, beginning of year	117,051
Net position, end of year	\$ 107,896

The notes to the financial statements are an integral part of this statement.

TOWN OF FALMOUTH, MAINE
Notes to Basic Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States of America, which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions, and segments. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments, are recorded only when the payment is due. Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time. "On-behalf" payments are recognized as revenue and expenditures upon payment or earlier if the susceptible to accrual criteria are met.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental funds:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* accounts for the Town's capital projects. It accounts for all active construction projects and other capital outlay purchases for the Town and the School Department.

The Town reports the following major proprietary fund:

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

Additionally, the Town reports the following fund types:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity. The Town's agency funds consist of student activity funds and performance guarantees.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

1. Deposits and investments

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

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

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

2. Interfund receivables and payables

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

3. *Inventory*

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

4. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town generally defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

5. *Compensated absences*

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

6. *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

7. Fund balance

Governmental fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the governmental funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the Town imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

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

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

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

8. Deferred outflows and inflows of resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report two types of deferred inflow of resources, unavailable revenue from property taxes and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension and OPEB liabilities, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension and OPEB liabilities in the subsequent year.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

9. *Use of estimates*

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

10. *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 Consolidated Plan for Participating Local Districts (PLD Plan) and the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. *Other Post-Employment Benefits (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined based on actuary reports prepared by the OPEB Plan's actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

A budget is adopted for the General Fund only, and is adopted on a basis consistent with generally accepted accounting principles (except for on behalf payments to the Maine Public Employees Retirement System). Each spring, all departments of the Town, including the School Department, submit requests for appropriation to the Town Manager so that a budget may be prepared. The budgets include information on the past year, current year estimates and requested appropriations for the next fiscal year.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

In April, the proposed budget is presented to the Town Council for review. The Town Council holds public hearings before a final budget is adopted in May. All unexpended appropriations lapse at year end unless specific approval is granted to carry forward such amounts. Department level total expenditures should not exceed appropriations.

The appropriated budget is prepared by fund, function, and department. The Town Manager may make transfers of appropriations within a function. Transfers of appropriations between functions require the approval of the Town Council. The legal level of control (level at which expenditures may not exceed budget without Town Council approval) is the function level. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year. There was \$1,211,155 in supplemental appropriations authorized in fiscal year 2017-18 as demonstrated by the original and final budgeted amounts shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.

During the year ended June 30, 2018, the Town budgeted to utilize \$1,211,155 of prior year fund balance as a budgeted use of surplus.

B. Deficit Fund Balances

At June 30, 2018, the following funds had deficit fund balances:

Local Entitlement	\$ 1,915	Girls lacrosse	14,448
PTO mini grants	1,069	Girls tennis	77
Dickerson family grant	154	FEF greenhouse	353
FEF grants	3,235	School store	625
Lacrosse boosters	18,908	HS AP testing	235
Football boosters	1,526	Other school capital	11,752
Basketball boosters	4,132	Stadium restroom	312,455
Boys lacrosse	11,006	Boys soccer	1,187
Clayton Thomas Scholarship	1,074		

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2018, the Town had the following investments:

	<u>Fair value</u>	<u>Weighted average maturity (years)</u>	<u>Level 1 input</u>	<u>Credit Ratings</u>
Money market	\$123,006	N/A	N/A	N/A
Mutual funds	83,118	N/A	yes	N/A
Certificates of deposit	6,946,712	2.302	N/A	N/A
Federal Farm Credit	4,982,795	3.554	yes	AA+
Federal National Mortgage Association	1,750,259	2.510	yes	AA+
Federal Home Loan Bank	934,530	1.561	yes	AA+

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

A. Deposits and Investments, Continued

Custodial credit risk- deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As of June 30, 2018, 100% of the Town's bank balance of \$16,079,856 was covered by FDIC insurance, fully insured, or collateralized. The Town does not have a deposit policy for custodial credit risk.

Credit risk – Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The Town does have a formal investment policy that implicitly addresses credit rate risk.

Interest rate risk – The Town does have a formal investment policy that implicitly addresses interest rate risk.

B. Property Tax

Property taxes for the current year were committed on September 7, 2017, based on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. The Town's total taxable assessed value of \$2,422,433,800 represented 100.9% of the State-equalized valuation for the Town of \$2,401,350,000.

The laws in the state of Maine permit the Town to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$9,875 for the year ended June 30, 2018. The variance between actual property tax revenues and budgeted property tax revenues represents overlay plus supplemental taxes less abatements.

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

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred inflows of resources.

The following summarizes the 2018 and 2017 levies:

	<u>2018</u>	<u>2017</u>
Assessed value	\$ 2,422,433,800	2,388,936,400
Tax rate (per \$1,000)	15.62	15.09
Commitment	37,838,416	36,049,050
Supplemental taxes assessed	-	-
Total levy	37,838,416	36,049,050
Less:		
Abatements	(35,120)	(11,605)
Collections	(36,775,348)	(35,148,726)
Receivable at end of year	\$ 1,027,948	888,719
Due date(s)	½ November 2, 2017 ½ May 3, 2018	½ November 3, 2016 ½ May 4, 2017
Interest rate on delinquent taxes	7.0%	7.0%
Collection rate	97.3%	97.5%

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

C. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,625,208	288,663	-	8,913,871
Construction in progress	571,035	282,681	64,650	789,066
Total capital assets not being depreciated	9,196,243	571,344	64,650	9,702,937
Capital assets being depreciated:				
Improvements other than buildings	1,795,950	110,900	-	1,906,850
Buildings and improvements	78,453,774	163,421	27,195	78,590,000
Machinery and equipment	12,219,900	2,064,990	1,083,261	13,201,629
Infrastructure	43,571,607	1,171,176	-	44,742,783
Total capital assets being depreciated	136,041,231	3,510,487	1,110,456	138,441,262
Less accumulated depreciation for:				
Improvements other than buildings	1,258,687	105,492	-	1,364,179
Buildings and improvements	23,482,573	2,183,009	27,195	25,638,387
Machinery and equipment	8,088,978	1,013,065	1,079,361	8,022,682
Infrastructure	12,211,001	961,964	-	13,172,965
Total accumulated depreciation	45,041,239	4,263,530	1,106,556	48,198,213
Total capital assets being depreciated, net	90,999,992	(753,043)	3,900	90,243,049
Governmental activities capital assets, net	\$ 100,196,235	(181,699)	68,550	99,945,986
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 350,600	-	-	350,600
Construction in progress	4,909,463	-	4,793,612	115,851
Total capital assets not being depreciated	5,260,063	-	4,793,612	466,451
Capital assets being depreciated:				
Building and improvements	11,515,950	18,854	-	11,534,804
Machinery and equipment	4,260,050	-	-	4,260,050
Infrastructure, sewer	11,917,316	5,698,082	-	17,615,398
Total capital assets being depreciated	27,693,316	5,716,936	-	33,410,252
Less accumulated depreciation for:				
Buildings and improvements	5,261,613	235,422	-	5,497,035
Machinery and equipment	2,393,532	241,517	-	2,635,049
Infrastructure, sewer	5,710,527	352,224	-	6,062,751
Total accumulated depreciation	13,365,672	829,163	-	14,194,835
Total capital assets being depreciated, net	14,327,644	4,887,773	-	19,215,417
Business-type activities capital assets, net	\$ 19,587,707	4,877,773	4,793,612	19,681,868

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

C. Capital Assets, Continued

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

Governmental activities:

General government	\$ 183,018
Public safety	602,091
Public works, including depreciation of general infrastructure assets	1,246,477
Community programs and parks	215,971
Education	<u>2,015,973</u>
Total depreciation expense – governmental activities	<u>4,263,530</u>

Business-type activities:

Wastewater	<u>829,163</u>
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Total depreciation expense	<u>\$ 5,092,693</u>
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D. Construction Commitment

The Town has active construction commitments as of June 30, 2018 for the reconstruction of the Town's Mill Creek Pump Station. At year-end, the Town's commitments for these projects are as follows:

	Contract Total	Percentage Complete	Billed to Date	Remaining Balance Remaining
Mill Creek Pump Station	\$ 2,796,947	98%	2,741,028	55,919
Mill Creek Force Main	2,020,792	97%	1,955,397	65,395
Town Landing Floats Upgrade	266,826	51%	137,328	129,498

Mill Creek Pump Station and Mill Creek Force Main projects are finance through bonds issued on behalf of the Town by the Portland Water District.

E. Interfund Receivables, Payables, Transfers

Individual interfund loans receivable and payable balances at June 30, 2018 were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
General fund	\$ -	15,105,836	(2,531,330)
Capital projects fund	3,212,299	-	2,416,930
Other governmental funds:			
Special revenue funds:			
Town special revenue funds	1,048,404	-	176,474
Oceanview Natural Gas TIF	474,633	-	(62,074)
Route 1 North TIF	3,324,862	-	-
Route 1 South TIF	1,061,631	-	-
West Falmouth TIF	1,967,047	-	-

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

E. Interfund Receivables, Payables, Transfers, Continued

<u>Fund</u>	Interfund loans <u>receivable</u>	Interfund loans <u>payable</u>	Transfers <u>in (out)</u>
School special revenue funds	\$ 90,626	-	362
School lunch program	154,611	-	-
Wastewater	3,679,215	-	-
Internal service	-	101,189	-
Private-purpose trust	947	-	(362)
Agency funds	192,750	-	-
Totals	\$ 15,207,025	15,207,025	-

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

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

F. Long-term Debt

Advance refunding

The Town issued \$18,120,000 in general obligation bonds with an interest rate ranging from 3.0% to 5.0%. The proceeds were used to partially advance refund \$18,850,000 of outstanding 2011 general obligation bonds which had interest rates ranging from 2.0% to 4.25%. The net proceeds of \$20,245,045 (including a net premium of \$2,210,927 and after payment of \$85,881 in issuance costs) were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the \$18,850,000 of the 2011 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. \$7,545,000 of the 2011 general obligation bonds remain a liability at year end. The Town advance refunded the 2011 general obligation bonds to reduce its total debt service payments over 14 years by \$1,223,452 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,014,932.

Bonds payable

General Obligation Bonds. The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities only. There is no outstanding business-type activities general obligation debt. The original amount of general obligation bonds issued is \$83,470,000. In addition to the amounts listed below, the Town also has \$2 million in authorized but unissued debt relating to the open space land acquisition bond approved by Falmouth voters in a November 2007 referendum.

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. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds are issued as serial bonds, generally with equal amounts of principal maturing each year.

