

2013

Town of Falmouth Maine Annual Report 2014

Falmouth, Me.

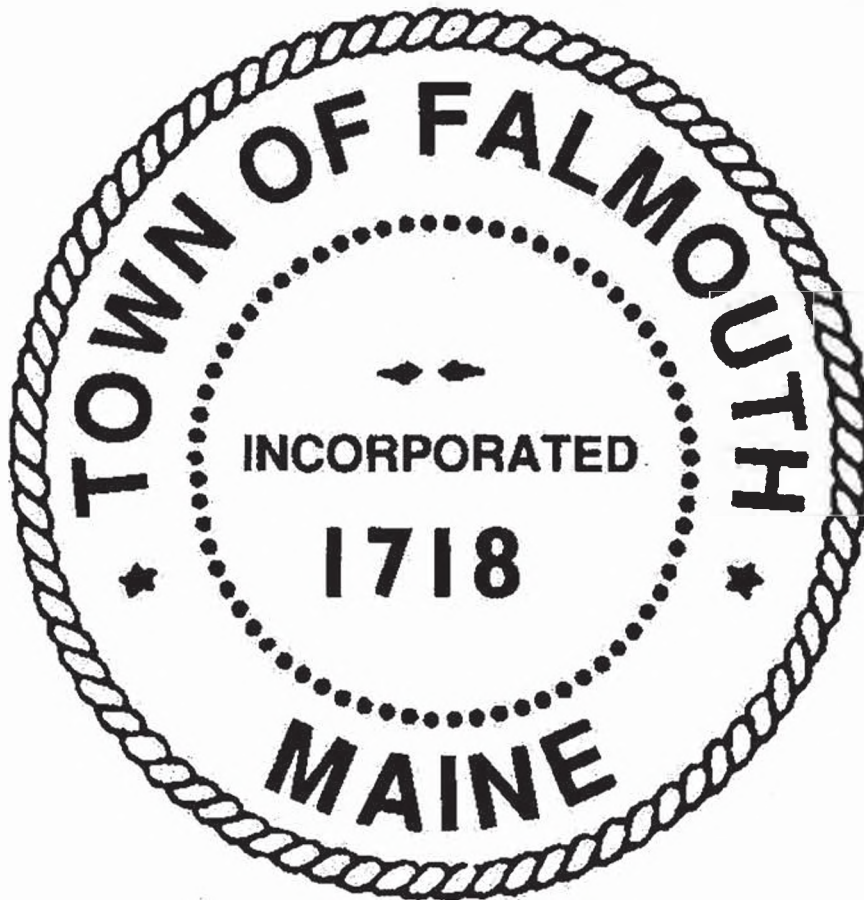
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Town of Falmouth, Maine



Comprehensive Annual Financial Report

*For the Fiscal Year Ending
June 30, 2014*

TOWN OF FALMOUTH, MAINE
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2014

Prepared by:

Peter McHugh
Finance Director

TOWN OF FALMOUTH, MAINE
Comprehensive Annual Financial Report
For the year ended June 30, 2014

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TOWN OF FALMOUTH, MAINE
Comprehensive Annual Financial Report
For the year ended June 30, 2014

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INTRODUCTORY SECTION

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TOWN OF FALMOUTH, MAINE

January 15, 2015

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, 2014.

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, 2014. 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 complements 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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, is included in the single audit section of this 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 11,185. Under Maine statutes, the Town is empowered to levy a property tax on both real and personal property located within its boundaries.

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

The Town of Falmouth provides a full range of services, including police, ambulance 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 spring, 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 review in 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 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 has increased again since the late 1990's. From 2013 to 2014, the Town's taxable base grew by \$18 million, an increase of 0.82%. The Town's current-year property tax collection rate remained at a very healthy 97.3% collected by August 31, 2014.

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 despite tepidness in state and national new construction. 54 building permits for new construction were issued this year, including 53 permits for new single-family residential housing and 1 permit for new commercial buildings.

Finally, relative to many other municipalities, the Town has an extremely *diversified* tax base, with its largest taxpayer comprising only 1.76% of its total tax base, and its top ten taxpayers *combined* representing only 7.52% 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 within 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, movie theaters 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-term Planning

In preparing for the future, the Town has identified several major programs needed to meet citizens' needs for services, while continuing to meet the rising fixed costs imposed on the Town. Among these programs are road construction, housing and open space planning, recreational activities, equipment purchases, and building construction and renovations. These initiatives were done in accordance with the Town's basic financial planning document, its ten-year Capital Improvement Plan, which is reviewed and updated annually by the Town Council.

This year's capital plan calls for a continuation of the road and sidewalk improvements to sections of Falmouth, Blackstrap Road Reconstruction, adding a maintenance garage at the legion complex/village park, a new sprinkler system at Fire Station #4, new cardiac monitors for the ambulances, continued improvements to the Route One and West Falmouth Crossing Tax Increment Financing Districts, and continued improvements to Community Park.

This year's multi-year equipment replacement plan also calls for the purchase of a new pickup and tractor for Parks, a new dump truck for Public Works, two new police cruisers and lieutenant car for the Police Department and continued upgrades to the Town's computer network and equipment.

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 2013-14, the Town made progress on a number of long range planning initiatives including the following:

1. Adopted a new 10 year Comprehensive Plan.
2. Established a new ad-hoc planning committee to create a vision for the Route 100 Corridor which includes a mix of residential, commercial and retail uses.
3. Planned for the renovation of a new community center through re-purposing a former elementary school.
4. Developed a wastewater collection and treatment capacity study with plans for increasing capacity by reducing infiltration and inflow.
5. Implemented long range plans for improving the Route 1 Commercial Corridor with improvements to the street-scape, utilities and other infrastructure to accommodate increased mixed use development and property redevelopment.
6. Planned for the expansion of natural gas lines throughout the community with construction commencing in 2014-15.
7. Started an effort to reformat and rewrite portions of the Town's land use regulations with an objective to remove inconsistencies and improve ease of use by staff and applicants.

In 2014-15, the Town will consider additional long range planning initiatives which are included in the recently adopted Comprehensive Plan. These initiatives include the following:

1. Create an Economic Development Plan.
2. Create recommendations to amend land use ordinances to ensure growth is encouraged in areas targeted for growth and maintain slower growth in low growth areas.
3. Prioritize capital improvements to ensure adequate supporting infrastructure is available to accommodate growth in growth areas.
4. Explore options for new Tax Increment Financing Districts (TIF).
5. Develop a new bicycle and pedestrian infrastructure plan.
6. Develop a plan to focus on the overall needs of senior citizens and what role the Town should have with offering and/or facilitating the delivery of services and assistance to senior citizens.

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. Complete the Route One Corridor improvement project.
2. Complete the renovations of a former elementary school to use as a Community Center.
3. Complete the renovation of the Falmouth Middle School.
4. Complete plans for the replacement of a major waste water collection pump station and associated force mains at Mill Creek.
5. Plan for the reconstruction and expansion of the Memorial Library.

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, 2013. This was the 22nd 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 a period of one year only. 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 efficient and dedicated services 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**

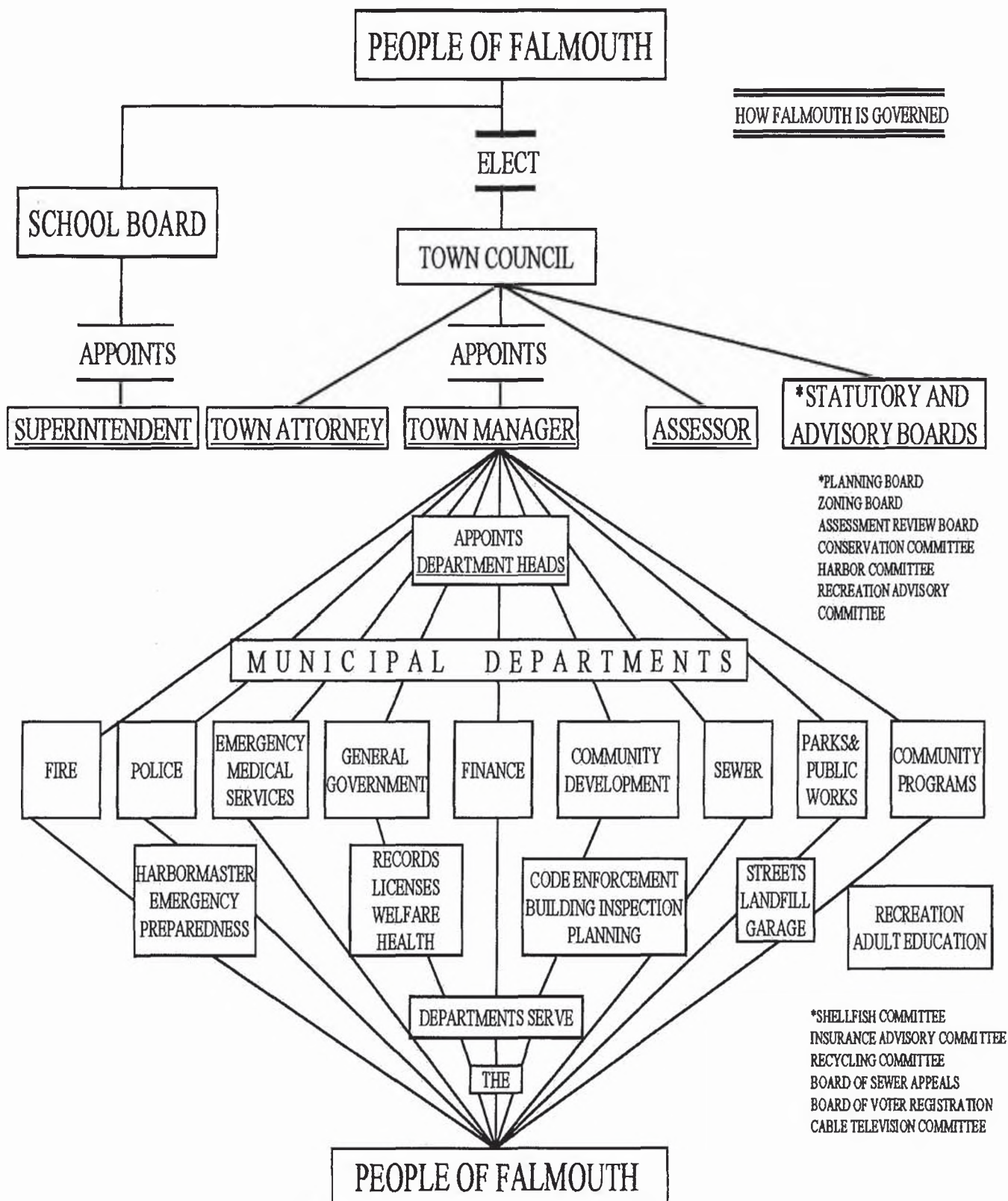
Presented to

**Town of Falmouth
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



TOWN OF FALMOUTH, MAINE
List of Principal Officials
June 30, 2014

<u>Title</u>	<u>Name</u>
Council Member	Russ Andersen
Council Member	Karen Farber, Chair
Council Member	David Goldberg, Vice Chair
Council Member	Claudia King
Council Member	Sean Mahoney
Council Member	Caleb Hemphill
Council Member	Charlie McBrady
Town Manager	Nathan Poore
Assessor	Gary James
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	Andrew Kinley, Chair
School Board Member	Lucy Tucker
School Board Member	Dee Conroy-Vella
School Board Member	Clare Harrington
School Board Member	Caryn Bickerstaff
School Board Member	Danielle Tracy
School Board Member	Josh Barrett

FINANCIAL SECTION

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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, 2014, 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, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress 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 schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

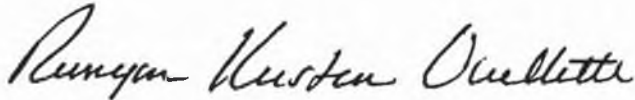
The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information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

Town Council
Town of Falmouth, Maine

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 January 15, 2015 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Falmouth, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remy Kristen Ouellette". The signature is written in a cursive, flowing style.

January 15, 2015
South Portland, Maine

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TOWN OF FALMOUTH, MAINE
Management's Discussion and Analysis
June 30, 2014

As management of the Town of Falmouth, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Falmouth for the fiscal year ended June 30, 2014. 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 1-4 of this report.

Financial Highlights

- The assets of the Town of Falmouth exceeded its liabilities at the close of the most recent fiscal year by \$80,535,638 (*net position*). Of this amount, \$19,072,611 (*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 \$3,218,662.
- As of the close of the current fiscal year, the Town of Falmouth's governmental funds reported combined ending fund balances of \$37,384,795, an increase of \$11,189,788 in comparison with the prior year. This is detailed as follows:
 - The general fund decreased \$482,886. This was due to current year appropriations (\$2,898,125) to other funds. This was offset by favorable operations of \$2,415,239.
 - The capital projects fund increased \$2,606,729. This was due to current year appropriations equaling \$2,554,521 and proceeds from the issuance of bonds for the Falmouth Middle School renovation project of \$5,148,774 (includes a premium of \$148,774) offset by net capital spending of \$5,096,566.
 - The Route One South TIF Fund increased \$8,369,675. This was due primarily to the issuance of bonds with total proceeds (including premium of \$272,542) of \$9,672,542, property tax revenues of \$892,444 and appropriations from the General Fund of \$32,512 offset by capital expenditures of \$2,206,230.
 - Other funds, such as special revenue funds and TIF's, increased \$696,270 from transfers in from the general fund of \$311,092, revenues of \$3,715,316 consisting mostly of property taxes for the TIFs (\$1,013,108), charges for services (\$1,732,004) and intergovernmental revenues (\$892,584). This was offset by expenditures of \$3,330,138, consisting mostly of expenditures in reserves (\$490,121) for capital expenditures and maintenance and school related expenditures (\$1,660,172). The balance (\$1,179,845) is made up of expenditures in other departments such as Community Programs and Parks.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,007,853, or 27.7% of total general fund expenditures.
- During the fiscal year, the Town paid \$3,140,000 in principal payments on previously issued general obligation debt and \$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 all of the Town's assets and liabilities, with the difference between the two 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.

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

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the 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 of the 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 fifteen individual 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, route one south TIF district, and the capital project fund, all of which are considered to be major funds. Data from the other twelve 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 31-34 of this report.

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

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.

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 page 38 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 39-61 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 financial statements can be found on pages 65-74 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 exceeded liabilities by \$80,535,638 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Falmouth's net position (66%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's 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.

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

Town of Falmouth's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other						
assets	\$ 42,781,262	\$ 30,499,335	\$ 3,203,981	\$ 2,900,399	\$ 45,985,243	\$ 33,399,734
Capital assets	89,679,765	85,816,352	16,150,638	16,711,806	105,830,403	102,528,158
Total assets	132,461,027	116,315,687	19,354,619	19,612,205	151,815,646	135,927,892
Non-current liabilities						
outstanding	58,023,669	50,104,890	4,009,416	4,666,076	62,033,085	54,770,966
Other liabilities	8,870,010	3,734,088	376,913	105,862	9,246,923	3,839,950
Total liabilities	66,893,679	53,838,978	4,386,329	4,771,938	71,280,008	58,610,916
Net position:						
Net investment in						
capital assets	41,041,245	38,256,352	11,938,638	12,175,806	52,979,883	50,432,158
Restricted	8,483,144	6,251,719	-	-	8,483,144	6,251,719
Unrestricted	16,042,959	17,968,638	3,029,652	2,664,461	19,072,611	20,633,099
Total net position	\$ 65,567,348	\$ 62,476,709	\$ 14,968,290	\$ 14,840,267	\$ 80,535,638	\$ 77,316,976

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 (\$19,072,611) 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 is able to report positive balances in all three categories of net position, investment in capital assets, restricted, and unrestricted, both for the government as a whole, as well as for its separate business-type activities.

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

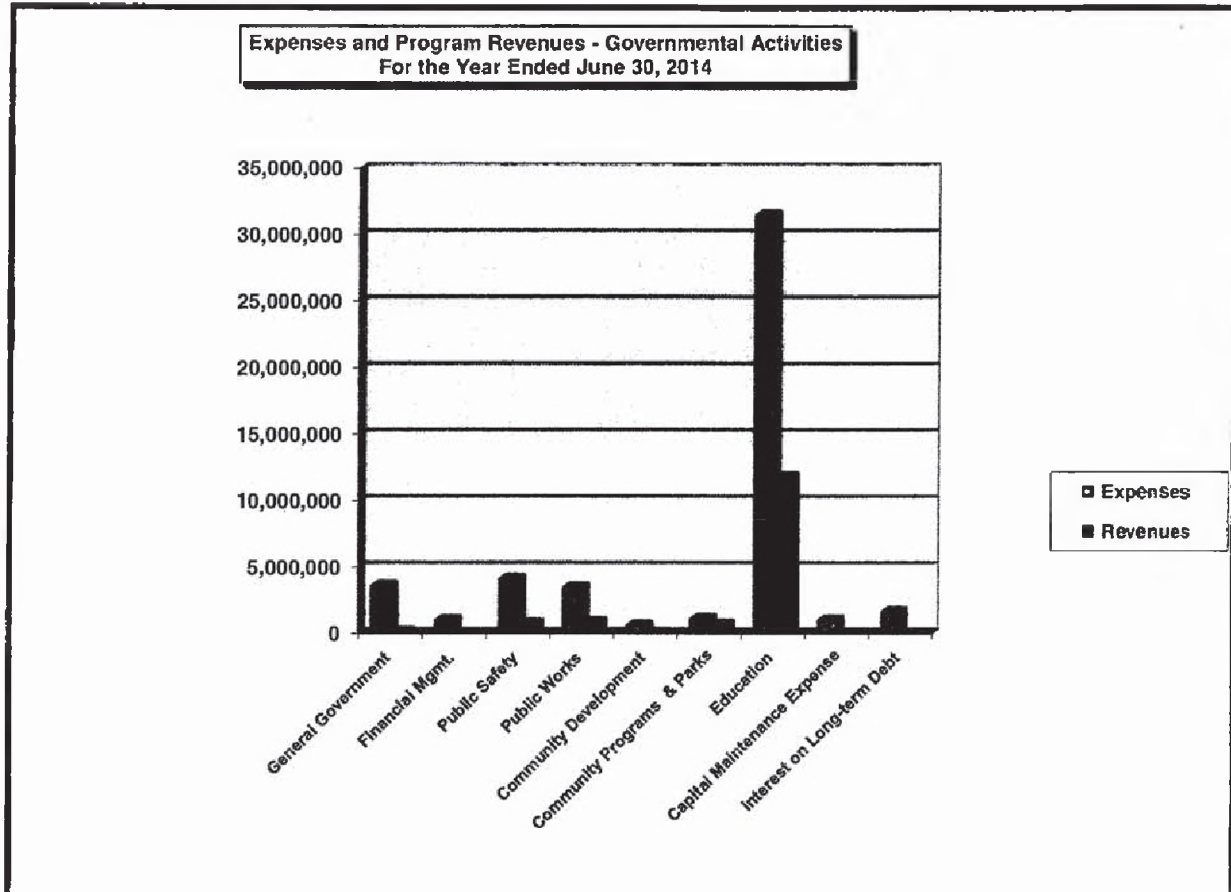
	Town of Falmouth's Changes in Net Position Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,674,373	\$ 4,563,933	\$ 1,692,615	\$ 1,963,058	\$ 4,366,988	\$ 6,526,991
Operating grants and contributions	11,707,971	11,241,851	326,673	-	12,034,644	11,241,851
Capital grants and contributions	198,649	1,270,929	-	65,711	198,649	1,336,640
General revenues:						
Property taxes	32,220,901	29,014,155	-	-	32,220,901	29,014,155
Excise taxes	2,911,618	2,650,054	-	-	2,911,618	2,650,054
Cable TV franchise taxes	210,542	210,622	-	-	210,542	210,622
Grants not restricted to specific programs	796,872	672,593	-	-	796,872	672,593
Other	205,154	2,318,151	5,167	-	210,321	2,318,151
Total revenues	50,926,080	51,942,288	2,024,455	2,028,769	52,950,535	53,971,057
Expenses:						
General government	3,586,007	3,239,671	-	-	3,586,007	3,239,671
Financial management	978,002	1,060,159	-	-	978,002	1,060,159
Public safety	4,093,811	3,828,094	-	-	4,093,811	3,828,094
Public works (includes internal service fund)	4,439,658	3,489,099	-	-	4,439,658	3,489,099
Community programs & parks	1,080,035	948,169	-	-	1,080,035	948,169
Community development	578,546	619,971	-	-	578,546	619,971
Education	31,460,774	29,224,616	-	-	31,460,774	29,224,616
Interest on long-term debt	1,618,608	1,659,562	-	-	1,618,608	1,659,562
Wastewater treatment	-	-	1,896,432	1,991,986	1,896,432	1,991,986
Total expenses	47,835,441	44,069,341	1,896,432	1,991,986	49,731,873	46,061,327
Increase in net position	3,090,639	7,872,947	128,023	36,783	3,218,662	7,909,730
Net position—July 1, restated	62,476,709	54,603,762	14,840,267	14,803,484	77,316,976	69,407,246
Net position—June 30	\$ 65,567,348	\$ 62,476,709	\$ 14,968,290	\$ 14,840,267	\$ 80,535,638	\$ 77,316,976

The Town of Falmouth's net position increased by \$3,218,662, or 4.2%, during the current fiscal year. Total governmental activities revenue decreased by \$1,016,208 or 1.96% over the prior year due to a prior year sale of assets of \$2,051,064, a reduction in charges for services of \$1,889,560 (driven by prior year tax revenue appropriated to the Tax Increment Financing (TIF) Districts), offset by increases year over year in property taxes of \$3,206,746.

Total expenses increased \$3,766,100 or 8.5% from the restated prior year. The increase was driven by increases in school operating expenses (\$2,236,158); public safety operating expenses (\$265,717); and increase in public works (combined with the Internal Service Fund) (\$950,559).

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

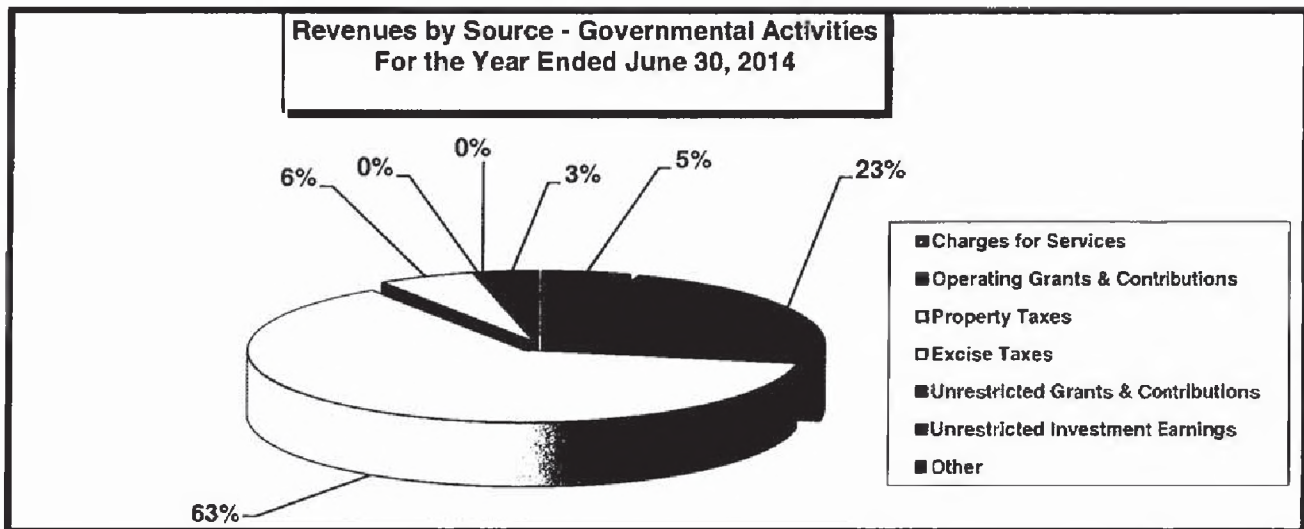
Governmental activities. Governmental activities increased the Town of Falmouth's net position by \$3,090,639 thereby accounting for substantially all (96%) of the total growth in the Town's net position. The following charts illustrate total expenses and revenues by program and revenues by source for all governmental activities. Key elements of this increase are as follows:



- Property tax revenues increased by \$3,206,746 (11.1 %) during the year. The tax rate increased from 13.43 mils to 14.12 mils in 2014 or 5.1%. This with a slight 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, 2014 resulted in the increase.
- Investment earnings increased by \$19,522 from the prior year despite the short-term interest rates remaining low.
- Capital grants and contributions decreased \$1,072,280 mostly due to reductions in amounts received for education and public works.
- General Government line item expenses increased by \$346,336 or 10.7%. This is primarily due to an increase in the County Tax Assessment (\$112,673), spending on Phase 1 Falmouth Town Hall renovations (\$100,501) and increased operating expenses (\$50,187).
- Public Safety overall expenses increased \$265,717 primarily due to increased operating expenses.

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

- Public Works, combined with the Internal Service Fund, which entails garage operations line-item expenses, increased by \$950,559 due to noncapital road maintenance occurring in FY 14.
- Community Development expenses are \$41,425 less than last year due to salary savings.
- Community Programs and Parks expenses are \$131,866 more primarily due to a \$112,395 increase in Recreation program spending (offset by increased recreation revenue) and an increase in Parks spending of \$36,482 in 2014.
- Education line-item expenses increased by \$2,236,158 in 2014 compared to 2013 primarily due to an increase in school operating expenses (\$1,227,742).



Business-type activities. The Town's one business-type activity, its wastewater treatment operation, increased the Town of Falmouth's net position by \$128,023. Key elements of this year's activity are as follows:

- Charges for Services decreased by \$270,443 from the prior year.
- Contributions from developers decreased \$65,711.
- Investment earnings increased by \$5,167.
- Expenses decreased by \$95,554 or 4.8%.

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.

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

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 \$37,384,795, an increase of \$11,189,788 from the prior year restated. This increase is due to proceeds from two bond issuances at a premium (\$5,148,774 for Falmouth Middle School renovations and \$9,672,542 for the Route 1 Infrastructure project) and excess revenues over expenditures in the general fund (\$2,415,239). Approximately 32% of the total fund balance (\$12,007,853) constitutes *unassigned, assigned or committed fund balance* in the General Fund, which is available for spending at the Town's discretion.

The remainder of fund balance is as follows: special revenue funds (\$1,357,319), which are committed for a specified purpose, capital projects funds (\$5,458,037), which are also committed, and restricted/nonspendable (\$18,577,239) which indicate that it is not available for new spending because, for example, it has already been classified to account for inventory, unemployment compensation reserves or projects which have to be completed due to restrictions set by outside entities, such as ones at the State or Federal level, besides the municipal government.

The general fund is the chief operating fund of the Town of Falmouth. At the end of the current fiscal year, the fund balance of the general fund was \$13,287,151 (\$1,279,298 of which is restricted or nonspendable). 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 27.7% of total general fund expenditures, while total fund balance represents 30.6% of that same amount.

The fund balance of the Town of Falmouth's general fund decreased by \$482,886 during the current fiscal year. Major factors in this year's fund balance activity are as follows:

- General fund property tax revenues increased by \$1,414,424 (4.9%) during the year. This increase reflects both a slight increase in total property valuation, an increase of 5.1% in the mil rate (from 13.43 mils to 14.12 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, 2014.
- Intergovernmental revenue increased by \$393,825 from the prior year, due to increased state payments to the Schools and increased other School receipts offset by a \$208,527 decrease in State Revenue sharing.
- A \$261,564 increase in excise taxes, a \$126,651 increase in license, fees and permits and a \$122,009 increase in miscellaneous revenue.
- Net transfers to other funds of \$2,898,125.

The capital project fund increased by \$2,606,729, as a result of capital fund appropriations from the general fund (\$2,554,521) and the receipt of proceeds from the Middle School bond issuance (\$5,148,774) offset by capital spending of \$5,293,715.

The Route One South TIF District increased by \$8,369,675, as a result of tax revenue (\$892,444) and the receipt of proceeds from the Route 1 South TIF bond issuance (\$9,672,542) offset by capital spending of \$2,206,230.

The combined fund balance of the other (non-major) governmental funds increased by \$696,270, mainly due to property taxes (\$1,013,108), intergovernmental revenues (\$892,584), and charges for services (\$1,732,004) offset by current expenditures (\$2,840,017) and capital outlay (\$490,121).