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

F. Long-term Debt, Continued

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
2009 High School Construction Refunding	2009	2019	4.88%-5.50%	\$ 400,000
2011 Elementary School Construction	2011	2022	2.00%-4.25%	7,545,000
2011 High School Construction Refunding	2011	2021	2.00%-4.00%	3,380,000
2013 GOB – Middle School Improvements	2013	2034	2.00%-4.25%	4,000,000
2014 GOB – Route 1 South Development	2015	2030	2.00%-3.50%	7,040,000
2015 GOB – Public Safety Building Refunding	2016	2027	3.00%	1,690,000
2018 GOB – Elementary School Refunding	2018	2032	3.00%-5.00%	18,120,000
<u>Total bonds payable</u>				<u>\$ 42,175,000</u>

The annual debt service requirements to amortize general obligation bonds payable are as follows:

	<u>Governmental activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,980,000	1,350,288	5,330,288
2020	3,975,000	1,236,863	5,211,863
2021	3,775,000	1,126,513	4,901,513
2022	3,770,000	1,015,013	4,785,013
2023	2,850,000	917,313	3,767,313
2024-2028	13,915,000	3,190,287	17,105,287
2029-2033	9,660,000	700,564	10,360,564
2034	250,000	5,313	255,313
<u>Totals</u>	<u>\$ 42,175,000</u>	<u>9,542,154</u>	<u>51,717,154</u>

In accordance with 30-A MRSA, Section 5701, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its State assessed valuation. At June 30, 2018, the Town's outstanding debt did not exceed these limits.

Revenue Bonds. The Town also issued revenue bonds in 2007 to provide funding for the construction of the wastewater treatment plant upgrade. These bonds will be repaid through dedicated sewer user fees. At the date of issue, the Town pledged roughly \$8,147,635 in future sewer user fees. Revenues for principle and interest payments will remain pledged through fiscal year 2027. During fiscal year 2018, the Town pledged \$381,866 of sewer user fees, which represented 100% of the principle and interest payments for the year.

<u>Purpose</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
Wastewater treatment plant upgrade	2007	2027	1.88%	\$ 2,916,000

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

F. Long-term Debt, Continued

Revenue bond debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 324,000	70,564	394,564
2020	324,000	64,168	388,168
2021	324,000	57,772	381,772
2022	324,000	51,377	375,377
2023	324,000	44,981	368,981
2024-2027	1,296,000	115,966	1,411,966
Totals	\$ 2,916,000	404,828	3,320,828

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Restated Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds payable	\$ 46,890,000	18,120,000	22,835,000	42,175,000	3,980,000
Premiums on bonds issued	448,708	2,210,927	34,554	2,625,081	192,477
Total bonds payable	47,338,708	20,330,927	22,869,554	44,800,081	4,172,477
Capital leases	129,912	-	41,872	88,040	43,288
Accrued compensated absences	1,338,550	420,914	315,304	1,444,160	344,089
Other postemployment benefits	1,268,813	84,081	-	1,352,894	-
Net pension liability	4,499,284	-	715,408	3,783,876	-
Landfill postclosure care costs	64,000	-	16,000	48,000	16,000
Governmental activity long-term liabilities	54,639,267	20,835,922	23,958,138	51,517,051	4,574,854
Business-type activities:					
Accrued compensated absences	157,821	83,325	63,622	177,524	72,588
Revenue bonds payable	3,240,000	-	324,000	2,916,000	324,000
Business-type activity long-term liabilities	3,397,821	83,325	387,622	3,093,524	396,588
Total long-term governmental and business-type activities	\$ 58,037,088	20,919,247	24,345,760	54,610,575	4,971,442

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

Capital lease agreements - The Town has entered into lease agreements as lessee for financing the acquisition of school buses. These leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception. Amounts capitalized under capital leases are \$216,380 for governmental activities. Accumulated depreciation for the capital leases that have been capitalized is \$123,646.

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

F. Long-term Debt, Continued

The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payment at June 30, 2018.

	Governmental Activities
2019	\$ 46,264
2020	46,264
Total minimum lease payments	
Less: amount representing interest	(4,488)
Present value of future minimum lease payments	\$ 88,040

Landfill postclosure costs - Under state law, Maine communities had until December 31, 1994 to close existing landfills under a Maine Department of Environmental Protection (DEP) approved plan. In 1990, the Town closed its Woods Road Landfill in accordance with a plan approved by the Maine DEP. All closure costs were paid in full at the time of the closure. The Town is also required to perform certain monitoring tests at the site for thirty years after closure. The Town reports these postclosure costs as operating expenditures in each period as the monitoring tests are performed. The \$48,000 reported as landfill postclosure care liability at June 30, 2018 represents the estimated remaining cost of the monitoring tests at the site for thirty years after closure. This amount may change due to changes in technology, inflation or deflation, or applicable laws and regulations. Because these remaining costs will be paid from future resources, the liability has been reported as a long-term liability in the government-wide financial statements.

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

ecomaine is a solid waste management corporation serving 40 municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and operates an extensive recycling program. The Town is a member community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in ecomaine. Selected balance sheet information for ecomaine for the year ended June 30, 2018 includes total assets of \$62,899,434, total liabilities of \$17,719,973, and unrestricted net position of \$17,354,190. The liabilities include an accrual for landfill closure and postclosure care amounting to \$14,819,398. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date. The separate audited financial statements of ecomaine may be obtained at their administrative office: ecomaine, 64 Blueberry Rd., Portland, Maine 04102.

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

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

F. Long-term Debt, Continued

Cumberland County – The Town is subject to an annual assessment of its proportional share of Cumberland County’s expenses, including debt repayment, as determined by the percentage of the Town’s State Valuation to the County’s state valuation. At June 30, 2018, the Town’s share is \$1,939,850 (5.45%) of Cumberland County’s outstanding debt of \$35,585,000.

Portland Water District (Water Fund Debt) – The Town is subject to assessments allocated on pro-rata, to each member based upon 100% of its respective equalized State Valuation. On this basis, at June 30, 2018, the Town was contingently responsible for approximately 8.15%, or \$4,087,304, of the PWD’s Water Fund Debt of \$50,150,965.

Portland Water District (Wastewater Fund Debt) – The Town is responsible for the entire debt service required to finance wastewater debt accumulated for projects that directly benefit the Town’s wastewater system. All Town users of the wastewater system pay monthly fees, based upon water volume, to support expenditures from the Sewer Fund. At June 30, 2018, the Town was responsible for \$4,522,000 of its portion of PWD’s Wastewater Fund Debt (or 11.54% of PWD’s \$39,189,662 total Wastewater Fund Debt).

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

<u>Governmental unit</u>	<u>As of June 30, 2018</u>		
	<u>Direct debt</u>	<u>Overlapping debt</u>	<u>Total debt</u>
Town of Falmouth	\$ 44,888,121	-	44,888,121
Cumberland County	-	1,939,850	1,939,850
Portland Water District	-	8,609,304	8,609,304
Totals	\$ 48,888,121	10,549,154	55,437,275

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

G. Fund Balances

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

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

G. Fund Balances, Continued

As of June 30, 2018, fund balance components consisted of the following:

	General Fund	Capital Project Fund	Nonmajor Governmental Funds
Nonspendable:			
Inventory	\$ -	-	26,925
Prepaid items	20,045	-	-
Perpetual care	-	-	9,648
Notes receivable	283,500	-	-
Total nonspendable	303,545	-	36,573
Restricted:			
TIF districts	-	-	6,809,528
Perpetual care	-	-	7
Capital projects	-	611,459	-
Public safety	-	-	61
Education	1,116,345	-	41,367
School lunch	-	-	161,206
Total restricted	1,116,345	611,459	7,012,169
Committed:			
Capital projects	-	2,786,093	-
General government	-	-	219,619
Public safety	-	-	58,420
Public works	-	-	493,786
Community programs and parks	-	-	112,159
Non departmental	-	-	65,658
Education	-	-	279,466
Total committed	-	2,786,093	1,229,108
Assigned:			
Subsequent budget	171,600	-	-
Total assigned	171,600	-	-
Unassigned	9,923,606	(324,207)	(58,870)
Total fund balance	\$ 11,515,096	3,073,345	8,218,980

H. Net Position

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

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

H. Net Position, Continued

The Town's net investment in capital assets was calculated as follows at June 30, 2018:

	Governmental activities	Business-type activities
Capital assets	\$ 148,144,199	33,876,703
Accumulated depreciation	(48,198,213)	(14,194,835)
Bonds payable	(44,800,081)	(2,916,000)
Capital leases	(88,040)	-
Unspent bond proceeds	611,549	-
Total net investment in capital assets	\$ 55,669,414	16,765,868

IV. OTHER INFORMATION

A. Risk Management

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

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities that should be recorded at June 30, 2018. There have been no significant reductions in the commercial coverage from the prior year and no settlements have exceeded insurance coverage in any of the past three years.

The School Department is exposed to various risks of loss related to tort, theft of, damage to and destruction of assets, errors, and omissions, and natural disasters for which the department either carries commercial insurance, or is self-insured. The Department participates in a public entity risk pool sponsored by Maine School Management Association (MSMA) for unemployment compensation coverage. Based on the coverage provided by this pool, as well as provided by commercial insurance purchased, the School Department is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2018.

The School Department also maintains an account for unemployment compensation, which amounted to \$83,118 at June 30, 2018 to cover any potential claim liability that might occur. As of the date of this report, there are no unpaid claims outstanding, nor is the Town aware of any potential claims that have been incurred yet remains unreported at June 30, 2018.

B. Contingencies

The School Department has a possible contingent liability related to the construction of the elementary school. 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 are audited. The total amount of the unspent proceeds including interest earned, as of June 30, 2018 is \$611,459. As of June 30, 2018, the State has yet to complete the project's audit and cannot provide a reasonable estimate of the amount to be returned to the State. As a reasonable estimate of the liability is not available at June 30, 2018, no liability has been recorded.

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

IV. OTHER INFORMATION, CONTINUED

C. 401(a) Retirement Plan

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

Benefit terms, including contribution requirements, for ICMA are established and may be amended by the School Board. For each employee in the pension plan, the Town is required to match contributions up to 7% of an employee's compensation for the year. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended June 30, 2018, employee contributions totaled \$78,543 and the Town recognized pension expense of \$62,798.

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

D. 457 Retirement Plan

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

Benefit terms, including contribution requirements, for ICMA are established and may be amended by the School Board. For each employee in the pension plan, the Town is required to match contributions up to 7% of an employee's compensation for the year. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended June 30, 2018, employee contributions totaled \$23,515 and the Town recognized pension expense of \$25,627.