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

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

Unrestricted net position of the Town's wastewater treatment fund amounted to \$3,029,652 and fleet maintenance internal service fund amounted to \$16,958. The total increase in net position for the wastewater treatment fund was \$128,023. The total increase in net position for the internal service fund was \$3,138.

General Fund Budgetary Highlights

For the current fiscal year, all revenue line items (with the exception of property taxes) exceeded budgetary projections and all expenditure line items were within budgetary limits except community programs and public works. The "Taxes" revenue line item was below budgetary projection primarily due to timing in the collections of taxes.

The Town's written fund balance policy 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.

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, 2014, amounts to \$105,830,403 (net of accumulated depreciation), an increase of \$3,302,245. This investment in capital assets includes land, buildings and system, land improvements, machinery and equipment, and infrastructure. The total increase in the Town of Falmouth's investment in capital assets for the current fiscal year was 3.2% (a 4.5% increase for governmental activities and a 3.4% decrease for business-type activities).

	Town of Falmouth's Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 6,728,119	\$ 6,728,119	\$ -	\$ -	\$ 6,728,119	\$ 6,728,119
Construction-in-progress	7,000,910	1,514,964	105,170	51,796	7,106,080	1,566,760
Buildings & improvements	54,209,867	56,044,933	6,794,078	7,021,832	61,003,945	63,066,765
Improvements other than Machinery and equipment	760,720	781,773	-	-	760,720	781,773
Infrastructure	4,361,577	3,624,175	2,329,815	2,478,341	6,691,392	6,102,516
Total	16,618,572	17,122,388	6,921,575	7,159,837	23,540,147	24,282,225
	<u>\$ 89,679,765</u>	<u>\$ 85,816,352</u>	<u>\$ 16,150,638</u>	<u>\$ 16,711,806</u>	<u>\$ 105,830,403</u>	<u>\$ 102,528,158</u>

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

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

- A variety of street construction projects throughout the Town were undertaken, including the rehabilitation of Hurricane Road and repaving of Northbrook Drive and the Poplar Ridge Neighborhood. Major building improvements included Falmouth Middle School renovations and Phase 1 of the Town Hall Renovation.
- Major equipment additions include a large wheeler for Public Works, a new replacement ambulance, a new Sutphen Series 6 Rescue-Pumper Fire Truck, three new police vehicles, a new GMC Sierra work truck for parks, new computer hardware, and telemetry and other equipment for Wastewater.

Additional information on the Town of Falmouth's capital assets can be found in the notes to the basic financial statements on pages 47-48 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Falmouth had total bonded debt outstanding of \$63,032,000. Of this amount, \$58,820,000 consists of general obligation debt backed by the full faith and credit of the Town. The remaining \$4,212,000 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 the General Fund.

Town of Falmouth's Outstanding Debt General Obligation and Revenue Bonds						
	Governmental activities		Business-type debt		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 58,820,000	\$ 47,560,000	\$ -	\$ -	\$ 58,820,000	\$ 47,560,000
Revenue bonds	-	-	4,212,000	4,536,000	4,212,000	4,536,000
Total	\$ 58,820,000	\$ 47,560,000	\$ 4,212,000	\$ 4,536,000	\$ 63,032,000	\$ 52,096,000

During the fiscal year, the Town paid \$3,140,000 in principal payments on previously issued general obligation debt and \$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 \$313,732,500. The Town's actual total outstanding debt of \$63,032,000 (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 49-52 of this report.

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

Economic Factors and Next Year's Budgets and Rates

- With the national housing situation stabilizing, the Town of Falmouth's property tax base itself continues to remain stable, paced by a stable building and real estate construction market. Mirroring slow national trends, Falmouth's taxable valuation base grew by .82% in fiscal year 2013-14. A total of 53 building permits for new construction were issued in 2013-14, including 52 permits for new single-family residential housing and 1 permit 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 9.9% to \$2,911,618 in year 2013-14 from \$2,650,054 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, increasing 1.0% since 2011. These enrollment figures ensure that the Town will continue to receive its share of state educational aid, which is distributed to municipalities under a formula, which places great weight on student enrollment.
- The major concern for future budget planning continues to be the uncertainty regarding state aid to education and state municipal revenue sharing. This uncertainty will require constant monitoring by Town staff of the upcoming state legislative session. It should be noted, however, the Town is close to a minimum receiver on State revenue and education sharing. This results in less reliance on these outside sources, and, as a result, the Town is less vulnerable than many other municipalities.
- The Town continues to monitor the situation regarding the continued depressed interest rates. Unlike many non-profit institutions, the Town has a strict "no risk of principal" policy regarding its investments. Therefore, the Town experienced no loss of principal in its investments during the recent downturn in rates. Nonetheless, the drop in rates continues to hold down projected operating revenue to the Town in the 2014-15 fiscal year and for the near future. The Town has seen an improvement in investment earnings over 2013 of 32.2% through an increase in the allocation of funds to FDIC-insured CDs in the Town's investment portfolio.
- The Town has seen the costs of employee health insurance increase significantly in 2015 with increases ranging from 9%-11% depending on the plan. To help offset these increases, the Town offers employees an incentive to take the more cost-effective PPO plan by giving them a share of the cost savings.

Where applicable, the factors above were considered in preparing the Town of Falmouth's budget for the 2014-15 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 7.0 % in education, partially from building construction related debt, and 9.3% County requirements from property taxes and result in a 5.1% increase in the property tax rate in fiscal year 2013-14. The tax rate increased to \$14.12 per thousand of valuation.

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

Affecting the future development for the Town:

- The private expansion of natural gas lines to the Town is planned. Installation of the main line could be half complete by the end of 2014, representing an approximately \$42 million investment in Falmouth and two other towns. The entire project is expected to take between three and five years with 86% saturation.
- The Town plans on completing its \$11,700,000 Route 1 South infrastructure improvement project in the Route 1 South TIF area, with improvements to the street scape, utilities and other infrastructure to accommodate increased mixed use development and property redevelopment.
- The Town plans to complete the renovation of a former elementary school building to use as a new Community Center.

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

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TOWN OF FALMOUTH, MAINE
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 123,142	-	123,142
Investments	39,957,400	2,881,454	42,838,854
Taxes receivable	1,162,482	-	1,162,482
Accounts receivable	1,326,249	337,861	1,664,110
Internal balances	38,818	(38,818)	-
Inventories and prepaid items	166,799	23,484	190,283
Tax-acquired property	6,372	-	6,372
Capital assets not being depreciated	13,729,029	105,170	13,834,199
Capital assets net of accumulated depreciation	75,950,736	16,045,468	91,996,204
Total assets	132,461,027	19,354,619	151,815,646
LIABILITIES			
Accounts payable and other current liabilities	2,154,801	23,410	2,178,211
Teachers' accrued payroll	2,389,777	-	2,389,777
Accrued interest	320,960	29,503	350,463
Noncurrent liabilities:			
Due within one year	4,004,472	324,000	4,328,472
Due in more than one year	58,023,669	4,009,416	62,033,085
Total liabilities	66,893,679	4,386,329	71,280,008
NET POSITION			
Net investment in capital assets	41,041,245	11,938,638	52,979,883
Restricted for:			
TIF districts	6,803,296	-	6,803,296
Perpetual care, nonexpendable	9,625	-	9,625
Education	1,407,611	-	1,407,611
Scholarships/gifts	262,612	-	262,612
Unrestricted	16,042,959	3,029,652	19,072,611
Total net position	\$ 65,567,348	14,968,290	80,535,638

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, 2014

		Program Revenues			Net (expense) revenue and changes in net position		
			Operating	Capital	Primary Government		
Functions/programs	Expenses	Charges for services	grants and contributions	grants and contributions	Governmental activities	Business-type activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,586,007	351,006	1,144	829	(3,233,028)	-	(3,233,028)
Financial management	978,002	-	-	-	(978,002)	-	(978,002)
Public safety	4,093,811	720,216	4,470	2,643	(3,366,482)	-	(3,366,482)
Public works	4,236,453	495,178	-	162,474	(3,578,801)	-	(3,578,801)
Community development	578,546	11,252	25,700	-	(541,594)	-	(541,594)
Community programs and parks	1,080,035	655,725	-	1,030	(423,280)	-	(423,280)
Education	31,460,774	234,653	11,676,657	31,673	(19,517,791)	-	(19,517,791)
Interest on long-term debt	1,618,608	-	-	-	(1,618,608)	-	(1,618,608)
Internal service fund	203,205	206,343	-	-	3,138	-	3,138
Total governmental activities	47,835,441	2,674,373	11,707,971	198,649	(33,254,448)	-	(33,254,448)
Business-type activities:							
Wastewater treatment	1,896,432	1,692,615	326,673	-	-	122,856	122,856
Total business-type activities	1,896,432	1,692,615	326,673	-	-	122,856	122,856
Total primary government	\$ 49,731,873	4,366,988	12,034,644	198,649	(33,254,448)	122,856	(33,131,592)
General revenues:							
Property taxes					\$ 32,220,901	-	32,220,901
Excise taxes					2,911,618	-	2,911,618
Cable TV franchise taxes					210,542	-	210,542
Grants not restricted to specific programs:							
State revenue sharing					464,066	-	464,066
Homestead exemption					260,657	-	260,657
Other Governmental revenues					72,149	-	72,149
Unrestricted investment earnings					80,141	5,167	85,308
Miscellaneous revenues					125,013	-	125,013
Total general revenues					36,345,087	5,167	36,350,254
Change in net position					3,090,639	128,023	3,218,662
Net position - beginning, as restated					62,476,709	14,840,267	77,316,976
Net position - ending					\$ 65,567,348	14,968,290	80,535,638

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

TOWN OF FALMOUTH, MAINE
Balance Sheet
Governmental Funds
June 30, 2014

	General	Capital Project Fund	Route One South TIF District	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,029	-	-	122,113	123,142
Investments	14,345,356	8,550,807	11,922,861	5,138,376	39,957,400
Receivables:					
Taxes	880,468	-	-	-	880,468
Liens	282,014	-	-	-	282,014
Accounts	849,949	-	-	476,300	1,326,249
Due from other funds	643,802	-	-	-	643,802
Inventories and prepaid items	26,669	-	-	23,762	50,431
Tax-acquired property	6,372	-	-	-	6,372
Total assets	\$ 17,035,659	8,550,807	11,922,861	5,760,551	43,269,878
LIABILITIES					
Accounts payable and accrued liabilities	523,800	625,276	940,337	31,536	2,120,949
Teachers' accrued payroll	2,389,777	-	-	-	2,389,777
Due to other funds	-	-	-	539,426	539,426
Total liabilities	2,913,577	625,276	940,337	570,962	5,050,152
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	712,192	-	-	-	712,192
Unavailable revenues - ambulance	122,739	-	-	-	122,739
Total deferred inflows of resources	834,931	-	-	-	834,931
FUND BALANCES					
Nonspendable	310,169	-	-	23,762	333,931
Restricted	969,129	2,467,494	10,982,524	3,824,161	18,243,308
Committed	-	5,458,037	-	1,357,319	6,815,356
Unassigned	12,007,853	-	-	(15,653)	11,992,200
Total fund balances	13,287,151	7,925,531	10,982,524	5,189,589	37,384,795
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,035,659	8,550,807	11,922,861	5,760,551	

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.	89,679,765
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	834,931
Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	16,958
Short-term liabilities, including interest payable, are not due and payable in the current period and therefore, are not reported in the funds.	(320,960)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(62,028,141)

Net position of governmental activities **\$ 65,567,348**

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, 2014

	General	Capital Project Fund	Route One South TIF District	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 30,349,935	-	892,444	1,013,108	32,255,487
Excise	2,911,618	-	-	-	2,911,618
Licenses, fees and permits	617,051	-	-	-	617,051
Intergovernmental	10,935,655	1,114	1,500	892,584	11,830,853
Charges for services	763,784	-	-	1,732,004	2,495,788
Fines and forfeitures	50,092	-	-	-	50,092
Investment earnings	72,027	-	-	8,114	80,141
Miscellaneous	125,013	196,035	-	69,506	390,554
Total revenues	45,825,175	197,149	893,944	3,715,316	50,631,584
EXPENDITURES					
Current:					
General government	1,032,354	-	-	33,337	1,065,691
Financial management	978,002	-	-	-	978,002
Public safety	3,502,721	-	-	37,625	3,540,346
Public works	2,048,232	-	-	331,309	2,379,541
Community development	555,399	-	-	23,147	578,546
Community programs and parks	372,765	-	-	680,152	1,052,917
Education	28,303,292	-	-	1,660,172	29,963,464
Non-departmental	667,643	-	23,093	74,275	765,011
County tax	1,321,522	-	-	-	1,321,522
Debt service:					
Principal	3,140,000	-	-	-	3,140,000
Interest	1,488,006	-	-	-	1,488,006
Capital outlay:					
Capital improvements	-	5,293,715	2,206,230	490,121	7,990,066
Total expenditures	43,409,936	5,293,715	2,229,323	3,330,138	54,263,112
Excess (deficiencies) of revenues over (under) expenditures	2,415,239	(5,096,566)	(1,335,379)	385,178	(3,631,528)
Other financing sources (uses):					
Proceeds from the issuance of long-term debt	-	5,000,000	9,400,000	-	14,400,000
Premium on bonds issued	-	148,774	272,542	-	421,316
Transfers in	39,712	2,554,521	32,512	311,092	2,937,837
Transfers out	(2,937,837)	-	-	-	(2,937,837)
Total other financing sources (uses)	(2,898,125)	7,703,295	9,705,054	311,092	14,821,316
Net change in fund balances	(482,886)	2,606,729	8,369,675	696,270	11,189,788
Fund balances - beginning, as restated	13,770,037	5,318,802	2,612,849	4,493,319	26,195,007
Fund balances - ending	\$ 13,287,151	7,925,531	10,982,524	5,189,589	37,384,795

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, 2014

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)	\$	11,189,788
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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 capital outlays (\$7,006,971) exceeded depreciation expense (\$3,062,343).		3,944,629
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In the statement of activities, only the 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 asset sold.

(81,215)

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.

88,152

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 amount is the net effect of these differences in the treatment of long-term debt and related items:

(12,053,853)

Repayment of bonds/notes	3,140,000	
Proceeds from issuance of bonds	(14,400,000)	
Proceeds from bond issuance premiums	(421,316)	
Increase in accrued short-term interest liability	(130,602)	
Increase in compensated absences and other post employment benefits	(241,935)	

The net gain of certain activities of internal service funds is reported with governmental activities.

3,138

Change in net position of governmental activities (see Statement 2)	\$	3,090,639
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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, 2014

For the Year Ended June 30, 2014					
	Budgeted amounts		Actual amounts	Variance with final budget positive (negative)	
	Original	Final			
REVENUES					
Taxes:					
Property	\$	30,388,863	30,388,863	30,349,935	(38,928)
Excise		2,489,429	2,489,429	2,911,618	422,189
Licenses, permits and fees		430,550	430,550	617,051	186,501
Intergovernmental		8,397,171	8,397,171	8,561,517	164,346
Charges for services		747,339	747,339	763,784	16,445
Fines and forfeitures		47,500	47,500	50,092	2,592
Investment earnings		60,000	60,000	72,027	12,027
Miscellaneous		26,726	26,726	125,013	98,287
Total revenues		42,587,578	42,587,578	43,451,037	863,459
EXPENDITURES					
Current:					
General government		1,105,092	1,112,292	1,032,355	79,937
Financial management		1,052,081	1,052,081	978,002	74,079
Public safety		3,516,278	3,525,278	3,502,721	22,557
Public works		2,080,220	2,047,220	2,048,232	(1,012)
Community development		562,661	562,661	555,399	7,262
Community programs and parks		353,767	366,333	372,764	(6,431)
Education		25,931,840	25,931,840	25,929,154	2,686
Non-departmental		748,916	767,350	667,643	99,707
County tax		1,321,522	1,321,522	1,321,522	-
Debt service:					
Principal		3,140,000	3,140,000	3,140,000	-
Interest		1,488,013	1,488,013	1,488,006	7
Total expenditures		41,300,390	41,314,590	41,035,798	278,792
Excess of revenues over expenditures		1,287,188	1,272,988	2,415,239	1,142,251
Other financing sources (uses):					
Transfers in		-	7,200	39,712	32,512
Transfers out		(1,437,188)	(3,101,488)	(2,937,837)	163,651
Budgeted use of surplus		150,000	1,821,300	-	(1,821,300)
Total other financing sources (uses)		(1,287,188)	(1,272,988)	(2,898,125)	(1,625,137)
Net change in fund balance		-	-	(482,886)	(482,886)
Fund balance - beginning, as restated				13,770,037	
Fund balance - ending	\$			13,287,151	

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, 2014

	Business-type Activities - Enterprise Fund Wastewater	Governmental Activities Internal Service Fund
ASSETS		
Current assets:		
Investments	\$ 2,881,454	-
Accounts receivable	337,861	-
Due from other funds	-	38,818
Inventories	23,484	116,368
Total current assets	3,242,799	155,186
Noncurrent assets:		
Capital assets, not being depreciated:		
Construction in progress	105,170	-
Capital assets, being depreciated:		
Buildings and improvements	11,357,321	-
Machinery and equipment	4,045,278	-
Infrastructure	11,917,316	-
Less accumulated depreciation	(11,274,447)	-
Total capital assets (net of accumulated depreciation)	16,150,638	-
Total noncurrent assets	16,150,638	-
Total assets	19,393,437	155,186
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	23,410	33,852
Due to other funds	38,818	104,376
Accrued interest	29,503	-
Revenue bonds payable - current	324,000	-
Total current liabilities	415,731	138,228
Noncurrent liabilities:		
Compensated absences	121,416	-
Revenue bonds payable - noncurrent	3,888,000	-
Total noncurrent liabilities	4,009,416	-
Total liabilities	4,425,147	138,228
NET POSITION		
Net investment in capital assets	11,938,638	-
Unrestricted	3,029,652	16,958
Total net position	\$ 14,968,290	16,958

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, 2014

	Business-type Activities - Enterprise Fund Wastewater	Governmental Activities Internal Service Fund
Operating revenues:		
Charges for services:		
User fees	\$ 1,646,424	206,343
Connection charges	19,739	-
Intergovernmental	326,673	-
Miscellaneous	26,452	-
Total operating revenues	2,019,288	206,343
Operating expenses:		
Personnel services	459,179	197,759
Contract services	574,110	2,628
Commodities	97,995	2,818
Depreciation	683,946	-
Total operating expenses	1,815,230	203,205
Operating income	204,058	3,138
Nonoperating revenues (expenses):		
Investment earnings	5,167	-
Interest expense	(81,202)	-
Total nonoperating revenues (expenses)	(76,035)	-
Change in net position	128,023	3,138
Total net position - beginning	14,840,267	13,820
Total net position - ending	\$ 14,968,290	16,958

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, 2014

	Business-type Activities- Enterprise Fund Wastewater	Governmental Activities- Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 1,948,697	206,343
Payments to suppliers	(754,557)	27,672
Payments to employees	(467,839)	(197,759)
Net cash provided by operating activities	726,301	36,256
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(122,778)	-
Repayment of revenue bonds	(324,000)	-
Interest paid on bonds	(51,699)	-
Net cash used in capital and related financing activities	(498,477)	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Decrease in interfund loans payable	-	(36,256)
Net cash used in capital and related financing activities	-	(36,256)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	5,167	-
(Purchase) sale of investments	(232,991)	-
Net cash used in investing activities	(227,824)	-
Net increase in cash	-	-
Cash, July 1	-	-
Cash, June 30	\$ -	-
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income	\$ 204,058	3,138
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	683,946	-
(Increase) decrease in accounts receivable	(70,591)	-
Increase (decrease) in accounts payable	(82,452)	32,699
Increase (decrease) in compensated absences payable	(8,660)	-
(Increase) decrease in inventories	-	419
Net cash provided by operating activities	\$ 726,301	36,256

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, 2014

		Agency Funds
ASSETS		
Cash and cash equivalents	\$	260,481
Investments		394,691
Total assets		655,172
LIABILITIES		
Held for student activities		253,732
Held for performance guarantees		401,440
Total liabilities	\$	655,172

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. The Town has only one proprietary fund and one internal service fund.

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 School and the Town.

The *Route One South Tax Increment Financing (TIF) District*, a special revenue fund, is used to account for the Route One South TIF program, including the captured taxes and expenditures of development district.

The Town reports the following major proprietary fund:

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

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

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 as operating revenues fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Inflows 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, agencies and instrumentalities, 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. 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."

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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 estimated fair market 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. Interest incurred during the construction phase of capital assets of business-type activities, if material to the basic financial statements, is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Town are depreciated generally using the straight-line method over the following estimated useful lives: Buildings and improvements—20 years; system infrastructure—50 years; major equipment—10 years; vehicles, office and computer equipment—5 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

7. Fund balances

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town Council, the highest level of decision-making authority, 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 Order) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes, but do not meet the criteria to be classified as committed. These 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 uncommitted amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

8. Deferred inflows of resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of deferred inflows, which arise under a modified accrual basis of accounting that qualify for reporting in this category, unavailable revenue from property taxes and unavailable ambulance revenues. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

9. Comparative data/reclassifications

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. In addition, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

10. Use of estimates

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

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A budget is adopted for the General Fund only, and is adopted on a basis consistent with generally accepted accounting principles (except as described in the Maine Public Employees Retirement System footnote). Each spring, 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 budgets include information on the past year, current year estimates and requested appropriations for the next fiscal year. In April, the proposed budget is presented to the Town Council for review. The Town Council holds public hearings before a final budget is adopted in May.

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 \$1,678,500 in supplemental appropriations authorized in fiscal year 2013-14 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 fiscal year 2014, the Public Works Department and the Community Programs and Parks Department had overspent appropriations. Public Works overspent by \$1,012 and Community Programs and Parks overspent by \$6,431.

During fiscal year 2014, only the School Sports Activity/Field Rental Fees and Falmouth Education Foundation had deficit fund balances. School Sports Activity/Field Rental Fees ended with a deficit fund balance of \$13,081 and Falmouth Education Foundation Grants ended with a deficit fund balance of \$2,572.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2014, the Town reported deposits of \$383,623 with a bank balance of \$406,602. The entire bank balance of \$406,602 was either covered by the F.D.I.C. or fully collateralized.

Deposits have been reported as follows:

Reported in governmental funds	\$123,142
Reported in fiduciary funds	260,481
Total deposits	\$ 383,623

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

B. Investments

At June 30, 2014, the Town had the following investments and maturities:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Certificates of deposit	\$ 3,905,990	1,373,348	2,532,642	-
Collateralized sweep	38,999,005	38,999,005	-	-
Money market funds (1)	293,424	not applicable		
Mutual funds (1)	35,126	not applicable		
Total investments	\$ 43,233,545	40,372,353	2,532,642	-

(1) Mutual funds and money market funds are not considered securities that exist in physical or book entry form and therefore are exempt from the custodial credit risk disclosure noted above.

Investments have been reported as follows:

Reported in governmental funds	\$ 39,957,400
Reported in proprietary funds	2,881,454
Reported in fiduciary funds	394,691
Total investments	\$ 43,233,545

Interest Rate Risk: The Town does have a formal investment policy that implicitly addresses investment rate 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.

Custodial credit risk: investments – For investments, this is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town has a formal investment policy that implicitly addresses custodial credit risk. Of the Town's \$3,905,990 investment in certificates of deposit, 100% was insured by the F.D.I.C. The Town's \$293,424 investment in money market funds were fully collateralized by underlying securities held by the trust department, which were in the Town's name or had the respective federal insurance for the respective bank or investment firm.

C. Receivables

Receivables as of year-end for the Town's individual major funds and nonmajor, internal service and fiduciary funds taken together, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Nonmajor and other funds</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 880,468	-	-	880,468
Property tax liens	282,014	-	-	282,014
Library loan	283,500	-	-	283,500
General accounts	566,449	337,861	476,300	1,380,610
Net total receivables	\$ 2,012,431	337,861	476,300	2,826,592

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

C. Receivables, Continued

Government funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable (general fund)	\$ 712,192
<u>Delinquent ambulance fees receivables (general fund)</u>	<u>122,739</u>
<u>Total unavailable revenue for governmental funds</u>	<u>\$ 834,931</u>

D. Property Tax

Property taxes for the current year were committed on September 25, 2013, based on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. The Town's total taxable assessed value of \$2,287,140,000 represented 109.4% of the State-equalized valuation for the Town of \$2,091,550,000.

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 \$48,960 for the year ended June 30, 2014. 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 2014 and 2013 levies:

	<u>2014</u>	<u>2013</u>
Assessed value	\$ 2,287,140,000	2,268,622,800
<u>Tax rate (per \$1,000)</u>	<u>14.12</u>	<u>13.43</u>
Commitment	32,294,417	30,467,604
<u>Supplemental taxes assessed</u>	<u>-</u>	<u>-</u>
Total levy	32,294,417	30,467,604
Less:		
Abatements	(52,089)	(16,993)
<u>Collections</u>	<u>(31,381,806)</u>	<u>(29,635,018)</u>
<u>Receivable at end of year</u>	<u>\$ 860,522</u>	<u>815,593</u>
Due date(s)	½ November 7, 2013 ½ May 1, 2014	½ November 1, 2012 ½ May 2, 2013
Interest rate on		
delinquent taxes	7.0%	7.0%
Collection rate	97.3%	97.3%

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

E. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,728,119	-	-	6,728,119
Construction in progress	1,514,964	5,485,946	-	7,000,910
Total capital assets not being depreciated	8,243,083	5,485,946	-	13,729,029
Capital assets being depreciated:				
Improvements other than buildings	1,651,801	74,587	-	1,726,388
Buildings and improvements	71,047,691	7,307	-	71,054,998
Machinery and equipment	10,631,654	1,391,953	598,471	11,425,136
Infrastructure	26,386,677	47,178	-	26,433,855
Total capital assets being depreciated	109,717,823	1,521,025	598,471	110,640,377
Less accumulated depreciation for:				
Improvements other than buildings	870,028	95,640	-	965,668
Buildings and improvements	15,002,758	1,842,373	-	16,845,131
Machinery and equipment	7,007,479	573,336	517,256	7,063,559
Infrastructure	9,264,289	550,994	-	9,815,283
Total accumulated depreciation	32,144,554	3,062,343	517,256	34,689,641
Total capital assets being depreciated, net	77,573,269	(1,541,318)	81,215	75,950,736
Governmental activities capital assets, net	\$ 85,816,352	3,944,628	81,215	89,679,765
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 51,796	105,170	(51,796)	105,170
Total capital assets not being depreciated	51,796	105,170	(51,796)	105,170
Capital assets being depreciated:				
Building and improvements	11,357,321	-	-	11,357,321
Machinery and equipment	4,065,489	69,404	(89,615)	4,045,278
Infrastructure, sewer	11,917,316	-	-	11,917,316
Total capital assets being depreciated	27,340,126	69,404	(89,615)	27,319,915
Less accumulated depreciation for:				
Buildings and improvements	4,335,489	227,754	-	4,563,243
Machinery and equipment	1,587,148	217,930	(89,615)	1,715,463
Infrastructure, sewer	4,757,479	238,262	-	4,995,741
Total accumulated depreciation	10,680,116	683,946	(89,615)	11,274,447
Total capital assets being depreciated, net	16,660,010	(614,542)	-	16,045,468
Business-type activities capital assets, net	\$ 16,711,806	(509,372)	(51,796)	16,150,638

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

E. Capital Assets, Continued

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

Governmental activities:

General government	\$ 191,848
Public safety	472,250
Public works, including depreciation of general infrastructure assets	873,817
Community programs and parks	27,118
Education	1,497,310
<u>Total depreciation expense – governmental activities</u>	<u>3,062,343</u>

Business-type activities:

<u>Wastewater</u>	<u>683,946</u>
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<u>Total depreciation expense</u>	<u>\$ 3,746,289</u>
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F. Construction Commitment

The Town has active construction commitments as of June 30, 2014 for improvements to the Middle School and the Route 1 infrastructure project. At year-end, the Town's commitments for these projects are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Middle School Improvements	\$ 4,311,206	742,142
Route 1 Infrastructure Project	2,203,663	9,329,375

Bonds issued in fiscal year 2014 will finance these projects.