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

E. Tax Increment Financing Districts and Tax Abatements

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

	West Falmouth TIF	Rte. One North TIF	Rte. One South TIF	Oceanview Natural Gas TIF
Original assessed value	\$ 1,147,700	12,166,300	24,184,300	10,903,600
Captured value for year ended 6/30/18	53,782,400	26,397,700	65,665,100	29,287,200
Captured taxes	806,716	412,332	1,025,689	457,325

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

IV. OTHER INFORMATION, CONTINUED

E. Tax Increment Financing Districts and Tax Abatements, Continued

The Town of Falmouth enters into tax abatement agreements with local businesses located within Tax Increment Financing Districts pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, by action of the Town Council. Under the Statute, the Town may grant tax abatements to a business' tax bill for the purpose of attracting or retaining businesses within the TIF District. The abatements may be granted to any business located within or promising to relocate to the Town TIF District. For the fiscal year ended June 30, 2018, the Town abated property taxes totaling \$342,435 under this program, for the following tax abatement agreements:

Tax abatements to a developer consisting of a 50% property tax abatement plus an excise tax abatement of 23.5% of automobile excise tax payments made to the Town in excess of \$65,000 in FY2018. This abatement was provided as an incentive to the developer to construct the Northbrook Office Park in the Route One North TIF District and to relocate a prime tenant to the office park who would locate their truck fleet at the facility. The abatement amounted to \$39,325.

A 37.6% property tax abatement to a developer to construct the West Falmouth Crossing Shopping Center in the West Falmouth Crossing TIF District. The abatement amounted to \$303,110 in FY2018.

F. New Pronouncement and Restatement of Net Position

For the fiscal year ended June 30, 2018, the Town has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, an amendment of GASB Statement No. 45. As a result of implementing GASB Statement No. 75, the Town has restated beginning net position in the government-wide financial statements to account for the addition of the Town's proportionate share of the net OPEB liability, which effectively decreased the Town's net position as of July 1, 2017 by \$479,186.

G. Other Postemployment Benefits (OPEB)

General Information about the OPEB Plans

Plan Description - The Town sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees and certain School Department employees the Town participates in Group Life Insurance Plan for Participating Local District (PLD). Teachers also participate in the Group Term Life Insurance Plan for State Employees and Teachers (SET). Both plans are a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MPERS issues a publicly available financial reports that are available at www.mainerpers.org.

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

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

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

Benefits Provided – Under both the PLD and SET OPEB plans, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Retirees with a minimum of age 55 and 5 years of service at retirement are eligible for postretirement health insurance benefits. Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the Town makes no actual contributions.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employee entitled to but not yet receiving benefits	-
Active employees	87
Total	<u>96</u>

Contributions – Premium rates for both the PLD and SET OPEB plans are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

PLD OPEB Plan - The Town is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the Town were \$1,607 for the year ended June 30, 2018. Employees are not required to contribute to the PLD OPEB plan.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the Town were \$69,169 for the year ended June 30, 2018. Employers and employees are not required to contribute to the SET OPEB plan.

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

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

The net OPEB liability for both the PLD and SET OPEB plans was measured as of June 30, 2017, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by actuarial valuations as of that date. The Town's proportion of the net OPEB liabilities was based on a projection of the Town's long-term share of contributions to the PLD and SET OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

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

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

PLD OPEB Plan - At June 30, 2018, the Town reported a liability of \$222,163 for its proportionate share of the net OPEB liability. At June 30, 2017, the Town's proportion was 1.33%.

SET OPEB Plan - At June 30, 2018, the Town reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the Town was \$752,176 as of June 30, 2018. At June 30, 2017, the Town's proportion was 0.00%.

The Town's total Health Plan OPEB liability of \$1,130,731 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total Health Plan OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ 983,670
Changes for the year:	
Service Cost	42,665
Interest	38,339
Changes of benefit terms	-
Differences between expected and actual experience	124,166
Changes in assumptions or other inputs	(33,740)
Benefit payments	(24,369)
Net changes	<u>147,061</u>
Balance at June 30, 2018	\$ <u>1,130,731</u>

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% and also a change in valuation method from Projected Unit Credit to the Entry Age Normal funding method.

For the year ended June 30, 2018, the Town recognized OPEB gain of \$3,195 for the PLD OPEB Plan. For the year ended June 30, 2018, the Town recognized OPEB expense of \$68,169 and also revenues of \$68,169 for support provided by the State related to the SET OPEB plan. At June 30, 2018, the Town reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	61,905
Net difference between projected and actual earnings on OPEB plan investments	-	10,636
Changes in proportion and differences between Town contributions and proportionate share of contributions	12,756	-
Town contributions subsequent to measurement date	<u>1,607</u>	
Total	\$ <u>14,363</u>	<u>72,541</u>

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

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	\$	(12,489)
2020		(12,489)
2021		(12,489)
2022		(12,489)
2023		(9,829)

For the year ended June 30, 2018, the Town recognized OPEB expense of \$67,938 related to the Health Plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	108,645	-
Changes of assumption or other inputs		-	29,522
Total	\$	<u>108,645</u>	<u>29,522</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	\$	11,303
2020		11,303
2021		11,303
2022		11,303
2023		11,303
Thereafter		22,608

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2017 actuarial valuations for both the PLD and SET OPEB plans was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	PLD OPEB Plan	SET OPEB Plan
Inflation	2.75%	2.75%
Salary increases	2.75% - 9.00%	2.75% - 14.50%
Investment rate of return	6.875%	6.875%

Mortality rates for both the PLD and SET OPEB plans were based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

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

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

The actuarial assumptions used in the June 30, 2017 valuations for both the PLD and SET OPEB plans were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The total OPEB liability in the January 1, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Salary increases	2.75% per year
Discount rate	3.44%
Healthcare cost trend rates	8.27% for 2018, decreasing 0.27% per year
Retirees' share of the benefit related costs	5%-100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

The long-term expected rate of return on both PLD and SET OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US Government Securities	9.0%	2.3%
Total	100.0%	

Discount Rate - The rate used to measure the net OPEB liability for the PLD OPEB plan was 5.41% which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. Projections of the plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2052. Therefore, the portion of the future projected benefit payments after 2052 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

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

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

The rate used to measure the net OPEB liability for the SET OPEB plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The rate used to measure the total OPEB liability for the Health Plan was 3.44%. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate -

The following presents the Town's proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 5.41%, as well as what the Town's proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.41%) or 1 percentage-point higher (6.41%) than the current rate:

		1% Decrease (4.41%)	Discount Rate (5.41%)	1% Increase (6.41%)
Net OPEB liability	\$	298,157	222,163	162,169

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

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability related to the Health Plan calculated using the discount rate of 3.44%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

		1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$	1,302,924	1,130,731	990,326

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Town's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates of 8.27% decreasing 0.27% per year, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$	981,128	1,130,731	1,317,610

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

IV. OTHER INFORMATION, CONTINUED

G. Other Postemployment Benefits (OPEB), Continued

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

H. Maine Public Employees Retirement System

General Information about the Pension Plan

Plan Description - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) and teaching-certified employees of the Town are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.mainebers.org.

Benefits Provided - The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SETP members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

PLD Plan - Employees are required to contribute 8.0% to 9.5% of their annual pay. The Town's contractually required contribution rates for the year ended June 30, 2018 were 9.6% to 12.2% of annual payroll. Contributions to the pension plan from the Town were \$494,307 for the year ended June 30, 2018.

SET Plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2018, was 15.05% of annual payroll of which 3.97% of payroll was required from the Town and 11.08% was required from the State. Contributions to the pension plan from the Town were \$741,891 for the year ended June 30, 2018.

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

IV. OTHER INFORMATION, CONTINUED

H. Maine Public Employees Retirement System, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2018, the Town reported a liability of \$3,657,215 for its proportionate share of the net pension liability. At June 30, 2017, the Town's proportion of the PLD Plan was 0.8932%.

SET Plan - At June 30, 2018, 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	\$ 126,661
State's proportionate share of the net pension liability associated with the Town	<u>21,731,558</u>
Total	<u>\$ 21,858,219</u>

At June 30, 2017, the Town's proportion of the SET Plan was 0.0087%.

For the year ended June 30, 2018, the Town recognized pension expense of \$730,624 for the PLD Plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	175,703
Changes of assumptions	311,205	-
Net difference between projected and actual earnings on pension plan investments	-	100,565
Changes in proportion and differences between Town contributions and proportionate share of contributions	178,299	-
Town contributions subsequent to the measurement date	<u>494,307</u>	<u>-</u>
Total	<u>\$ 983,811</u>	<u>276,268</u>

\$494,307 is reported as deferred outflows of resources related to the PLD plan resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2019.

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

IV. OTHER INFORMATION, CONTINUED

H. Maine Public Employees Retirement System, Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ 11,760
2020	425,939
2021	24,536
2022	(248,999)

For the year ended June 30, 2018, the Town recognized pension expense of \$2,918,727 for the SET Plan with revenue of \$2,068,349 for support provided by the State. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the SET plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,326	-
Changes of assumptions	-	1,978
Net difference between projected and actual earnings on pension plan investments	-	1,864
Changes in proportion and differences between Town contributions and proportionate share of contributions	24,602	-
Town contributions subsequent to the measurement date	741,891	-
Total	\$ 771,819	3,842

\$741,891 is reported as deferred outflows of resources related to the SET plan resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ 5,660
2020	26,362
2021	847
2022	(6,783)

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

IV. OTHER INFORMATION, CONTINUED

H. Maine Public Employees Retirement System, Continued

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.875% for the PLD Plan and the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

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

IV. OTHER INFORMATION, CONTINUED

H. Maine Public Employees Retirement System, Continued

Sensitivity of the Town's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the PLD Plan and the SET Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1 percentage-point higher (7.875%) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$ 7,337,497	\$ 3,657,215	\$ 886,533
<u>SET Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$ 222,253	\$ 126,661	\$ 47,737

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2018.

TOWN OF FALMOUTH, MAINE
Required Supplementary Information

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

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 42,665
Interest	38,339
Changes of benefit terms	-
Differences between expected and actual experience	124,166
Changes of assumptions or other inputs	(33,740)
Benefit payments	<u>(24,369)</u>
Net change in total OPEB Liability	147,061
 Total OPEB liability - beginning	 <u>983,670</u>
Total OPEB liability - ending	\$ <u>1,130,731</u>
 Covered-employee payroll	 \$ 5,044,751
Total OPEB liability as a percentage of covered-employee payroll	22.41%

* Only one year of information available.

TOWN OF FALMOUTH, MAINE
Required Supplementary Information, Continued

Schedule of Town's Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years*

	<u>2018</u>
<u>PLD OPEB Plan</u>	
Town's proportion of the net OPEB liability	1.3286%
Town's proportionate share of the net OPEB liability	\$ 222,163
Town's covered-employee payroll	4,645,209
Town's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	4.78%
Plan fiduciary net position as a percentage of the total OPEB liability	47.42%
<u>SET OPEB Plan</u>	
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	752,176
Total	<u>\$ 752,176</u>
Plan fiduciary net position as a percentage of the total OPEB liability	47.29%

* Only one year of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

Schedule of Town OPEB Contributions
Last 10 Fiscal Years*

	<u>2018</u>
<u>PLD OPEB Plan</u>	
Contractually required contribution	\$ 1,607
Contributions in relation to the contractually required contribution	<u>(1,607)</u>
Contribution deficiency (excess)	<u>-</u>
Town's covered-employee payroll	\$ 4,907,936
Contributions as a percentage of covered-employee payroll	0.03%

* Only one year of information available.