G. Interfund Receivables and Payables

Interfund loans are the result of having a centralized cash account shared by multiple funds. Individual interfund loans receivable and payable balances at June 30, 2014 were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
General fund	\$ 643,802	-
Nonmajor special revenue funds	-	374,727
Nonmajor permanent funds	-	164,699
Internal service fund	38,818	104,376
Wastewater fund	-	38,818
<u>Totals</u>	<u>\$ 682,620</u>	<u>682,620</u>

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

H. Long-term Debt

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 in prior years was \$52,950,000. 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 and \$1.2 million related to the construction of a wood chip boiler at the middle school. This boiler has since been built, and it was decided to fund this from fund balance.

All governmental activities long-term debt service requirements are paid by either the General Fund, the Capital Projects Fund, or the Route One South TIF 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. 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	2.00%-3.00%	\$ 1,200,000
2011 High School Construction Refunding	2011	2021	2.00%-4.00%	6,765,000
Public Safety Building Improvements	2007	2027	4.00%-4.25%	2,500,000
Elementary School Construction	2011	2032	2.00%-4.25%	33,955,000
2013 GOB – Middle School Improvements	2013	2033	2.00%-4.25%	5,000,000
2014 GOB – Route 1 South Development	2014	2030	2.00%-3.25%	9,400,000
<u>Total governmental activities</u>				<u>58,820,000</u>
<u>Total bonds payable</u>				<u>\$ 58,820,000</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>
2015	\$ 3,980,000	2,464,931	6,444,931
2016	3,975,000	2,305,694	6,280,694
2017	3,975,000	2,211,994	6,186,994
2018	3,975,000	2,104,369	6,079,369
2019	3,975,000	1,990,769	5,965,769
2020-2024	17,325,000	8,287,475	25,612,475
2025-2029	14,125,000	5,774,366	19,899,366
2030-2034	7,490,000	1,087,376	8,577,376
<u>Totals</u>	<u>\$ 58,820,000</u>	<u>26,226,974</u>	<u>85,046,974</u>

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

H. Long-term Debt, Continued

Revenue Bonds. The Town also issues bonds where the Town pledges income derived from dedicated sewer user fees to provide funds for the construction of major sewer capital facilities. The original amount of revenue bonds issued in prior years was \$6,480,000. These revenue bonds are reported in the wastewater treatment proprietary fund as they will be repaid from proprietary fund sewer user fee revenues. Revenue bonds outstanding at year-end are as follows:

<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%	\$ 4,212,000

Revenue bond debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 324,000	96,147	420,147
2016	324,000	89,751	413,751
2017	324,000	83,355	407,355
2018	324,000	76,960	400,960
2019	324,000	70,564	394,564
2020-2024	1,620,000	256,883	1,876,883
2025-2027	972,000	77,381	1,049,381
Totals	\$ 4,212,000	751,041	4,963,041

In accordance with 30 MRSA, Section 5061, 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, 2014, the Town's outstanding debt did not exceed these limits.

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>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	\$ 47,560,000	14,400,000	(3,140,000)	58,820,000	3,980,000
Premiums on bonds issued	-	421,316	-	421,316	24,472
Compensated absences	1,914,372	176,063	-	2,090,435	-
Other post-employment benefits	550,518	65,872	-	616,390	-
Landfill post-closure care costs	80,000	-	-	80,000	-
Governmental activity long-term liabilities	50,104,890	15,063,251	(3,140,000)	62,028,141	4,004,472
Business-type activities:					
Compensated absences	130,076	-	(8,660)	121,416	-
Revenue bonds payable	4,536,000	-	(324,000)	4,212,000	324,000
Business-type activity long-term liabilities	4,666,076	-	(332,660)	4,333,416	324,000
Total long-term governmental and business-type activities	\$ 54,770,966	15,063,251	(3,472,660)	66,361,557	4,328,472

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

H. Long-term Debt, Continued

For the governmental activities, claims, judgments and compensated absences are generally liquidated by the general fund.

Landfill post-closure 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 post-closure costs as operating expenditures in each period as the monitoring tests are performed. The \$80,000 reported as landfill postclosure care liability at June 30, 2014 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, 2014 includes total assets of \$64,568,980, total liabilities of \$18,893,073 and unrestricted net position of \$11,323,226. The liabilities include an accrual for landfill closure and postclosure care amounting to \$16,191,575. 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.

Total Debt, Overlapping Debt, and Contingencies

	As of June 30, 2014		
	Direct <u>debt</u>	Overlapping <u>debt</u>	Total <u>debt</u>
<u>Governmental unit</u>			
Town of Falmouth	\$ 58,820,000	-	58,820,000
Cumberland County	-	2,075,584	2,075,584
Portland Water District - water debt	-	3,502,504	3,502,504
Totals	\$ 58,820,000	5,578,088	64,398,088

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

H. Long-term Debt, Continued

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.

I. Fund Balances

In the governmental fund financial statements fund balance is reported in five classifications.

Nonspendable fund balance	Nonspendable fund balance represent fund balance amounts that are not in spendable form, such as inventories.
Restricted	Restricted by State or Federal statute as a portion of fund balance such as TIF Fund commitments. The Town also considers amounts as restricted that are from Private or Public Grants. Any matching amounts are also considered restricted as they cannot be withdrawn due to the outside parties' involvement and commitment.
Committed	Committed is that portion of fund balance that has been approved by the highest level of formal action of the Town Council and does not lapse at year-end. An example of Committed Funds would be amounts for Town initiated only projects or activities in the Recreation and Capital Funds. Once adopted, the limitation imposed by the Order remains in place until a similar action is taken (the adoption of another Order) to remove or revise the limitation.
Assigned	Assigned is the portion of fund balance that has been approved by formal action of the Town Council for appropriation in future budgets. The amounts are not for a highly specified purpose and their use has some discretion by the administration. The Town Manager or the appropriate Department Director(s) then specifically assign these amounts.
Unassigned	Fund balance that has not been reported in any other classification. Note that in all governmental funds other than the general fund, amounts expended in excess of resources that do not meet the above categories are classified here – i.e. residual deficits.

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

I. Fund Balances, continued

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 funds and State funds, local non-town funds, town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly, unassigned fund balance.

As of June 30, 2014, fund balance components consisted of the following:

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Route One South TIF</u>	<u>Other Governmental Funds</u>
Nonspendable:				
Inventory and prepaid items	\$ 26,669	-	-	23,762
Notes receivable	283,500	-	-	-
Total nonspendable	310,169	-	-	23,762
Restricted:				
TIF Districts	-	-	10,982,524	3,289,651
Scholarships	-	-	-	262,612
Education	969,129	2,467,494	-	262,273
Perpetual care	-	-	-	9,625
Total restricted	969,129	2,467,494	10,982,524	3,824,161
Committed:				
Community program vehicle	-	41,069	-	-
Community equipment	-	38,995	-	-
Fire equipment	-	172,827	-	-
Fire vehicles	-	25,336	-	-
General government equipment	-	84,702	-	-
General government renovation	-	320,135	-	-
General government vehicle	-	53,992	-	-
Railroad crossing	-	52,000	-	-
Harbor equipment	-	46,239	-	-
IT computer	-	174,429	-	-
Land ordinance	-	100,000	-	-
Parks land	-	419,418	-	-
Parks renovation	-	253,937	-	-
Parks vehicle	-	37,675	-	-
Mason Motz renovation	-	33,673	-	-
Police equipment	-	29,959	-	-
Police equipment – federal	-	1,114	-	-
Police vehicle	-	67,968	-	-
Railroad crossing upgrade	-	227,488	-	-
Trans station equipment	-	40,930	-	-

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

I. Fund Balances, continued

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Route One South TIF</u>	<u>Other Governmental Funds</u>
Committed, continued:				
Public works equipment	\$ -	18,944	-	-
Public works streets	-	3,046,565	-	-
Community center	-	86,108	-	-
Food pantry	-	10,800	-	-
Munis equipment	-	14,891	-	-
Public works vehicles	-	58,843	-	-
Recreation revolving	-	-	-	255,463
Town revolving	-	-	-	1,101,856
Total committed	-	5,458,037	-	1,357,319
Unassigned	12,007,853	-	-	(15,653)
Total fund balance	\$ 13,287,151	7,925,531	10,982,524	5,189,589

J. Net Position

Net position represents the difference between assets and liabilities. Net invested 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. The Town's net invested in capital assets was calculated as follows at June 30, 2014:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 124,369,406	27,425,085
Accumulated depreciation	(34,689,641)	(11,274,447)
Bonds payable	(58,820,000)	(4,212,000)
Add back unspent bond proceeds	9,760,164	-
Add back unamortized bond premium	421,316	-
Total net invested in capital assets	\$ 41,041,245	11,938,638

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

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, 2014. 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 maintains an account for unemployment compensation, which amounted to \$35,126 at June 30, 2014 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, 2014.

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 as of June 30, 2014 is \$1,453,717. As of June 30, 2014, the State is 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, 2014, no liability has been recorded on the Town's books.

C. Maine Public Employees Retirement System - Consolidated Plan

Description of the Plan - The Town contributes to the Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 7% of their annual covered salary and the Town of Falmouth is required to contribute an actuarially determined rate. The current rate is 7% of annual covered payroll. The contribution rates of plan members and the Town of Falmouth are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The Town's contributions to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2014, 2013 and 2012 were \$230,230, \$188,107, and \$153,577, respectively, equal to the required contributions for each year.

IV. OTHER INFORMATION, CONTINUED

C. Maine Public Employees Retirement System - Consolidated Plan, Continued

Maine Public Employees Retirement System - Teacher's Group

Description of Plan - All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required to contribute the unfunded actuarial liability portion of the employer contribution rate (13.03%) and the health and benefits component (2.33%) for a total of 15.36%. This amounted to \$2,374,138 expended for the fiscal year 2014. This amount has been reported as an intergovernmental revenue and education expense/expenditure in the GAAP basis financial statements (Statement 2 and 4). The School Department is required to contribute the normal cost of the employer contribution which amounts to 2.65% of their compensation. The School Department is required to contribute the entire amount of the employer contribution for federally funded teachers, for which the School Department contributed 18.48%. This cost is charged to the applicable grant.

D. Defined Contribution Pension Plan

Description of the Plan - The Town also offers a defined contribution plan administered by the International City Management Association Retirement Corporation in accordance with the provisions of Section 401(a) of the Internal Revenue Code. Only full-time regular employees not enrolled in the Maine Public Employees Retirement System are eligible to enroll in this program. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Participating employees are fully vested in the plan in three years from the date of their employment. The authority to establish or amend this plan's provisions rests with the Falmouth Town Council.

Funding Policy - Participating union plan members are required to contribute 5% of their annual covered salary and non-union members are required to contribute 4%. The Town contributes 8% of the annual covered salary for both union and non-union employees. For fiscal year 2014, employer contributions to the plan totaled \$76,509 and employee contributions totaled \$42,461.

E. Deferred Compensation Plan

The Town of Falmouth offers all its employees a voluntary deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Enrollment in this plan is voluntary by the employee and the Town does not contribute to the plan. The International City Management Association Retirement Corporation administers the plan. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the Town's financial statements.

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

IV. OTHER INFORMATION, CONTINUED

F. Tax Increment Financing Districts

The Town has designated three Tax Increment Financing (TIF) Districts: the Route One TIF District, the Route One South TIF District, 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.

	<u>West Falmouth</u>	<u>Rte. One TIF</u>	<u>Rte. One South TIF</u>
Original assessed value	\$ 553,000	14,772,300	27,424,700
Captured value for year ended 6/30/14	46,142,300	25,607,600	63,204,400
Captured taxes	651,529	361,579	892,444
Remitted to TIF Fund	651,529	361,579	892,444

G. Prior Period Adjustment

Due to fund reclassifications and reporting errors in previously issued financial statements, the Town has restated amounts as follows:

	<u>Governmental Activities</u>
Net position, as previously reported	\$ 62,534,163
<u>Corrected understated prior year accounts payables</u>	<u>(57,454)</u>
<u>Net position, as restated</u>	<u>\$ 62,476,709</u>

	<u>General Fund</u>
Fund balance, as previously reported	\$ 14,232,723
Corrected understated prior year accounts payables	(57,454)
<u>Reclassify to Capital Projects Fund</u>	<u>(405,232)</u>
<u>Fund balance, as restated</u>	<u>\$ 13,770,037</u>

	<u>Capital Projects Fund</u>
Fund balance, as previously reported	\$ 4,913,570
<u>Reclassify from General Fund</u>	<u>405,232</u>
<u>Fund balance, as restated</u>	<u>\$ 5,318,802</u>

H. Postemployment Benefits

The Governmental Accounting Standards Board (GASB) promulgated its Statement 45, which addressed the reporting and disclosure requirements for other postemployment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Falmouth for the year ended June 30, 2009. Under this pronouncement, it is required that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

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

IV. OTHER INFORMATION, CONTINUED

H. Postemployment Benefits, Continued

The Town is a member of the Maine Municipal Employees Health Trust. The Trust is an agent-multiple employer Voluntary Employee's Beneficiary Association. Benefit provisions are established and may be amended by the Maine Municipal Employees Health Trust Board of Trustees. The Town is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. The latest OPEB liability actuarial valuation was completed by the consultants in August 2014 based on an actuarial valuation date of January 1, 2014.

Plan Descriptions - In addition to providing pension benefits, the Town provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage and therefore, the Town makes no actual contributions.

Funding Policy and Annual OPEB Cost - GASB Statement No. 45 does not mandate the prefunding of postemployment benefits liability. The Town currently funds these benefits on a pay-as-you-go basis and expects to continue this method. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarially determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information immediately following the notes to the financial statements presents multi-year trend information about the plan, showing the actuarial value of plan assets and its change relative to the actuarial accrued liability for benefits over time.