TOWN OF FALMOUTH, MAINE
Required Supplementary Information, Continued

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

	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
<u>PLD Plan</u>				
Town's proportion of the net pension liability	0.8932%	0.8298%	0.8133%	0.8283%
Town's proportionate share of the net pension liability	\$ 3,657,215	4,408,796	2,594,797	1,274,581
Town's covered payroll	4,645,209	4,252,672	4,150,350	3,881,506
Town's proportion share of the net pension liability as a percentage of its covered payroll	78.73%	103.67%	62.52%	32.84%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%
<u>SET Plan</u>				
Town's proportion of the net pension liability	0.0087%	0.0051%	0.0073%	0.0040%
Town's proportionate share of the net pension liability	126,661	90,488	98,829	43,537
State's proportionate share of the net pension liability associated with the Town	21,731,558	25,678,122	19,059,269	14,865,081
<u>Total</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	\$ 18,192,280	17,118,347	16,284,832	15,456,627
Town's proportion share of the net pension liability as a percentage of its covered payroll	0.70%	0.53%	0.61%	0.28%
Plan fiduciary net position as a percentage of the total pension liability	80.78%	79.05%	81.18%	83.91%

* Only four years of information available

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

TOWN OF FALMOUTH, MAINE
Required Supplementary Information, Continued

Schedule of Town Contributions

Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan</u>					
Contractually required contribution	\$ 494,307	457,951	388,217	328,128	264,303
Contributions in relation to the contractually required contribution	(494,307)	(457,951)	(388,217)	(328,128)	(264,303)
<u>Contribution deficiency (excess)</u>	\$ -	-	-	-	-
 Town's covered payroll	 4,907,936	 4,645,209	 4,252,672	 4,150,350	 3,881,506
Contributions as a percentage of covered payroll	10.07%	9.86%	9.13%	7.91%	6.81%
<u>SET Plan</u>					
Contractually required contribution	\$ 741,891	611,261	575,212	431,548	409,601
Contributions in relation to the contractually required contribution	(741,891)	(611,261)	(575,212)	(431,548)	(409,601)
<u>Contribution deficiency (excess)</u>	\$ -	-	-	-	-
 Town's covered payroll	 18,667,414	 18,192,280	 17,118,347	 16,284,832	 15,456,627
Contributions as a percentage of covered payroll	3.97%	3.36%	3.36%	2.65%	2.65%

* Only five years of information available.

TOWN OF FALMOUTH, MAINE
Notes to Required Supplementary Information

Net OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - None related to the PLD and SET OPEB plans. Under the Health Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Discount Rate
2018	3.44%
2017	3.78%

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

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions:

The PLD and SET Plans changed the discount rate of 7.125%, inflation rate of 3.5%, and the cost of living increase of 2.55% in the 2015 valuation to 6.875%, 2.75%, and 2.20%, respectively in the 2016 valuation. The PLD Plan changed the salary increases in the 2015 valuation of 3.5% - 13.5% to 2.75% - 9.0% in the 2016 valuation. The SET Plan changed the salary increases in the 2015 valuation of 3.5% - 9.5% to 2.75% - 14.5% in the 2016 valuation. In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the 2016 valuation, was changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuity Mortality Table.

The PLD Plan changed the discount rate from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation. The PLD Plan also changed the cost of living benefits increase from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation.

The SET Plan changed the discount rate from 7.25% in the 2013 valuation to 7.125% in the 2014 valuation.

CAPITAL PROJECTS FUND

TOWN OF FALMOUTH, MAINE
Capital Projects Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Balances beginning of year	Revenues		Expenditures	Transfers in (out)	Balances end of year
			Inter- governmental	Other			
Town projects:							
310	Energy efficiency	\$ 47,129	-	-	4,750	11,000	53,379
311	Food pantry	1,189	-	-	-	-	1,189
312	Town hall office	84,326	-	-	20,066	5,000	69,260
313	General government renovation	114,585	-	-	10,361	9,000	113,224
315	General government vehicles	45,433	-	-	-	-	45,433
316	Rail road crossing	52,000	-	-	-	-	52,000
318	Computers	154,131	-	-	98,295	125,000	180,836
319	Cable TV	197,336	-	1,099	42,016	10,000	166,419
322	Police small equipment	38,580	1,191	-	9,951	10,000	39,820
323	Police vehicles	48,207	-	4,533	87,257	51,500	16,983
324	PD communications	124,171	-	851	141,875	30,000	13,147
325	Harbor equipment	60,630	-	116,410	138,264	105,430	144,206
326	Fire department building	61,628	-	-	46,665	40,000	54,963
327	Fire department equipment	366,318	-	27,000	1,006,336	892,000	278,982
328	Public works building and equipment	17,681	-	-	7,392	30,000	40,289
329	Public works heavy equipment	126,223	-	-	256,313	200,000	69,910
330	Public works streets	1,331,753	145,120	-	1,220,364	50,000	306,509
332	Transfer station equipment	44,830	-	-	13,310	30,000	61,520
334	Parks renovation	274,610	-	-	110,900	56,000	219,710
335	Parks equipment	11,730	-	-	-	15,000	26,730
337	Community center	95,932	-	-	94,885	65,000	66,047
339	Community program vehicles	53,069	-	-	35,983	12,000	29,086
341	Open spaces	229,661	145,865	-	331,032	250,000	294,494
342	Capital street lights	70,000	-	-	48,043	420,000	441,957
Total town capital projects		\$ 3,651,152	292,176	149,893	3,724,058	2,416,930	2,786,093

TOWN OF FALMOUTH, MAINE
Capital Projects Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

		Balances (deficits) beginning of year	Revenues		Expenditures	Transfers in (out)	Balances (deficits) end of year
			Inter- governmental	Other			
School projects:							
0301	Elementary school construction	\$ 1,477,409	-	17,340	883,290	-	611,459
0400	Other school capital	(3,240)	-	-	8,512	-	(11,752)
0401	Stadium restroom	(1,250)	-	-	311,205	-	(312,455)
Total school capital projects		1,472,919	-	17,340	1,203,007	-	287,252
Total capital projects fund		\$ 5,124,071	292,176	167,233	4,927,065	2,416,930	3,073,345

OTHER GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

West Falmouth TIF – This fund is used to account for approved economic development projects near the West Falmouth shopping center.

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

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

NONMAJOR PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Perpetual Care Fund – This fund is used for the care of designated cemetery lots.

TOWN OF FALMOUTH, MAINE
Other Governmental Funds
Combining Balance Sheet
June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	9,655	9,655
Accounts receivable	38,008	-	38,008
Due from other governments	142,309	-	142,309
Due from other funds	8,121,814	-	8,121,814
Inventory	26,925	-	26,925
Total assets	\$ 8,329,056	9,655	8,338,711
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	80,941	-	80,941
Accrued payroll	38,790	-	38,790
Total liabilities	119,731	-	119,731
Fund balances:			
Nonspendable	26,925	9,648	36,573
Restricted	7,012,162	7	7,012,169
Committed	1,229,108	-	1,229,108
Unassigned	(58,870)	-	(58,870)
Total fund balances	8,209,325	9,655	8,218,980
Total liabilities and fund balances	\$ 8,329,056	9,655	8,338,711

TOWN OF FALMOUTH, MAINE
Other Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Other Governmental Funds
Revenues:			
Taxes	\$ 2,702,062	-	2,702,062
Intergovernmental	720,439	-	720,439
Charges for services	2,542,444	-	2,542,444
Investment income	-	7	7
Miscellaneous	466,023	-	466,023
Total revenues	6,430,968	7	6,430,975
Expenditures:			
General government	196,046	-	196,046
Public safety	44,080	-	44,080
Public works	444,586	-	444,586
Community development	809,596	-	809,596
Community programs and parks	893,745	-	893,745
Education	1,191,211	-	1,191,211
Food service	882,549	-	882,549
Non-departmental	85,988	-	85,988
Debt service:			
Principal	590,000	-	590,000
Interest	195,013	-	195,013
Capital outlay:			
Capital improvements	229,654	-	229,654
Total expenditures	5,562,468	-	5,562,468
Excess of revenues over expenditures	868,500	7	868,507
Other financing sources:			
Transfers In	114,762	-	114,762
Total other financing sources	114,762	-	114,762
Net change in fund balances	983,262	7	983,269
Fund balances - beginning of year	7,226,063	9,648	7,235,711
Fund balances - end of year	\$ 8,209,325	9,655	8,218,980

TOWN OF FALMOUTH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2018

		Town Special Revenue Funds	Oceanview Natural Gas TIF	Route 1 North TIF	Route 1 South TIF	West Falmouth TIF	School Special Revenue Funds	School Lunch Program	Total Nonmajor Special Revenue Funds
ASSETS									
Accounts receivable	\$	-	-	-	-	-	38,008	-	38,008
Due from other governments		-	-	-	-	-	135,714	6,595	142,309
Due from other funds		1,048,404	474,633	3,324,862	1,061,631	1,967,047	90,626	154,611	8,121,814
Inventory		-	-	-	-	-	-	26,925	26,925
Total assets	\$	1,048,404	474,633	3,324,862	1,061,631	1,967,047	264,348	188,131	8,329,056
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		67,580	-	-	-	10,976	2,385	-	80,941
Accrued payroll		31,121	2,028	1,611	1,611	2,419	-	-	38,790
Total liabilities		98,701	2,028	1,611	1,611	13,395	2,385	-	119,731
Fund balances:									
Nonspendable		-	-	-	-	-	-	26,925	26,925
Restricted		61	472,605	3,323,251	1,060,020	1,953,652	41,367	161,206	7,012,162
Committed		949,642	-	-	-	-	279,466	-	1,229,108
Unassigned		-	-	-	-	-	(58,870)	-	(58,870)
Total fund balances		949,703	472,605	3,323,251	1,060,020	1,953,652	261,963	188,131	8,209,325
Total liabilities and fund balances	\$	1,048,404	474,633	3,324,862	1,061,631	1,967,047	264,348	188,131	8,329,056

TOWN OF FALMOUTH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

	Town Special Revenue Funds	Oceanview Natural Gas TIF	Route 1 North TIF	Route 1 South TIF	West Falmouth TIF	School Special Revenue Funds	School Lunch Program	Total Nonmajor Special Revenue Funds
	(Schedule 1)					(Schedule 2)		
REVENUES								
Taxes	\$ -	457,325	412,332	1,025,689	806,716	-	-	2,702,062
Intergovernmental	39,006	-	-	-	-	560,386	121,047	720,439
Charges for services	1,274,969	-	-	-	-	481,658	785,817	2,542,444
Miscellaneous	166,079	-	-	-	-	299,944	-	466,023
Total revenues	1,480,054	457,325	412,332	1,025,689	806,716	1,341,988	906,864	6,430,968
EXPENDITURES								
Current:								
General government	196,046	-	-	-	-	-	-	196,046
Public safety	44,080	-	-	-	-	-	-	44,080
Public works	444,586	-	-	-	-	-	-	444,586
Community development	-	96,313	90,717	54,389	568,177	-	-	809,596
Community programs and parks	893,745	-	-	-	-	-	-	893,745
Education	-	-	-	-	-	1,191,211	-	1,191,211
Food service	-	-	-	-	-	-	882,549	882,549
Non-departmental	85,988	-	-	-	-	-	-	85,988
Debt service:								
Principal	-	-	-	590,000	-	-	-	590,000
Interest	-	-	-	195,013	-	-	-	195,013
Capital outlay:								
Capital improvements	-	-	-	229,654	-	-	-	229,654
Total expenditures	1,664,445	96,313	90,717	1,069,056	568,177	1,191,211	882,549	5,562,468
Excess (deficiency) of revenues over (under) expenditures	(184,391)	361,012	321,615	(43,367)	238,539	150,777	24,315	868,500
Other financing sources (uses):								
Transfers in (out)	176,474	(62,074)	-	-	-	362	-	114,762
Total other financing sources (uses)	176,474	(62,074)	-	-	-	362	-	114,762
Net change in fund balances	(7,917)	298,938	321,615	(43,367)	238,539	151,139	24,315	983,262
Fund balances - beginning	957,620	173,667	3,001,636	1,103,387	1,715,113	110,824	163,816	7,226,063
Fund balances - ending	\$ 949,703	472,605	3,323,251	1,060,020	1,953,652	261,963	188,131	8,209,325

SCHEDULES

TOWN OF FALMOUTH, MAINE
Town Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	Balances (deficits) beginning of year	Revenues		Expenditures	Transfers in (out)	Balances end of year
		Inter- governmental	Other			
General Government:						
Other programs - committed						
210 Employee bottle money	\$ 3,408	-	-	218	-	3,190
211 Wellness	6,732	-	1,530	13,768	7,100	1,594
212 Veterans memorial	10,637	-	-	262	-	10,375
213 General assistance	44,451	-	-	-	-	44,451
223 Comp plan maps	22,783	-	-	-	9,000	31,783
224 Property revaluations	60,000	-	-	-	20,000	80,000
225 Land use ordinances	4,797	-	-	3,989	-	808
226 Invasive	5,361	-	-	14,215	16,500	7,646
232 Development notices	853	-	2,850	2,353	-	1,350
233 Town tercentennial	71,744	-	60,119	138,833	45,392	38,422
234 Town very merry weekend	(2,303)	-	1,229	22,408	23,482	-
Total general government	228,463	-	65,728	196,046	121,474	219,619
Public safety:						
Federal/state programs - restricted						
214 Police detail	3,260	34,856	-	38,055	-	61
Other programs - committed						
215 Police communication	7,208	4,150	-	6,025	-	5,333
217 EMS scholarships	15,154	-	6,305	-	-	21,459
218 Fire EMS detail	27,453	-	4,175	-	-	31,628
Total public safety	53,075	39,006	10,480	44,080	-	58,481
Public works:						
Other programs - committed						
219 Street permits	41,694	-	8,935	14,935	-	35,694
220 Disposal bags	436,113	-	451,630	429,651	-	458,092
Total public works	477,807	-	460,565	444,586	-	493,786
Community programs and parks:						
Other programs - committed						
228 Conservation corp.	3,894	-	500	250	-	4,144
229 Recreation	129,366	-	814,404	890,497	53,000	106,273
231 Sustainability	1,305	-	1,435	2,998	2,000	1,742
Total community programs and parks	134,565	-	816,339	893,745	55,000	112,159
Non-departmental:						
Other programs - committed						
227 Parts maintenance	54,726	-	25,477	24,898	-	55,305
235 Natural gas expansion	8,984	-	62,459	61,090	-	10,353
Total non-departmental	63,710	-	87,936	85,988	-	65,658
Total Town special revenue funds	\$ 957,620	39,006	1,441,048	1,664,445	176,474	949,703

TOWN OF FALMOUTH, MAINE
School Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	Balances (deficits) beginning of year	Revenues Inter- governmental	Other	Expenditures	Transfers in (out)	Balances (deficits) end of year
Federal and State Grants - Restricted:						
223 Transition grant proficiency	\$ 2,440	-	-	-	(2,440)	-
230 Title I NCLB disadvantaged	(50)	41,645	-	41,645	50	-
246 Maine care	862	-	-	98	(764)	-
247 Local entitlement	(35,410)	472,136	-	438,641	-	(1,915)
251 Preschool handicapped	-	1,460	-	1,460	-	-
263 Title IV - student support and academic enrichment	-	9,856	920	10,151	-	625
270 Title IIA supporting effective instruction	(328)	35,289	-	35,289	328	-
Total federal and state grants - restricted	(32,486)	560,386	920	527,284	(2,826)	(1,290)
Other Programs - Restricted:						
224 Flu clinic reimbursement fund	7,652	-	7,720	6,860	-	8,512
711 Climate resiliency fellowship grant	-	-	2,000	1,254	-	746
719 Harold dudley grant	-	-	500	-	-	500
720 PTO mini grants	(1,069)	-	-	-	-	(1,069)
721 Dickenson family grant	(154)	-	-	-	-	(154)
722 STEM and girls in engineering grants	-	-	2,500	119	-	2,381
723 Andrea Soule trust	991	-	3,133	1,545	-	2,579
800 Casco Bay leadership intitute	-	-	9,500	-	-	9,500
904 FEF grants	(3,235)	-	30,948	30,948	-	(3,235)
910 Lacrosse boosters	(17,291)	-	-	1,617	-	(18,908)
912 Football boosters	-	-	-	1,526	-	(1,526)
917 Volleyball boosters	-	-	1,935	1,935	-	-
918 Baseball boosters	(4,132)	-	2,989	2,989	-	(4,132)
953 Boys soccer	(1,046)	-	2,664	2,805	-	(1,187)
954 Girls soccer	450	-	-	-	-	450
955 Field hockey	(125)	-	25,073	16,316	-	8,632
959 Ice hockey	-	-	7,805	7,805	-	-
960 Boys lacrosse	(3,014)	-	-	7,992	-	(11,006)
961 Girls lacrosse	(14,448)	-	-	-	-	(14,448)
963 Boys tennis	245	-	-	245	-	-
964 Girls tennis	-	-	-	77	-	(77)
982 Music boosters	-	-	24,324	16,882	-	7,442
Total other programs - restricted	(35,176)	-	121,091	100,915	-	(15,000)
Other Programs - Committed:						
701 USM mentor training	1,012	-	-	-	(16)	996
702 Harrogate	4,741	-	47,128	39,720	-	12,149
703 FEF greenhouse	(3,482)	-	252	327	3,204	(353)
704 HS sculpture project	(10,000)	-	68,550	42,412	-	16,138
705 MEA wellness grant	-	-	1,250	-	-	1,250
706 FES library fund	4	-	-	-	-	4
707 Kieve	3,580	-	35,123	33,532	-	5,171
708 Quebec trip	8,632	-	77,953	82,584	-	4,001
709 Hackathon fund	-	-	2,050	1,313	-	737
712 Alliance to save energy grant	5,000	-	-	-	-	5,000
713 FHS art show	-	-	1,534	217	-	1,317
714 Maine student photography show	-	-	666	336	-	330
715 Lunt play and learn	10,962	-	-	-	-	10,962
718 Childcare	10,379	-	273,525	269,459	-	14,445
730 Athletics capital fund	43,474	-	7,570	5,336	-	45,708
731 Summer fitness camp	-	-	1,683	-	-	1,683
735 Turf field	24,254	-	3,078	-	-	27,332
740 Facilities rental fund	8,034	-	7,140	-	-	15,174

TOWN OF FALMOUTH, MAINE
School Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	Balances (deficits) beginning of year	Revenues		Expenditures	Transfers in (out)	Balances (deficits) end of year
		Inter- governmental	Other			
Other Programs - Committed, continued:						
750 Middle school playground	\$ 11,895	-	-	-	-	11,895
760 Laptop insurance	15,767	-	14,140	74	-	29,833
762 HS laptop purchases fund	100	-	-	-	-	100
785 Discovery pathway	27	-	-	-	-	27
787 Score for safe passage	123	-	-	-	-	123
792 School store	(1,749)	-	1,124	-	-	(625)
900 HS AP testing	(182)	-	56,009	56,062	-	(235)
901 High school summer academy	(673)	-	673	-	-	-
905 Chinese exchange program	48,562	-	49,000	24,371	-	73,191
906 MS summer academy	(540)	-	2,418	1,878	-	-
907 FES summer academy	(3,218)	-	3,218	-	-	-
980 Theater boosters	1,784	-	5,507	5,391	-	1,900
Total other programs - committed	178,486	-	659,591	563,012	3,188	278,253
Total school special revenue funds	\$ 110,824	560,386	781,602	1,191,211	362	261,963

TOWN OF FALMOUTH, MAINE
School Private-purpose Trusts
Schedule of Changes in Fiduciary Net Position
For the year ended June 30, 2018

			Net Position	Additions			Transfer	Net Position
			June 30, 2017	Donations	Other	Deductions	In (out)	(deficit) June 30, 2018
725	Ballenger Memorial Fund	\$	362	-	-	-	(362)	-
781	Karen Boffa Camp Scholarship		256	-	-	181	-	75
782	Stetson Memorial Fund		-	596	-	-	-	596
783	Class of 1995 Scholarship		500	-	-	-	-	500
784	Clayton Thomas Scholarship		2,426	-	-	3,500	-	(1,074)
788	Leola West Scholarship		34,494	261	-	500	-	34,255
789	Elmer Holding Trust Fund		6,619	-	-	6,300	-	319
790	Jim Caldwell Scholarship		600	250	-	244	-	606
791	Blaze Scholarship		500	-	-	-	-	500
N/A	Scholarships - other		71,294	21,515	-	20,690	-	72,119
Total private purpose trust funds			\$ 117,051	22,622	-	31,415	(362)	107,896

TOWN OF FALMOUTH, MAINE
Combining Schedule of Fiduciary Net Position
Agency Funds
June 30, 2018

	Student Activity Funds	Performance Guarantees	Total
ASSETS			
Cash and cash equivalents	\$ 239,482	6,960	246,442
Due from other funds	-	192,750	192,750
Total assets	\$ 239,482	199,710	439,192
LIABILITIES			
Held for student activities	239,482	-	239,482
Held for performance guarantees	-	199,710	199,710
Total liabilities	\$ 239,482	199,710	439,192

TOWN OF FALMOUTH, MAINE
Schedule of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS				
Student activity funds	\$ 284,555	320,299	365,372	239,482
Performance guarantees	425,266	88,638	314,194	199,710
Total assets	\$ 709,821	408,937	679,566	439,192
LIABILITIES				
Funds held for student activities	284,555	320,299	365,372	239,482
Funds held for performance guarantees	425,266	88,638	314,194	199,710
Total liabilities	\$ 709,821	408,937	679,566	439,192