Annual OPEB cost and Net OPEB obligation - The Town's net OPEB obligation was calculated as follows:

Net OPEB obligation, June 30, 2013		\$ 550,518
Annual OPEB cost:		
Normal cost as of beginning of year	55,368	
Amortization of the UAAL for 30 years	51,794	
Interest on Net OPEB obligation (NOO) to end of year	24,143	
NOO amortization adjustment to the ARC	(31,837)	
Total annual OPEB cost	99,468	
Actual contribution	(33,596)	
Increase in Net OPEB obligation	65,872	
Net OPEB obligation, June 30, 2014		\$ 616,390

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

IV. OTHER INFORMATION, CONTINUED

H. Postemployment Benefits, Continued

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30, 2014, 2013 and 2012 was as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual OPEB cost	\$ 99,468	104,555	105,944
Percent of annual OPEB cost contributed	33.8%	0%	0%
Net OPEB obligation at end of year	616,390	550,518	446,462

Funding Status and Funding Progress - As the Town has chosen to fund OPEB liabilities on a pay-as-you-go basis, the plan has no net position. As of June 30, 2014, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 931,444
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	931,444
Funded ratio	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	4,033,891
UAAL as a percentage of covered payroll	23.1%

Actuarial Methods and Assumptions - Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Measurement date - 1/1/2014

Actuarial cost method - Projected Unit Credit

Amortization method - Level dollar over 30 years based on an open group

Actuarial assumptions:

Discount rate	4%
Payroll growth	3%
Inflation rate (implicit)	3.0 - 4.6%

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

IV. OTHER INFORMATION, CONTINUED

H. Postemployment Benefits, Continued

Healthcare trend rates	<u>FYE</u>	<u>Pre-65</u>	<u>Post-65</u>
	2015	7.93%	8.61%
	2016	7.69%	8.33%
	2017	7.45%	8.04%
	2018	7.22%	7.75%
	2019	6.98%	7.47%
	2020	6.74%	7.18%
	2021	6.50%	6.89%
	2022	6.27%	6.61%

**TOWN OF FALMOUTH, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress**

Retiree Healthcare Plan							
<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -- Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) / c]</u>
2009	01/01/09	\$ -	\$ 980,829	\$ 980,829	0.00%	\$ 3,633,359	27.0%
2010	01/01/09	-	980,829	980,829	0.00%	3,628,561	27.0%
2011	01/01/09	-	1,121,210	1,121,210	0.00%	3,695,167	30.3%
2012	01/01/11	-	1,121,210	1,121,210	0.00%	3,800,658	29.5%
2013	01/01/11	-	1,121,210	1,121,210	0.00%	3,916,399	28.6%
2014	01/01/14	-	931,444	931,444	0.00%	4,033,891	23.1%

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

West Falmouth Crossing Tax Increment Financing (TIF) District – This fund is used to account for the West Falmouth Crossing TIF program.

Route One Tax Increment Financing (TIF) District – This fund is used to account for the Route One TIF program.

Recreation Special Revenue – This fund is used to account for unbudgeted self-sustaining recreational and adult education programs offered by the Community Programs Department.

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

School Sports Activity/Field Rental Fees – This fund is used to account for activity fees to cover student participation in athletic and co-curricular programs.

School Scholarship – This fund is used to account for scholarship amounts donated to the School Department, for which no trust agreement exists.

School Grants – This fund is used to account for various Federal and State categorical grants for special programs administered by the School Department.

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

Falmouth Education Foundation Grants – This fund is used to account for donations by the Falmouth Education Foundation to support education.

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.

Leola West Scholarship Fund – This fund is used to provide an annual scholarship to a Falmouth High School student.

Elmer Holding High School Gift Fund – This fund is a gift to the high school as part of an estate trust distribution. This gift can be used for any purpose desired.

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TOWN OF FALMOUTH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds										Permanent Funds				Total	
	Town				School						Perpetual Care	Leola West Scholarship Fund	Elmer Holding High School Gift Fund	Nonmajor Governmental Funds		
	West Falmouth	Route One	Recreation	Town	School Sports	School	School	School	Falmouth Educ.							
	TIF District	TIF District	Special Revenue	Special Revenue	Activity/Field Rental Fees	Scholarship Fund	Grant Fund	Lunch Program	Foundation Grants	Total						
ASSETS																
Cash and cash equivalents	\$	-	-	-	-	75,970	-	-	-	75,970	9,625	36,518	-	46,143	122,113	
Investments		1,153,109	2,136,542	255,463	1,124,940	-	-	-	77,529	4,747,583	-	-	390,793	390,793	5,138,376	
Accounts receivable		-	-	-	-	-	-	417,729	3,793	54,778	476,300	-	-	-	476,300	
Inventory		-	-	-	-	-	-	-	23,762	23,762	-	-	-	-	23,762	
Total assets	\$	1,153,109	2,136,542	255,463	1,124,940	-	75,970	417,729	105,084	54,778	5,323,615	9,625	36,518	390,793	436,936	5,760,551
LIABILITIES AND FUND BALANCES																
Liabilities:																
Accounts payable		-	-	-	23,084	-	-	8,452	-	-	31,536	-	-	-	-	31,536
Due to the general fund		-	-	-	-	13,081	-	304,296	-	57,350	374,727	-	1,000	163,699	164,699	539,426
Total liabilities		-	-	-	23,084	13,081	-	312,748	-	57,350	406,263	-	1,000	163,699	164,699	570,962
Fund balances (deficit):																
Nonspendable		-	-	-	-	-	-	-	23,762	-	23,762	-	-	-	-	23,762
Restricted:																
Perpetual care		-	-	-	-	-	-	-	-	-	-	9,625	-	-	9,625	9,625
Scholarships/gifts		-	-	-	-	-	-	-	-	-	-	-	35,518	227,094	262,612	262,612
All other purposes		1,153,109	2,136,542	-	-	-	75,970	104,981	81,322	-	3,551,924	-	-	-	-	3,551,924
Committed		-	-	255,463	1,101,856	-	-	-	-	-	1,357,319	-	-	-	-	1,357,319
Unassigned		-	-	-	-	(13,081)	-	-	-	(2,572)	(15,653)	-	-	-	-	(15,653)
Total fund balances (deficit)		1,153,109	2,136,542	255,463	1,101,856	(13,081)	75,970	104,981	105,084	(2,572)	4,917,352	9,625	35,518	227,094	272,237	5,189,589
Total liabilities and fund balances	\$	1,153,109	2,136,542	255,463	1,124,940	-	75,970	417,729	105,084	54,778	5,323,615	9,625	36,518	390,793	436,936	5,760,551

TOWN OF FALMOUTH, MAINE
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Town				Special Revenue Funds						Permanent Funds				Total
	West Falmouth TIF District		Recreation Route One TIF District		School Activity/Field Rental Fees		School Scholarship Fund		School Lunch Program		Falmouth Educ. Foundation Grants	Perpetual Care	Leola West Scholarship Fund	Elmer Holding High School Gift Fund	Nonmajor Governmental Funds
REVENUES															
Taxes	\$	651,529	361,579	-	-	-	-	-	-	-	1,013,108	-	-	-	1,013,108
Intergovernmental		-	-	-	-	-	718,916	93,577	54,778	892,584	-	-	-	-	892,584
Charges for service		-	-	554,756	559,691	-	-	617,557	-	1,732,004	-	-	-	-	1,732,004
Investment earnings		-	-	-	-	-	-	-	-	-	-	8	29	8,077	8,114
Miscellaneous		-	-	(5,821)	-	14,156	14,863	-	-	46,308	69,506	-	-	-	69,506
Total revenues		651,529	361,579	548,935	585,004	14,156	14,863	718,916	711,134	101,086	3,707,202	8	29	8,077	3,715,316
EXPENDITURES															
Current:															
General government		-	-	-	33,337	-	-	-	-	-	33,337	-	-	-	33,337
Public safety		-	-	-	37,625	-	-	-	-	-	37,625	-	-	-	37,625
Public works		-	-	-	331,309	-	-	-	-	-	331,309	-	-	-	331,309
Community development		-	-	-	23,147	-	-	-	-	-	23,147	-	-	-	23,147
Community programs and parks		-	-	679,692	460	-	-	-	-	-	680,152	-	-	-	680,152
Education		-	-	-	-	27,082	16,947	740,116	696,736	54,672	1,535,553	-	1,000	123,619	1,660,172
Non-departmental		50,517	23,758	-	-	-	-	-	-	-	74,275	-	-	-	74,275
Capital outlay:															
Capital improvements/WIP/revolving		424,867	65,254	-	-	-	-	-	-	-	490,121	-	-	-	490,121
Total expenditures		475,384	89,012	679,692	425,878	27,082	16,947	740,116	696,736	54,672	3,205,519	-	1,000	123,619	3,330,138
Excess (deficiency) of revenues over (under) expenditures		176,145	272,567	(130,757)	159,126	(12,926)	(2,084)	(21,200)	14,398	46,414	501,683	8	(971)	(115,542)	385,178
OTHER FINANCING SOURCES															
Transfers in (out) - general fund		-	-	80,000	231,092	-	-	-	-	-	311,092	-	-	-	311,092
Total other financing sources and (uses)		-	-	80,000	231,092	-	-	-	-	-	311,092	-	-	-	311,092
Net change in fund balances		176,145	272,567	(50,757)	390,218	(12,926)	(2,084)	(21,200)	14,398	46,414	812,775	8	(971)	(115,542)	696,270
Fund balances (deficit) - beginning		976,964	1,863,975	306,220	711,638	(155)	78,054	126,181	90,686	(48,986)	4,104,577	9,617	36,489	342,636	4,493,319
Fund balances (deficit) - ending	\$	1,153,109	2,136,542	255,463	1,101,856	(13,081)	75,970	104,981	105,084	(2,572)	4,917,352	9,625	35,518	227,094	5,189,589

CAPITAL PROJECT FUND

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TOWN OF FALMOUTH, MAINE
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Capital Project Fund
For the year ended June 30, 2014

Project:	Balance July 1, 2013	Intergovernmental Revenue	Miscellaneous Revenue	Bond Proceeds	Reclass/ Transfers	Capital Expenditures	Balance June 30, 2014
Education	\$ 526,631	-	31,673	5,148,774	-	3,239,584	2,467,494
Community Center	100,108	-	-	-	-	14,000	86,108
Community Program Vehicle	41,069	-	-	-	-	-	41,069
Community Equipment	20,286	-	-	-	22,540	3,831	38,995
Fire Equipment	132,827	-	-	-	40,000	-	172,827
Fire Vehicles	442,747	-	-	-	192,400	609,811	25,336
General Government Equipment	56,170	-	-	-	32,033	3,501	84,702
General Government Renovation	27,571	-	825	-	425,000	133,261	320,135
General Government Vehicle	53,992	-	-	-	-	-	53,992
Railroad Crossing	52,000	-	-	-	-	-	52,000
Harbor Equipment	21,209	-	1,030	-	27,000	3,000	46,239
Food Pantry	-	-	-	-	10,800	-	10,800
IT Computer	232,035	-	-	-	78,000	135,606	174,429
Land ordinance	-	-	-	-	100,000	-	100,000
Parks Land	419,414	-	4	-	-	-	419,418
Parks Renovation	280,043	-	-	-	20,000	46,106	253,937
Parks Vehicle	53,750	-	-	-	11,400	27,475	37,675
Mason Motz Renovation	-	-	-	-	90,000	56,327	33,673
Munis Equipment	14,891	-	-	-	-	-	14,891
Police Equipment	37,956	-	1,529	-	-	9,526	29,959
Police Equipment - Fed	-	1,114	-	-	-	-	1,114
Police Vehicle	90,200	-	-	-	36,500	58,732	67,968
Railroad Crossing Upgrade	128,110	-	-	-	100,000	622	227,488
Trans Station Equipment	40,930	-	-	-	-	-	40,930
Public Works Equipment	(45,848)	-	-	-	68,848	4,056	18,944
Public Works Streets	2,531,112	-	152,962	-	1,127,000	764,509	3,046,565
Public Works Vehicles	61,599	-	8,012	-	173,000	183,768	58,843
Total capital projects (restated)	\$ 5,318,802	1,114	196,035	5,148,774	2,554,521	5,293,715	7,925,531

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AGENCY FUNDS

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TOWN OF FALMOUTH, MAINE
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2014

	Student Activity Funds	Performance Guarantees	Total
ASSETS			
Cash and cash equivalents	\$ 253,732	6,749	260,481
Investments	-	394,691	394,691
Total assets	\$ 253,732	401,440	655,172
LIABILITIES			
Held for student activities	253,732	-	253,732
Held for performance guarantees	-	401,440	401,440
Total liabilities	\$ 253,732	401,440	655,172

TOWN OF FALMOUTH, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
ASSETS				
Student activity funds	\$ 263,497	618,700	628,465	253,732
Performance guarantees	223,643	289,783	111,986	401,440
Total assets	\$ 487,140	908,483	740,451	655,172
LIABILITIES				
Funds held for student activities	263,497	618,700	628,465	253,732
Funds held for performance guarantees	223,643	289,783	111,986	401,440
Total liabilities	\$ 487,140	908,483	740,451	655,172

TOWN OF FALMOUTH, MAINE
Detailed Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
SCHOOL ACTIVITIES				
ASSETS				
Cash and cash equivalents	263,497	618,700	628,465	253,732
Total assets	\$ 263,497	618,700	628,465	253,732
LIABILITIES				
Funds held for student activities	263,497	618,700	628,465	253,732
Total liabilities	\$ 263,497	618,700	628,465	253,732
CONSTRUCTION PROJECTS				
ASSETS				
Cash and cash equivalents	6,749	-	-	6,749
Investments	216,894	289,783	111,986	394,691
Total assets	\$ 223,643	289,783	111,986	401,440
LIABILITIES				
Funds held for performance guarantees	223,643	289,783	111,986	401,440
Total liabilities	\$ 223,643	289,783	111,986	401,440

STATISTICAL SECTION

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STATISTICAL SECTION

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

Contents

Tables

Financial Trends

1-4

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

Revenue Capacity

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

5-7

Debt Capacity

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

8-11

Demographic and Economic Information

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

12-14

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)

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:											
Net investment in capital assets	\$	22,555,845	23,837,500	21,136,556	25,877,739	29,243,561	29,598,688	24,544,049	30,753,086	38,256,352	41,041,245
Restricted		9,473	9,521	3,784,303	9,569	81,535	804,873	9,973,196	6,781,723	6,251,719	8,483,144
Unrestricted		17,887,028	19,618,270	19,482,983	19,635,651	19,327,347	20,899,310	18,275,885	17,068,952	18,026,092	16,042,959
Total governmental activities net position	\$	40,452,346	43,465,291	44,403,842	45,522,959	48,652,443	51,302,871	52,793,130	54,603,761	62,534,163	65,567,348
Business-type activities:											
Net investment in capital assets	\$	9,367,477	9,665,108	8,652,332	10,688,897	11,097,823	12,375,251	12,227,194	12,088,052	12,175,806	11,938,638
Restricted		-	-	-	-	-	-	-	-	-	-
Unrestricted		1,659,140	1,818,827	4,345,944	2,574,400	2,161,608	2,393,447	2,574,430	2,715,432	2,664,461	3,029,652
Total business-type activities net position	\$	11,026,617	11,483,935	12,998,276	13,263,297	13,259,431	14,768,698	14,801,624	14,803,484	14,840,267	14,968,290
Primary government:											
Net investment in capital assets	\$	31,923,322	33,502,608	29,788,888	36,566,636	40,341,384	41,973,939	36,771,242	42,841,138	50,432,158	52,979,883
Restricted		9,473	9,521	3,784,303	9,569	81,535	804,873	9,973,196	6,781,723	6,251,719	8,483,144
Unrestricted		19,546,168	21,437,097	23,828,927	22,210,051	21,488,955	23,292,757	20,850,316	19,784,384	20,690,553	19,072,611
Total primary government net position	\$	51,478,963	54,949,226	57,402,118	58,786,256	61,911,874	66,071,569	67,594,754	69,407,245	77,374,430	80,535,638

Table 2

TOWN OF FALMOUTH, MAINE										
Changes in Net Position										
Last Ten Fiscal Years										
(accrual basis of accounting)										
	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 2,403,635	2,575,331	3,083,472	2,742,510	2,580,559	3,408,826	3,289,549	3,320,569	3,182,216	3,586,007
Financial management	843,644	805,940	923,110	1,015,760	1,080,745	943,712	952,802	1,057,419	1,060,159	978,002
Public safety	2,677,377	2,913,369	3,111,729	3,740,309	3,549,819	3,598,536	3,668,031	3,922,211	3,828,094	4,093,811
Public works	3,729,775	3,992,590	4,924,194	4,352,382	4,505,857	3,929,553	4,219,050	3,298,303	3,270,196	4,236,453
Community development	471,006	435,608	482,270	552,935	579,745	545,659	1,047,470	1,035,617	619,971	578,546
Community programs and parks	1,092,529	1,140,013	1,417,651	1,270,290	1,156,579	1,028,244	1,027,630	1,219,430	948,169	1,080,035
Education	23,158,460	25,686,458	26,510,116	27,096,801	27,137,788	26,776,233	27,994,675	31,919,090	29,224,616	31,460,774
Interest on long-term debt	972,942	898,018	834,510	930,580	852,764	771,046	607,485	1,617,393	1,659,562	1,618,608
Internal service fund	-	-	-	-	-	-	-	-	218,903	203,205
Total governmental activities expenses	35,349,368	38,447,327	41,287,052	41,701,567	41,443,856	41,001,809	42,806,692	47,390,032	44,011,886	47,835,441
Business-type activities:										
Wastewater treatment	1,276,757	1,396,656	1,565,623	1,843,118	1,905,319	1,966,602	1,928,995	1,950,836	1,991,986	1,896,432
Total business-type activities expenses	1,276,757	1,396,656	1,565,623	1,843,118	1,905,319	1,966,602	1,928,995	1,950,836	1,991,986	1,896,432
Total primary government expenses	\$ 36,626,125	39,843,983	42,852,675	43,544,685	43,349,175	42,968,411	44,735,687	49,340,868	46,003,872	49,731,873
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 259,206	289,523	340,121	297,705	298,462	201,119	189,795	219,992	234,962	351,006
Financial management	77,288	69,269	97,412	70,318	81,424	75,832	71,604	39,720	51,160	-
Public safety	282,030	381,021	398,477	390,416	453,270	522,406	669,934	707,946	747,310	720,216
Public works	2,147,212	2,124,962	2,121,815	2,240,649	2,392,881	2,304,273	2,533,358	2,871,751	2,615,975	495,178
Community development	189,929	213,088	228,087	172,891	158,895	132,975	81,513	103,111	-	11,252
Community programs and parks	588,232	635,127	749,874	658,946	617,505	585,783	4,007	3,066	508,819	655,725
Education	563,047	599,351	52,929	50,872	768,100	707,912	184,679	192,766	166,812	234,653
Internal service fund	-	-	-	-	-	-	-	-	238,896	206,343
Operating grants and activities	7,292,364	8,618,977	10,503,859	10,541,882	10,671,464	9,874,139	10,532,867	10,368,451	11,241,851	11,707,971
Capital grants and contributions	68,766	91,742	-	-	-	66,430	526,643	4,468,498	1,270,929	198,649
Total governmental activities program revenues	11,468,074	13,023,060	14,492,574	14,423,679	15,442,001	14,470,869	14,794,399	18,975,301	17,076,714	14,580,993

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Wastewater treatment	\$ 1,337,105	1,479,721	1,644,486	2,008,539	1,901,453	1,892,069	1,893,277	1,932,503	1,932,503	1,692,615
Operating grants and contributions	-	-	-	-	-	-	-	-	-	326,673
Capital grants and contributions	36,611	374,252	1,435,478	99,600	-	1,583,800	68,645	20,193	20,193	-
Total business-type activities program revenues	1,373,716	1,853,973	3,079,964	2,108,139	1,901,453	3,475,869	1,961,922	1,952,696	1,952,696	2,019,288
Total primary government program revenues	\$ 12,841,790	14,877,033	17,572,538	16,531,818	17,343,454	17,946,738	16,756,321	20,927,997	19,029,410	16,600,281
Net (expense)/revenue										
Governmental activities	\$ (23,881,294)	(25,424,267)	(26,794,478)	(27,277,888)	(26,001,855)	(26,530,940)	(28,012,292)	(28,414,731)	(28,414,731)	(33,254,448)
Business-type activities	96,958	457,317	1,514,341	265,021	(3,866)	1,509,267	32,926	1,859	1,859	122,856
Total primary government net expense	\$ (23,784,336)	(24,966,950)	(25,280,137)	(27,012,867)	(26,005,721)	(25,021,673)	(27,979,366)	(28,412,872)	(28,412,872)	(33,131,592)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 24,223,839	24,375,254	23,521,726	24,293,164	25,591,788	25,860,056	26,155,485	27,578,490	27,578,490	32,220,901
Excise taxes	2,341,440	2,387,763	2,382,454	2,399,624	2,293,503	2,317,152	2,364,465	2,384,488	2,384,488	2,911,618
Cable TV franchise fee	143,972	147,246	158,018	167,229	175,727	187,195	148,241	209,381	209,381	210,542
Unrestricted grants and contributions	957,114	991,094	957,750	904,046	821,891	694,461	646,733	674,047	674,047	796,872
Investment earnings	223,236	504,903	664,983	594,743	211,170	56,120	33,885	37,596	37,596	80,141
Miscellaneous	23,934	30,952	48,098	38,199	37,080	66,564	153,743	230,732	230,732	125,013
Total governmental activities	27,913,535	28,437,212	27,733,029	28,397,005	29,131,159	29,181,548	29,502,551	31,114,734	31,114,734	36,345,087
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	5,167
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	5,167
Total primary government	\$ 27,913,535	28,437,212	27,733,029	28,397,005	29,131,159	29,181,548	29,502,551	31,114,734	31,114,734	36,350,254
Change in Net Position										
Governmental activities	4,032,241	3,012,945	938,551	1,119,117	3,129,304	2,650,608	1,490,259	2,700,004	2,700,004	3,090,639
Business-type activities	96,958	457,317	1,514,341	265,021	(3,866)	1,509,267	32,926	1,859	1,859	128,023
Total primary government	\$ 4,129,199	3,470,262	2,452,892	1,384,138	3,125,438	4,159,875	1,523,185	2,701,863	2,701,863	3,218,662

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
2005	\$ 24,224	2,341	26,565
2006	25,343	2,388	27,731
2007	24,607	2,382	26,989
2008	25,406	2,400	27,806
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

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

		Fiscal Year									
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund											
Nonspendable	\$	-	-	-	-	-	-	-	65,254	20,011	310,169
Restricted		5,085	70,203	58,707	65,100	64,073	56,735	592,712	577,865	27,110	969,129
Committed		-	-	-	-	-	-	6,693,591	5,690,995	831,198	-
Assigned		-	-	-	-	-	-	225,108	128,097	87,335	-
Unassigned		-	-	-	-	-	-	11,320,374	11,514,542	13,266,470	12,007,853
Unreserved:											
Designated		6,965,532	7,011,807	7,875,562	7,730,226	7,702,412	8,275,624	-	-	-	-
Undesignated		9,644,631	10,835,557	10,319,158	10,012,721	9,892,643	10,172,493	-	-	-	-
Total general fund	\$	16,615,248	17,917,567	18,253,427	17,808,047	17,659,128	18,504,852	18,831,784	17,976,753	14,232,124	13,287,151
All Other Governmental Funds											
Nonspendable	\$	-	-	-	-	-	-	10,301	18,752	18,752	23,762
Restricted		-	-	-	-	-	-	10,462,258	6,933,139	6,224,010	17,274,179
Committed		-	-	-	-	-	-	-	-	4,844,418	6,815,356
Assigned		-	-	-	-	-	-	568,048	603,322	1,027,392	-
Unassigned		-	-	-	-	-	-	(1,496)	-	(94,834)	(15,653)
Reserved		17,483	17,531	17,560	17,579	19,888	19,898	-	-	-	-
Unreserved, reported in:											
Capital Projects Funds		-	-	3,774,753	-	(1,675,410)	(14,026,231)	-	-	-	-
Special revenue funds		2,422,485	2,740,006	2,323,684	2,804,738	2,782,742	3,698,774	-	-	-	-
Total all other governmental funds	\$	2,439,968	2,757,537	6,115,997	2,822,317	1,127,220	(10,307,559)	11,039,110	7,555,213	12,019,738	24,097,644

Table 4

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes	\$ 27,817,627	27,730,974	26,989,761	27,805,682	29,311,937	29,620,325	30,111,392	31,469,323	33,704,800	35,167,105
Licenses, fees and permits	430,681	456,712	433,534	388,645	407,368	403,230	366,528	412,617	490,400	617,051
Intergovernmental	8,460,791	10,248,966	11,458,090	11,348,643	12,166,850	11,252,927	11,372,188	11,133,290	12,141,113	11,830,853
Charges for services	798,153	446,850	507,521	528,255	552,968	521,217	664,288	732,685	724,432	2,495,788
Fines and forfeitures	24,802	24,687	41,509	44,538	51,634	49,232	73,565	42,193	56,568	50,092
Interest	339,396	787,593	1,053,422	949,462	327,630	135,694	105,260	43,010	60,619	80,141
Miscellaneous	1,383,242	1,353,883	1,451,125	1,233,109	1,257,594	1,376,194	1,675,396	1,788,185	2,192,289	390,554
Total revenues	39,254,692	41,049,665	41,934,962	42,298,334	44,075,981	43,358,819	44,368,618	45,621,303	49,370,221	50,631,584
Expenditures:										
General government	729,860	879,552	849,636	771,415	823,859	1,045,930	1,038,658	1,061,434	1,032,042	1,065,691
Financial management	760,536	722,924	866,153	1,015,760	1,045,976	824,418	870,631	898,317	1,060,159	978,002
Public safety	2,434,460	2,582,759	2,737,127	2,823,757	2,829,745	2,846,123	3,079,808	3,198,606	3,292,596	3,540,346
Public works	1,633,312	1,735,772	1,830,622	2,182,049	1,857,416	1,727,841	1,909,968	1,818,647	2,293,304	2,379,541
Community development	465,136	1,042,116	479,608	546,948	660,259	620,288	610,355	604,505	619,971	578,546
Community programs and parks	965,537	389,486	1,141,772	1,147,242	1,130,563	1,005,737	1,070,767	1,098,737	927,687	1,052,917
Education	22,754,893	24,953,185	25,922,321	26,162,517	28,590,190	38,875,382	27,440,999	28,100,902	28,494,449	29,963,464
Non-departmental	673,692	626,266	712,101	822,931	834,067	865,324	983,639	975,792	736,554	765,011
County tax	1,023,235	971,587	992,860	1,051,052	1,141,698	1,134,475	1,153,336	1,181,421	1,208,849	1,321,522
Reserves	946,407	1,115,041	2,114,974	1,569,469	(1,613,503)	(12,029,076)	20,610,734	2,301,946	-	-
Capital improvements	1,152,047	1,808,637	1,887,067	5,427,253	6,246,849	14,642,338	-	5,827,908	7,689,360	7,990,066
Debt service:										
Principal	1,548,500	1,438,500	1,388,500	1,583,500	1,583,500	1,288,500	1,288,500	1,288,500	3,140,000	3,140,000
Interest	977,308	903,228	837,901	933,502	855,217	870,874	609,000	1,603,518	1,554,806	1,488,006
Total expenditures	36,064,923	39,169,053	41,760,642	46,037,395	45,985,836	54,718,154	60,666,396	49,960,233	52,049,777	54,263,112
Excess (deficiency) of revenues over (under) expenditures	3,189,769	1,880,612	174,320	(3,739,061)	(1,909,855)	(11,359,335)	(16,297,778)	(4,338,930)	(2,679,556)	(3,631,528)
Other financing sources (uses)										
Transfers in	142,377	-	-	21,889	285,000	-	-	-	13,837,646	2,937,837
Transfers out	(142,377)	(374,252)	(380,000)	(21,889)	(285,000)	-	-	-	(13,837,646)	(2,937,837)
Bonds issued	-	-	3,900,000	-	-	-	47,050,000	-	-	14,400,000
Payment to bond refunding agent	-	-	-	-	-	-	(9,315,000)	-	-	-
BAN/ bond premiums	-	-	-	-	65,840	770,280	236,378	-	-	421,316
Sale of general capital assets	-	-	-	-	-	-	-	-	3,332,054	-
Capital leases	118,764	113,528	-	-	-	-	-	-	-	-
Total other financing sources (uses)	118,764	(260,724)	3,520,000	-	65,840	770,280	37,971,378	-	3,332,054	14,821,316
Net change in fund balances	\$ 3,308,533	1,619,888	3,694,320	(3,739,061)	(1,844,015)	(10,589,055)	21,673,600	(4,338,930)	652,498	11,189,788
Debt service as a percentage of noncapital expenditures	7.2%	6.3%	5.6%	6.2%	6.1%	5.4%	3.1%	6.8%	10.8%	9.7%

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
2005	\$ 24,865	611	2,341	27,817
2006	24,798	545	2,388	27,731
2007	24,095	512	2,382	26,989
2008	24,803	604	2,399	27,806
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	29,850
2013	28,502	434	2,650	31,586
2014	32,221	469	2,912	35,602

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 (1)	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Assessed Value as a Percentage of Actual Value
	Commercial Property	Residential Property (1)						
2005	\$ 202,697	1,468,281	39,790	67,487	1,643,281	15.46	1,766,750	93.0%
2006	207,286	1,481,572	35,536	66,104	1,658,290	15.36	1,972,000	84.1%
2007	209,298	1,528,550	36,015	68,048	1,705,815	14.40	2,195,200	77.7%
2008	213,570	1,566,180	41,555	68,532	1,752,773	14.60	2,143,400	81.8%
2009	274,904	1,959,084	39,608	77,897	2,195,699 (1)	12.35 (1)	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	2,240,376	12.35	2,071,900	108.1%
2012	334,324	1,953,295	33,580	77,448	2,261,304	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	81,886	2,287,139	14.12	2,091,550	109.4%

SOURCE: Falmouth Assessor's office.