TOWN OF FALMOUTH, MAINE
Detailed Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
SCHOOL ACTIVITIES				
ASSETS				
Cash and cash equivalents	\$ 284,555	320,299	365,372	239,482
Total assets	\$ 284,555	320,299	365,372	239,482
LIABILITIES				
Funds held for student activities	284,555	320,299	365,372	239,482
Total liabilities	\$ 284,555	320,299	365,372	239,482
PERFORMANCE GUARANTEES				
ASSETS				
Cash and cash equivalents	\$ 6,960	-	-	6,960
Due from other funds	418,306	88,638	314,194	192,750
Total assets	\$ 425,266	88,638	314,194	199,710
LIABILITIES				
Funds held for performance guarantees	425,266	88,638	314,194	199,710
Total liabilities	\$ 425,266	88,638	314,194	199,710

STATISTICAL SECTION

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

Contents

Tables

Financial Trends

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

Revenue Capacity

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

5-7

Debt Capacity

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

8-11

Demographic and Economic Information

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

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Operating Information

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

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Table 1

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

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:											
Net investment in capital assets	\$	29,243,561	29,598,688	24,544,049	30,753,086	38,256,352	41,041,245	45,611,250	50,126,899	54,205,024	55,669,414
Restricted		81,535	804,873	9,973,196	6,781,723	6,251,719	8,483,144	8,172,054	7,183,760	7,292,627	8,165,087
Unrestricted		19,327,347	20,899,310	18,275,885	17,068,952	18,026,092	16,042,959	13,477,736	13,579,352	12,442,430	11,024,638
Total governmental activities net position	\$	48,652,443	51,302,871	52,793,130	54,603,761	62,534,163	65,567,348	67,261,040	70,890,011	73,940,081	74,859,139
Business-type activities:											
Net investment in capital assets	\$	11,097,823	12,375,251	12,227,194	12,088,052	12,175,806	11,938,638	11,954,332	12,719,464	16,347,707	16,765,868
Unrestricted		2,161,608	2,393,447	2,574,430	2,715,432	2,664,461	3,029,652	3,231,839	3,082,322	3,507,536	3,786,436
Total business-type activities net position	\$	13,259,431	14,768,698	14,801,624	14,803,484	14,840,267	14,968,290	15,186,171	15,801,786	19,855,243	20,552,304
Primary government:											
Net investment in capital assets	\$	40,341,384	41,973,939	36,771,242	42,841,138	50,432,158	52,979,883	57,565,582	62,846,363	70,552,731	72,435,282
Restricted		81,535	804,873	9,973,196	6,781,723	6,251,719	8,483,144	8,172,054	7,183,760	7,292,627	8,165,087
Unrestricted		21,488,955	23,292,757	20,850,316	19,784,384	20,690,553	19,072,611	16,709,575	16,661,674	15,949,966	14,811,074
Total primary government net position	\$	61,911,874	66,071,569	67,594,754	69,407,245	77,374,430	80,535,638	82,447,211	86,691,797	93,795,324	95,411,443

Table 2

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 2,580,559	3,408,826	3,289,549	3,320,569	3,182,216	3,586,007	3,683,548	4,575,776	4,232,225	4,213,322
Financial management	1,080,745	943,712	952,802	1,057,419	1,060,159	978,002	1,049,103	1,204,538	1,121,047	1,193,225
Public safety	3,549,819	3,598,536	3,668,031	3,922,211	3,828,094	4,093,811	4,419,078	4,533,160	4,797,396	4,983,049
Public works	4,505,857	3,929,553	4,219,050	3,298,303	3,270,196	4,236,453	2,957,355	3,209,514	2,750,978	3,492,622
Community development	579,745	545,659	1,047,470	1,035,617	619,971	578,546	2,069,053	1,279,967	1,915,659	1,766,820
Community programs and parks	1,156,579	1,028,244	1,027,630	1,219,430	948,169	1,080,035	1,270,322	1,329,529	1,459,140	1,576,719
Education	27,137,788	26,776,233	27,994,675	31,919,090	29,224,616	31,460,774	32,903,013	34,427,522	36,324,140	39,033,885
Interest on long-term debt	852,764	771,046	607,485	1,617,393	1,659,562	1,618,608	1,768,827	1,662,539	1,555,660	1,476,582
Central garage	-	-	-	-	218,903	203,205	239,277	254,384	265,811	218,249
Total governmental activities expenses	41,443,856	41,001,809	42,806,692	47,390,032	44,011,886	47,835,441	50,359,576	52,476,929	54,422,056	57,954,473
Business-type activities:										
Wastewater treatment	1,905,319	1,966,602	1,928,995	1,950,836	1,991,986	1,896,432	2,051,999	1,952,806	2,259,793	2,566,435
Total business-type activities expenses	1,905,319	1,966,602	1,928,995	1,950,836	1,991,986	1,896,432	2,051,999	1,952,806	2,259,793	2,566,435
Total primary government expenses	\$ 43,349,175	42,968,411	44,735,687	49,340,868	46,003,872	49,731,873	52,411,575	54,429,735	56,681,849	60,520,908
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 298,462	201,119	189,795	219,992	234,962	351,006	388,559	354,297	412,884	227,355
Financial management	81,424	75,832	71,604	39,720	51,160	-	-	53,247	52,396	78,313
Public safety	453,270	522,406	669,934	707,946	747,310	720,216	626,114	662,920	640,104	579,096
Public works	2,392,881	2,304,273	2,533,358	2,871,751	2,615,975	495,178	510,650	500,059	466,343	518,039
Community development	158,895	132,975	81,513	103,111	-	11,252	33,042	62,507	105,175	194,501
Community programs and parks	617,505	585,783	4,007	3,066	508,819	655,725	546,224	644,853	750,775	816,700
Education	768,100	707,912	184,679	192,766	166,812	234,653	1,128,358	1,209,994	1,501,674	1,386,202
Central garage	-	-	-	-	238,896	206,343	1,412	1,463	669	1,731
Operating grants and activities	10,671,464	9,874,139	10,532,867	10,368,451	11,241,851	11,707,971	12,357,354	11,872,141	12,207,192	12,335,128
Capital grants and contributions	-	66,430	526,643	4,468,498	1,270,929	198,649	241,118	1,237,845	582,792	442,069
Total governmental activities program revenues	15,442,001	14,470,869	14,794,399	18,975,301	17,076,714	14,580,993	15,832,831	16,599,326	16,720,004	16,579,134

Table 2

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services:										
Wastewater treatment	\$ 1,901,453	1,892,069	1,893,277	1,932,503	1,932,503	1,692,615	1,750,443	1,767,660	1,918,549	2,004,168
Operating grants and contributions	-	-	-	-	-	326,673	380,737	340,647	386,185	508,889
Capital grants and contributions	-	1,583,800	68,645	20,193	20,193	-	132,600	-	4,000,000	729,011
Total business-type activities program revenues	1,901,453	3,475,869	1,961,922	1,952,696	1,952,696	2,019,288	2,263,780	2,108,307	6,304,734	3,242,068
Total primary government program revenues	\$ 17,343,454	17,946,738	16,756,321	20,927,997	19,029,410	16,600,281	18,096,611	18,707,633	23,024,738	19,821,202
Net (expense)/revenue										
Governmental activities	\$ (26,001,855)	(26,530,940)	(28,012,292)	(28,414,731)	(28,414,731)	(33,254,448)	(34,526,745)	(35,877,603)	(37,702,052)	(41,375,339)
Business-type activities	(3,866)	1,509,267	32,926	1,859	1,859	122,856	211,781	155,501	4,044,941	675,633
Total primary government net expense	\$ (26,005,721)	(25,021,673)	(27,979,366)	(28,412,872)	(28,412,872)	(33,131,592)	(34,314,964)	(35,722,102)	(33,657,111)	(40,699,706)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 25,591,788	25,860,056	26,155,485	27,578,490	27,578,490	32,220,901	32,854,038	34,630,748	36,046,143	37,875,513
Excise taxes	2,293,503	2,317,152	2,364,465	2,384,488	2,384,488	2,911,618	3,040,917	3,138,658	3,224,489	3,396,845
Cable TV franchise fees	175,727	187,195	148,241	209,381	209,381	210,542	210,467	211,124	220,144	221,219
Unrestricted grants and contributions	821,891	694,461	646,733	674,047	674,047	796,872	776,762	886,641	941,537	1,089,754
Investment earnings	211,170	56,120	33,885	37,596	37,596	80,141	94,277	211,542	168,961	137,531
Miscellaneous	37,080	66,564	153,743	230,732	230,732	125,013	88,103	175,471	73,404	52,721
Total governmental activities	29,131,159	29,181,548	29,502,551	31,114,734	31,114,734	36,345,087	37,064,564	39,254,184	40,674,678	42,773,583
Business-type activities:										
Investment earnings	-	-	-	-	-	5,167	6,100	14,933	8,516	21,428
Total business-type activities	-	-	-	-	-	-	6,100	14,933	8,516	21,428
Total primary government	\$ 29,131,159	29,181,548	29,502,551	31,114,734	31,114,734	36,345,087	37,070,664	39,269,117	40,683,194	42,795,011
Change in Net Position										
Governmental activities	3,129,304	2,650,608	1,490,259	2,700,004	2,700,004	3,090,539	2,537,819	3,376,581	2,972,626	1,398,244
Business-type activities	(3,866)	1,509,267	32,926	1,859	1,859	128,023	217,881	170,434	4,053,457	697,061
Total primary government	\$ 3,125,438	4,159,875	1,523,185	2,701,863	2,701,863	3,218,562	2,755,700	3,547,015	7,026,083	2,095,305

Table 2-A

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

Fiscal Year		Property Tax	Excise Tax	Total
2009	\$	27,018	2,294	29,312
2010		27,303	2,317	29,620
2011		27,747	2,364	30,111
2012		29,198	2,384	31,582
2013		29,682	2,650	32,332
2014		32,221	2,912	35,133
2015		32,854	3,041	35,895
2016		34,631	3,139	37,770
2017		36,046	3,224	39,270
2018		37,876	3,397	41,272

Table 3

TOWN OF FALMOUTH, MAINE											
Fund Balances of Governmental Funds											
Last Ten Fiscal Years											
(modified accrual basis of accounting)											
	Fiscal Year										
	2009	2010	2011 (a)	2012	2013	2014	2015	2016	2017	2018	
General Fund											
Nonspendable	\$	-	-	-	65,254	20,011	310,169	308,051	297,332	303,666	303,545
Restricted		64,073	56,735	592,712	577,865	27,110	969,129	785,481	1,048,593	1,109,460	1,116,345
Committed		-	-	6,693,591	5,690,995	831,198	-	-	-	-	-
Assigned		-	-	225,108	128,097	87,335	-	-	-	622,000	171,600
Unassigned		-	-	11,320,374	11,514,542	13,266,470	12,007,853	10,578,837	11,081,063	10,578,586	9,923,606
Unreserved:											
Designated		7,702,412	8,275,624	-	-	-	-	-	-	-	-
Undesignated		9,892,643	10,172,493	-	-	-	-	-	-	-	-
Total general fund	\$	17,659,128	18,504,852	18,831,784	17,976,753	14,232,124	13,287,151	11,672,369	12,426,988	12,613,712	11,515,096
All Other Governmental Funds											
Nonspendable	\$	-	-	10,301	18,752	18,752	23,762	23,762	20,097	34,665	36,573
Restricted		-	-	10,462,258	6,933,139	6,224,010	17,274,179	8,804,120	7,556,379	7,625,911	7,623,628
Committed		-	-	-	-	4,844,418	6,815,356	5,737,486	5,561,429	4,806,145	4,015,201
Assigned		-	-	568,048	603,322	1,027,392	-	-	-	-	-
Unassigned		-	-	(1,496)	-	(94,834)	(15,653)	(277,897)	(75,687)	(106,939)	(383,077)
Reserved		19,888	19,898	-	-	-	-	-	-	-	-
Unreserved, reported in:											
Capital Projects Funds		(1,675,410)	(14,026,231)	-	-	-	-	-	-	-	-
Special revenue funds		2,782,742	3,698,774	-	-	-	-	-	-	-	-
Total all other governmental funds	\$	1,127,220	(10,307,559)	11,039,110	7,555,213	12,019,738	24,097,644	14,287,471	13,062,218	12,359,782	11,292,325

(a) GASB 54 was adopted in fiscal year 2011 and prior years were not restated

Table 4

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 29,311,937	29,620,325	30,111,392	31,469,323	33,704,800	35,167,105	35,954,078	37,811,495	39,185,034	41,182,424
Licenses, fees and permits	407,368	403,230	366,528	412,617	490,400	617,051	448,332	501,876	595,396	493,179
Intergovernmental	12,166,850	11,252,927	11,372,188	11,133,290	12,141,113	11,830,853	12,301,393	13,517,559	13,494,737	13,251,035
Charges for services	552,968	521,217	664,288	732,685	724,432	2,495,788	2,956,653	3,117,773	3,498,945	3,472,403
Fines and forfeitures	51,634	49,232	73,565	42,193	56,568	50,092	48,245	56,607	54,425	54,552
Interest	327,630	135,694	105,260	43,010	60,619	80,141	94,277	211,542	168,961	137,531
Miscellaneous	1,257,594	1,376,194	1,675,396	1,788,185	2,192,289	390,554	1,161,945	654,535	310,189	668,277
Total revenues	44,075,981	43,358,819	44,368,618	45,621,303	49,370,221	50,631,584	52,964,923	55,871,387	57,307,687	59,259,401
Expenditures:										
General government	823,859	1,045,930	1,038,658	1,061,434	1,032,042	1,065,691	1,416,430	1,260,205	1,394,501	1,474,989
Financial management	1,045,976	824,418	870,631	898,317	1,060,159	978,002	1,049,103	1,135,530	1,121,047	1,193,225
Public safety	2,829,745	2,846,123	3,079,808	3,198,606	3,292,596	3,540,345	3,880,849	3,939,272	4,149,690	4,407,316
Public works	1,857,416	1,727,841	1,909,968	1,818,647	2,293,304	2,379,541	2,267,942	2,203,968	2,334,934	2,444,084
Community development	660,259	620,288	610,355	604,505	619,971	578,546	1,578,173	1,450,815	1,874,220	1,485,077
Community programs and parks	1,130,563	1,005,737	1,070,767	1,098,737	927,687	1,052,917	1,107,795	1,127,438	1,269,768	1,365,195
Education	28,590,190	39,875,382	27,440,999	28,100,902	28,494,449	29,963,464	31,277,421	32,691,751	34,685,068	36,948,142
Non-departmental	834,067	865,324	983,639	975,792	736,554	765,011	992,149	727,422	680,335	770,999
County tax	1,141,698	1,134,475	1,153,336	1,181,421	1,208,849	1,321,522	1,376,320	1,456,279	1,526,360	1,624,750
Reserves	(1,613,503)	(12,029,076)	20,610,734	2,301,946	-	-	-	-	-	-
Capital Improvements	6,246,849	14,642,338	-	5,827,908	7,689,360	7,990,066	13,560,125	4,724,975	3,056,619	4,273,429
Debt service:										
Principal	1,583,500	1,288,500	1,288,500	1,288,500	3,140,000	3,140,000	3,980,000	3,975,000	3,975,000	3,985,000
Interest	855,217	870,874	609,000	1,603,518	1,554,806	1,488,006	1,874,932	1,701,331	1,604,001	1,539,512
Total expenditures	45,985,836	54,718,154	60,666,396	49,960,233	52,049,777	54,263,111	64,361,239	56,393,986	57,671,543	61,511,718
Excess (deficiency) of revenues over (under) expenditures	(1,909,855)	(11,359,335)	(16,297,778)	(4,338,930)	(2,679,556)	(3,631,527)	(11,396,316)	(522,599)	(363,856)	(2,252,317)
Other financing sources (uses)										
Transfers in	285,000	-	-	-	13,837,646	2,937,837	3,277,162	2,301,628	1,672,242	2,531,692
Transfers out	(285,000)	-	-	-	(13,837,646)	(2,937,837)	(3,277,162)	(2,301,628)	(1,672,242)	(2,531,330)
Bonds issued	-	-	47,050,000	-	-	14,400,000	-	1,900,000	-	18,120,000
Payment to bond refunding agent	-	-	(9,315,000)	-	-	-	-	(1,969,008)	-	(20,245,045)
Bond premiums	65,840	770,280	236,378	-	-	421,316	-	120,973	-	2,210,927
Sale of general capital assets	-	-	-	-	3,332,054	-	-	-	-	-
Total other financing sources (uses)	65,840	770,280	37,971,378	-	3,332,054	14,821,316	-	51,965	-	86,244
Net change in fund balances	\$ (1,844,015)	(10,589,055)	21,673,600	(4,338,930)	652,498	11,189,789	(11,396,316)	(470,634)	(363,856)	(2,166,073)
Debt service as a percentage of noncapital expenditures	5.6%	6.2%	6.1%	5.4%	3.1%	6.8%	9.7%	11.0%	11.0%	9.6%

Table 4-A

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

Fiscal Year		Real estate	Personal property	Excise tax	Total
2009	\$	26,534	484	2,294	29,312
2010		26,839	464	2,317	29,620
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	41,182

Table 5

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

Fiscal Year Ended June 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Assessed Value as a Percentage of Actual Value
	Commercial Property	Residential Property						
2009	\$ 274,904	1,959,084	39,608	77,897	2,195,699	12.35	2,171,450	101.1%
2010	333,193	1,923,147	41,407	78,341	2,219,406	12.35	2,131,400	104.1%
2011	332,559	1,931,630	35,325	77,053	2,222,461	12.35	2,071,900	108.1%
2012	334,324	1,953,295	33,580	77,448	2,243,751	12.92	2,097,800	107.8%
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%

SOURCE: Falmouth Assessor's office.

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

Table 5A

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

Fiscal Year	Direct			Total Tax Rate
	Town Rate	Education Rate	County Rate (a)	
2009	2.95	8.85	0.55	12.35
2010	3.00	8.81	0.54	12.35
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

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

Table 6

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

<u>Taxpayer</u>	2018			2009		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Ocean View Retirement LLC	\$ 73,468	1	2.99%	\$ 32,167	1	1.47%
ARC	27,681	2	1.13%			
Central Maine Power Co.	23,011	3	0.94%	9,338	8	0.43%
20 Thames Street LLC	22,480	4	0.92%			
Falmouth Place LLC	17,824	5	0.73%	11,846	5	0.54%
Princeton Falmouth LLC	16,016	6	0.65%	15,929	4	0.73%
Portland Country Club	11,120	7	0.45%	11,533	6	0.53%
Falmouth Ventures LLC	9,238	8	0.38%	9,246	9	0.42%
Tyler Technologies, Inc.	8,530	9	0.35%			
Hannaford Bros. Inc.	7,813	10	0.32%	8,949	10	0.41%
Falmouth Realty Associates				23,188	2	1.06%
Marr Associates LLP				10,195	7	0.46%
West Falmouth Development LLC				21,082	3	0.96%
Totals	\$ 217,181		8.84%	\$ 153,473		6.99%

Table 7

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

Fiscal Year Ended June 30		Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$	27,078	26,454	97.7%	618	27,072	100.0%
2010		27,369	26,699	97.6%	664	27,363	100.0%
2011		27,618	26,969	97.7%	639	27,608	100.0%
2012		29,218	28,330	97.0%	873	29,203	100.0%
2013		30,706	29,509	96.1%	1,180	30,689	99.9%
2014		32,294	31,382	97.2%	890	32,272	99.9%
2015		32,837	31,871	97.1%	938	32,809	99.9%
2016		34,619	33,632	97.1%	953	34,585	99.9%
2017		36,049	35,160	97.5%	719	35,879	99.5%
2018		37,838	36,810	97.3%	-	36,810	97.3%

Table 8

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

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases	Wastewater Revenue Bonds				
2009	\$ 16,831	8,000	23	5,832		30,686	7.7%	2,835
2010	15,542	28,175	-	5,508		49,225	12.0%	4,401
2011	51,989	150	-	5,184		57,323	14.0%	5,125
2012	50,700	100	-	4,860		55,660	10.4%	4,976
2013	47,560	100	-	4,536		52,196	9.8%	4,667
2014	59,241	-	-	4,212		63,453	11.4%	5,673
2015	55,237	-	-	3,888		59,125	10.6%	5,103
2016	51,348	-	191	3,564		55,103	9.9%	4,756
2017	47,339	-	130	3,240		50,709	7.3%	4,190
2018	44,800	-	88	2,916		47,804	7.2%	3,950

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

Table 9

TOWN OF FALMOUTH, MAINE Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years (amounts expressed in thousands, except per capita amount)			
Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2009	\$ 16,831	0.78%	1,555
2010	15,542	0.73%	1,390
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%	3,912
2018	44,800	1.87%	3,702

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

TOWN OF FALMOUTH, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2018
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt:			
Cumberland County	\$ 35,585	5.45%	1,939
Portland Water District (Wastewater Fund)	39,189	11.54%	4,522
Portland Water District (Water Fund)	50,151	8.15%	4,087
Subtotal, overlapping debt	124,925		10,548
 Town of Falmouth direct debt	 44,888	 100.00%	 44,888
Total direct and overlapping debt	\$ 169,813		55,436

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, 2018, the Town's State valuation for comparison to the County of \$2,401,350,000 was 5.45% of the County's State valuation of \$44,050,850,000. The Town's share is 5.45% or \$1,939,850 of Cumberland County's \$35,585,000 long-term debt outstanding as of June 30, 2018.

The Town is also served by the Portland Water District. At June 30, 2018, the Town's share of self-supporting bonded water debt is 8.15% or \$4,087,304 of the total debt of \$50,150,965.

The Town is also served by the Portland Water District Wastewater Fund. At June 30, 2018, the Town's share of self-supporting bonded wastewater debt 11.54% or \$4,522,000 of the total debt of \$39,189,662.

Table 11

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed value per State	\$ 2,143,400	2,171,450	2,131,400	2,071,900	2,097,800	2,091,550	2,141,950	2,253,100	2,338,100	2,401,350
Total debt limit - all purposes - 15% of assessed value	325,718	319,710	310,785	314,670	314,670	313,733	321,293	337,965	350,715	360,203
Less outstanding debt applicable to debt limit	22,663	21,050	57,173	55,560	52,096	63,032	59,125	55,103	50,709	47,804
Legal debt margin	<u>303,055</u>	<u>298,660</u>	<u>253,612</u>	<u>259,110</u>	<u>262,574</u>	<u>250,701</u>	<u>262,168</u>	<u>282,862</u>	<u>300,006</u>	<u>312,399</u>
Total outstanding debt applicable to the limit as a percentage of debt limit	<u>6.96%</u>	<u>6.58%</u>	<u>18.40%</u>	<u>17.66%</u>	<u>16.56%</u>	<u>20.09%</u>	<u>18.40%</u>	<u>16.30%</u>	<u>14.46%</u>	<u>13.27%</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	\$ 162,859	159,855	155,393	157,335	157,335	156,866	160,646	168,983	175,358	180,101
Less outstanding debt applicable to debt limit	3,500	3,300	3,100	2,900	2,700	11,900	11,507	10,803	9,530	9,144
Debt margin for municipal purposes	<u>159,359</u>	<u>156,555</u>	<u>152,293</u>	<u>154,435</u>	<u>154,635</u>	<u>144,966</u>	<u>149,139</u>	<u>158,180</u>	<u>165,828</u>	<u>170,957</u>
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	<u>2.15%</u>	<u>2.06%</u>	<u>1.99%</u>	<u>1.84%</u>	<u>1.72%</u>	<u>7.59%</u>	<u>7.16%</u>	<u>6.39%</u>	<u>5.43%</u>	<u>5.08%</u>
School purposes - 10%										
Debt limit	217,145	213,140	207,190	209,780	209,780	209,155	214,195	225,310	233,810	240,135
Less outstanding debt applicable to debt limit	13,215	12,165	48,850	47,800	44,860	46,920	43,730	40,736	37,939	35,744
Debt margin for school purposes	<u>203,930</u>	<u>200,975</u>	<u>158,340</u>	<u>161,980</u>	<u>164,920</u>	<u>162,235</u>	<u>170,465</u>	<u>184,574</u>	<u>195,871</u>	<u>204,391</u>
Outstanding debt applicable to the limit as a percentage of debt limit for school purposes	<u>6.09%</u>	<u>5.71%</u>	<u>23.58%</u>	<u>22.79%</u>	<u>21.38%</u>	<u>22.43%</u>	<u>20.42%</u>	<u>18.08%</u>	<u>16.23%</u>	<u>14.88%</u>
Storm and sanitary sewer purposes - 7.5%										
Debt limit	162,859	159,855	155,393	157,335	157,335	156,866	160,646	168,983	175,358	180,101
Less outstanding debt applicable to debt limit	5,948	5,585	5,223	4,860	4,536	4,212	3,888	3,564	3,240	2,916
Debt margin for sewer purposes	<u>156,911</u>	<u>154,270</u>	<u>150,170</u>	<u>152,475</u>	<u>152,799</u>	<u>152,654</u>	<u>156,758</u>	<u>165,419</u>	<u>172,118</u>	<u>177,185</u>
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	<u>3.65%</u>	<u>3.49%</u>	<u>3.36%</u>	<u>3.09%</u>	<u>2.88%</u>	<u>2.69%</u>	<u>2.42%</u>	<u>2.11%</u>	<u>1.85%</u>	<u>1.62%</u>
Maximum total debt limit - 15%	\$ <u>325,718</u>	<u>319,710</u>	<u>319,710</u>	<u>310,785</u>	<u>314,670</u>	<u>313,733</u>	<u>321,293</u>	<u>337,965</u>	<u>350,715</u>	<u>360,203</u>

Table 12

TOWN OF FALMOUTH, MAINE
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (000's)	Per Capita Income (1)	Median Age (1)	Years of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)
2009	10,823	397,377	36,716	40.7	13.4	2,131	6.8%
2010	11,185	410,668	36,716	40.7	13.4	2,133	6.5%
2011	11,185	410,668	36,716	40.7	13.4	2,099	5.3%
2012	11,185	533,435	47,674	45.3	13.4	2,150	4.9%
2013	11,185	533,435	47,674	45.3	13.4	2,140	4.7%
2014	11,185	555,612	47,674	46.8	13.4	2,126	4.4%
2015 (4)	11,587	555,612	47,674	45.3	13.4	2,119	3.2%
2016 (4)	11,587	555,612	47,674	45.3	13.4	2,131	2.8%
2017 (4)	12,102	691,496	57,139	47.1	13.4	2,112	2.1%
2018 (4)	12,102	662,070	57,139	47.1	13.4	2,133	2.2%

Sources:

- (1) U.S. Bureau of Census. 2010 latest available population, per capita income and median age figures.
- (2) Maine Department of Education
- (3) Maine Department of Labor.
- (4) Provided by American Community Survey

Table 13

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

<u>Employer</u>	2018			2009		
	<u>Employees</u>	<u>Rank</u>	<u>Estimated Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Estimated Percentage of Total Town Employment</u>
TD Banknorth	444	1	9.02%	444	1	9.02%
Town of Falmouth	442	2	8.98%	433	2	8.92%
Tyler Technologies	375	3	7.62%	375	3	7.62%
Hannaford Bros.	200	4	4.06%	200	4	4.06%
Walmart	150	5	3.05%			
Sedgewood Commons	150	5	3.05%	150	5	3.05%
Shaw's Supermarket	150	5	3.05%	150	5	3.05%
Falmouth-by-the-Sea	118	8	2.40%	118	7	2.40%
Skillin's Greenhouses	107	9	2.17%	107	8	2.17%
The Woodlands Club	102	10	2.07%	102	9	2.07%
Ocean View Assisted Living				77	10	1.56%
Totals	2,238		47.03%	2,156		46.97%

Table 14

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	23	23	23	23	23	22	23	23	23	23
Public Safety:										
Police:										
Officers (including harbormaster)	16	16	17	18	18	18	18	18	19	19
Civilians	6	8	8	8	8	8	8	8	8	8
Fire/EMS Protection:										
Officers	2	2	2	1	1	2	3	3	3	3
Administrative	1	1	1	1	1	1	1	1	1	1
Public Works:										
Public Works	11	10	11	12	14	12	12	12	12	9
Solid Waste	2	2	2	1	1	2	2	2	2	2
Vehicle maintenance	4	3	3	3	3	3	3	3	3	2
Community Programs and Parks:										
Community Programs	4	4	4	5	5	4	4	4	5	6
Parks	3	2	2	2	2	2	2	2	2	2
Education:										
Instructional	182	178	183	181	181	202	205	205	209	209
Other	172	152	142	137	139	141	143	143	147	151
Wastewater Treatment	7	7	7	7	7	7	7	7	8	7
Total	433	408	405	399	403	424	431	431	442	442

Source: Town payroll office and School Department

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
Number of motor vehicle registrations	11,124	11,342	11,273	11,933	12,802	13,119	13,486	13,384	13,976	14,166
Number of building permits issued	194	235	223	227	232	254	233	208	270	249
Number of real estate parcels	5,204	5,228	5,238	5,251	5,259	5,287	5,318	5,369	5,460	5,494
Public safety:										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	9	9	9	9	11	11	11	11	11	13
Number of requests for service (1)	16,245	24,630	22,823	21,959	18,383	21,782	17,480	22,233	17,129	22,443
Number of law violations:										
Physical arrests	184	114	101	108	130	154	117	129	121	126
Traffic violations	3,989	3,984	4,422	4,008	3,588	3,921	3,654	5,410	5,484	5,872
Parking violations	240	286	131	93	472	257	138	269	182	225
Number of street lights	614	614	612	612	610	614	614	617	617	590
Number of harbor moorings	1,221	1,114	1,114	1,109	1,104	1,081	1,118	1,135	1,097	1,137
Fire/EMS Protection:										
Number of stations	4	4	3	3	3	2	2	3	3	3
Number of fire apparatus	12	12	10	10	9	9	9	9	9	9
Number of Fire Dept. requests for service	551	576	539	615	582	555	733	725	708	668
Number of ambulances	2	2	3	3	3	3	3	3	3	3
Number of EMS requests for service	907	941	1,039	1,022	967	1,072	1,063	1,246	1,181	1,251
Public works:										
Miles of streets	75	75	76	76	76	77	78	79	79	80
Traffic signals	13	13	13	12	12	12	12	13	13	13
Number of vehicles and rolling equipment	54	54	56	56	42	42	43	35	35	35
Community Programs & Parks:										
Number of recreational and adult education programs	450	460	456	514	470	521	652	644	670	670
Number of program participants	7,318	7,618	6,800	6,800	7,800	8,065	9,448	9,901	10,185	13,900
Parks and open space areas	50	50	50	50	50	50	50	50	50	50
Park acreage	119	119	119	119	119	119	119	119	119	119
Skating rinks	2	2	2	2	2	1	1	1	1	1
Tennis courts	9	9	9	9	9	9	9	9	9	9
Education:										
Number of elementary schools	3	3	3	2	2	2	2	2	2	2
Number of elementary school students	1,456	1,431	1,405	1,423	1,405	1,416	1,149	1,409	1,414	1,441
Number of secondary schools	1	1	1	1	1	2	1	1	1	1
Number of secondary school students	675	702	694	727	735	710	692	685	700	692
Number of school buses, vans and rolling equipment	39	42	42	42	42	40	40	40	39	39
Wastewater Treatment:										
Miles of sanitary sewers	55	55	55	c	56	56	56	56	56	56
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of maintenance vehicles	6	6	6	4	4	4	4	4	4	4
Number of service connections	2,174	2,174	2,249	2,273	2,300	2,335	2,342	2,366	2,399	2,425
Daily average treatment in gallons	1,027,000	1,027,000	952,000	971,000	907,000	889,000	978,000	876,000	870,000	910,000
Maximum daily licensed capacity in gallons	1,500,000	1,500,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000

Source: Town payroll office and School Department payroll office

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