(1) Reflects property revaluations to approximately 100% of market value in 2009.

(2) 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 Nine Fiscal Years

Fiscal Year	Direct			Total Tax Rate
	Town Rate	Education Rate	County Rate (a)	
2006	3.53	11.22	0.61	15.36
2007	3.18	10.62	0.61	14.41
2008	2.53	8.79	0.51	11.83
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

(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>	2014			2005		
	<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	\$ 40,101	1	1.76%	\$ 20,048	1	1.22%
Falmouth Realty Associates	23,188	2	1.01%	15,310	3	0.93%
ARC	21,082	3	0.92%	-	-	-
Princeton Falmouth LLC	16,016	4	0.70%	-	-	-
Central Maine Power Co.	13,461	5	0.59%	-	-	-
Falmouth Plaza LLC	11,846	6	0.52%	9,346	7	0.57%
Portland Country Club	11,018	7	0.52%	8,792	8	0.54%
Falmouth Ventures LLC	8,540	8	0.40%	-	-	-
The Woodlands Club	8,540	9	0.38%	-	-	-
Marr Associates, LLP	8,540	10	0.37%	-	-	-
Hannaford Bros. Inc.	-	-	-	8,601	9	0.52%
West Falmouth Development LLC	-	-	-	18,306	2	1.11%
John S. Marr	-	-	-	12,676	4	0.77%
Foreside Housing Agency	-	-	-	11,460	5	0.70%
Banknorth Group Inc.	-	-	-	11,194	6	0.68%
Falmouth Ventures LLC	-	-	-	7,383	10	0.45%
Totals	\$ 170,173		7.52%	\$ 123,116		7.49%

SOURCE: Falmouth tax office

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
2005	\$	25,257	24,884	98.5%	373	25,257	100.0%
2006		25,208	24,726	98.1%	482	25,208	100.0%
2007		24,347	23,883	98.1%	462	24,345	100.0%
2008		25,298	24,739	97.8%	555	25,294	100.0%
2009		27,078	26,454	97.7%	620	27,074	100.0%
2010		27,369	26,699	97.6%	665	27,364	100.0%
2011		27,618	26,969	97.7%	640	27,609	100.0%
2012		29,218	28,330	97.0%	851	29,181	99.9%
2013		30,706	29,509	96.1%	976	30,485	99.3%
2014		32,294	31,382	97.2%	-	31,382	97.2%

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	General Obligation Bonds	Wastewater Revenue Bonds			
2005	\$ 18,925	\$ -	\$ 119	\$ -	\$ -	\$ 19,044	4.9%	1,803
2006	17,486	-	180	-	-	17,666	4.6%	1,673
2007	19,998	-	127	-	6,480	26,605	6.8%	2,520
2008	18,414	-	76	-	6,156	24,646	6.2%	2,314
2009	16,831	8,000	23	-	5,832	30,686	7.7%	2,852
2010	15,542	28,175	-	-	5,508	49,225	12.0%	4,548
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	-	-	-	4,536	52,096	9.8%	4,658
2014	58,820	-	-	-	4,212	63,032	11.3%	5,635

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
2005	\$ 18,925	1.07%	1,792
2006	17,486	0.89%	1,656
2007	19,998	0.91%	1,894
2008	18,414	0.86%	1,729
2009	16,831	0.78%	1,564
2010	15,542	0.73%	1,436
2011	51,989	2.51%	4,648
2012	50,700	2.42%	4,533
2013	47,560	2.27%	4,252
2014	58,820	2.81%	5,259

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
As of June 30, 2014
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt:			
Cumberland County	\$ 38,325	5.42%	2,077
Portland Water District	42,515	8.24%	3,503
Subtotal, overlapping debt	80,840		5,580
 Town of Falmouth direct debt	 58,820	 100.00%	 58,820
 Total direct and overlapping debt	 \$ 139,660		 64,400

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, 2014, the Town's State valuation for comparison to the County of \$2,091,550,000 was 5.42% of the County's State valuation of \$38,619,800,000. The Town's share is 5.42% or \$2,075,584 of Cumberland County's \$38,325,000 long-term debt outstanding as of June 30, 2014.

The Town is also served by the Portland Water District. At June 30, 2014, the Town's share of self-supporting bonded water debt is 8.24% or \$3,502,504 of the total debt of \$42,514,891.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed value per State	\$ 1,556,900	1,766,750	1,972,000	2,195,200	2,143,400	2,171,450	2,131,400	2,071,900	2,097,800	2,091,550
Total debt limit - all purposes - 15% of assessed value	265,013	295,800	329,280	321,510	325,718	319,710	310,785	314,670	314,670	313,733
Less outstanding debt applicable to debt limit	18,925	17,486	26,478	24,570	22,663	21,050	57,173	55,560	52,096	63,032
Legal debt margin	246,088	278,314	302,802	296,940	303,055	298,660	253,612	259,110	262,574	250,701
Total outstanding debt applicable to the limit as a percentage of debt limit	7.14%	5.91%	8.04%	7.64%	6.96%	6.58%	18.40%	17.66%	16.56%	20.09%
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	\$ 132,506	147,900	164,640	160,755	162,859	159,855	155,393	157,335	157,335	156,866
Less outstanding debt applicable to debt limit	1,320	981	4,400	3,950	3,500	3,300	3,100	2,900	2,700	11,900
Debt margin for municipal purposes	131,186	146,919	160,240	156,805	159,359	156,555	152,293	154,435	154,635	144,966
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	1.00%	0.66%	2.67%	2.46%	2.15%	2.06%	1.99%	1.84%	1.72%	7.59%
School purposes - 10%										
Debt limit	176,675	197,200	219,520	214,340	217,145	213,140	207,190	209,780	209,780	209,155
Less outstanding debt applicable to debt limit	17,605	16,505	15,405	14,310	13,215	12,165	48,850	47,800	44,860	46,920
Debt margin for school purposes	159,070	180,695	204,115	200,030	203,930	200,975	158,340	161,980	164,920	162,235
Outstanding debt applicable to the limit as a percentage of debt limit for school purposes	9.96%	8.37%	7.02%	6.68%	6.09%	5.71%	23.58%	22.79%	21.38%	22.43%
Storm and sanitary sewer purposes - 7.5%										
Debt limit	132,506	147,900	164,640	160,755	162,859	159,855	155,393	157,335	157,335	156,866
Less outstanding debt applicable to debt limit	-	-	6,673	6,310	5,948	5,585	5,223	4,860	4,536	4,212
Debt margin for sewer purposes	132,506	147,900	157,967	154,445	156,911	154,270	150,170	152,475	152,799	152,654
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	0.00%	0.00%	4.05%	3.93%	3.65%	3.49%	3.36%	3.09%	2.88%	2.69%
Maximum total debt limit - 15%	265,013	295,800	329,280	321,510	325,718	319,710	319,710	310,785	314,670	313,733

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)
2005	10,561	\$	387,758	36,716	40.7	13.4	2,148	3.6%
2006	10,556		387,574	36,716	40.7	13.4	2,153	3.5%
2007	10,653		391,136	36,716	40.7	13.4	2,145	3.5%
2008	10,761		395,101	36,716	40.7	13.4	2,153	4.0%
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	47,692	45.3	13.4	2,150	4.9%
2013	11,185		533,435	47,692	45.3	13.4	2,140	4.7%
2014	11,185		555,612	47,692	46.8	13.4	2,126	4.4%

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.

Table 13

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

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Estimated Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Estimated Percentage of Total Town Employment</u>
TD Banknorth	444	1	9.02%	-	-	-
Town of Falmouth	424	2	8.11%	380	1	11.13%
Tyler Technologies	375	3	3.81%	105	4	3.08%
Hannaford Bros.	200	4	4.06%	-	-	-
Sedgewood Commons	150	5	3.05%	130	2	3.81%
Shaw's Supermarket	150	5	3.05%	125	3	3.66%
Falmouth-by-the-Sea	118	7	2.40%	80	6	2.34%
Skillin's Greenhouses	107	8	2.17%	37	9	1.08%
The Woodlands Club	102	9	2.07%	-	-	-
Ocean View Assisted Living	77	10	1.56%	-	-	-
Governor Baxter School for the Deaf	-	-	-	86	5	2.52%
Northern Data Systems, Inc.	-	-	-	50	8	1.46%
Peerless Insurance Co.	-	-	-	55	7	1.61%
Gemini Systems Inc.	-	-	-	23	10	0.67%
Totals	1,935		43.92%	1,071		31.36%

SOURCE: Estimated based on closest approximate year with information

Table 14

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

	2008	2009	2010	2011	2012	2013	2014
General Government	24	23	23	23	23	23	22
Public Safety							
Police:							
Officers (including harbormaster)	16	16	16	17	18	18	18
Civilians	6	6	8	8	8	8	8
Fire/EMS Protection:							
Officers	2	2	2	2	1	1	2
Administrative	1	1	1	1	1	1	1
Public Works							
Public Works	11	11	10	11	12	14	12
Solid Waste	2	2	2	2	1	1	2
Vehicle maintenance	4	4	3	3	3	3	3
Community Programs and Parks							
Community Programs	4	4	4	4	5	5	4
Parks	3	3	2	2	2	2	2
Education:							
Instructional	181	182	178	183	181	181	202
Other	177	172	152	142	137	139	141
Wastewater Treatment	7	7	7	7	7	7	7
Total	414	406	408	405	399	403	424

Source: Town payroll office, School Department; * records not compiled in this format before 2008

(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 Seven Fiscal Years *

Date of incorporation							1718
Form of government							Council/Manager
Area in square miles							32
	2008	2009	2010	2011	2012	2013	2014
General government:							
Number of motor vehicle registrations	11,047	11,124	11,342	11,273	11,933	12,802	13,119
Number of building permits issued	216	194	235	223	227	232	254
Number of real estate parcels	5,185	5,204	5,228	5,238	5,251	5,259	5,287
Public safety:							
Police:							
Number of stations	1	1	1	1	1	1	1
Number of patrol units	9	9	9	9	9	11	11
Number of requests for service (1)	16,141	16,245	24,630	22,823	21,959	18,383	21,782
Number of law violations:							
Physical arrests	261	184	114	101	108	130	154
Traffic violations	3,938	3,989	3,984	4,422	4,008	3,588	3,921
Parking violations	264	240	286	131	93	472	257
Number of street lights	614	614	614	612	612	610	614
Number of harbor moorings	1,264	1,221	1,114	1,114	1,109	1,104	1,081
Fire/EMS Protection:							
Number of stations	4	4	4	3	3	3	2
Number of fire apparatus	10	12	12	10	10	9	9
Number of Fire Dept. requests for service	667	551	576	539	615	582	555
Number of ambulances	2	2	2	3	3	3	3
Number of EMS requests for service	940	907	941	1,039	1,022	967	1,072
Public works:							
Miles of streets	75	75	75	76	76	76	77
Traffic signals	13	13	13	13	12	12	12
Number of vehicles and rolling equipment	50	54	54	56	56	42	42
Community Programs & Parks:							
Number of recreational and adult education programs	421	450	460	456	514	470	521
Number of program participants	7,366	7,318	7,618	6,800	6,800	7,800	8,065
Parks and open space areas	50	50	50	50	50	50	50
Park acreage	119	119	119	119	119	119	119
Skating rinks	2	2	2	2	2	2	1
Tennis courts	9	9	9	9	9	9	9
Education:							
Number of elementary schools	3	3	3	3	2	2	2
Number of elementary school students	1,490	1,456	1,431	1,405	1,423	1,405	1,416
Number of secondary schools	1	1	1	1	1	1	2
Number of secondary school students	663	675	702	694	727	735	710
Number of school buses, vans and rolling equipment	36	39	42	42	42	42	40
Wastewater Treatment:							
Miles of sanitary sewers	55	55	55	55	55	56	56
Number of treatment plants	1	1	1	1	1	1	1
Number of maintenance vehicles	6	6	6	6	4	4	4
Number of service connections	2,162	2,174	2,174	2,249	2,273	2,300	2,335
Daily average treatment in gallons	1,027,000	1,027,000	1,027,000	952,000	971,000	907,000	889,000
Maximum daily licensed capacity in gallons	1,500,000	1,500,000	1,500,000	1,560,000	1,560,000	1,560,000	1,560,000

Sources: Falmouth Annual Town Report, Town department records;

* (records not compiled in this format before 2008)

(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.

SINGLE AUDIT SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Town Council
Town of Falmouth, Maine

We have audited, in accordance with the 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, the 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, 2014, and the related notes to the financial statements, which collectively comprise the Town of Falmouth, Maine's basic financial statements and have issued our report thereon dated January 15, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Falmouth, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Falmouth, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Falmouth, Maine's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Falmouth, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



January 15, 2015
South Portland, Maine

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Town Council
Town of Falmouth, Maine

Report on Compliance for Each Major Federal Program

We have audited the Town of Falmouth, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Falmouth, Maine's major federal programs for the year ended June 30, 2014. The Town of Falmouth, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Falmouth, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Falmouth, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Town of Falmouth, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Falmouth, Maine, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED

Report on Internal Control Over Compliance

Management of the Town of Falmouth, Maine, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Falmouth, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Falmouth, Maine's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the 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, 2014, and the related notes to the financial statements, which collectively comprise the Town of Falmouth, Maine's basic financial statements. We issued our report thereon dated January 15, 2015, which contained unmodified opinions on those financial statements.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink, reading "Remya Kristen Ouellette". The signature is written in a cursive, flowing style.

January 15, 2015
South Portland, Maine

TOWN OF FALMOUTH, MAINE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass- through number	Program or award amount	Balance at June 30, 2013	Federal revenue recognized	Other revenue	Federal expenditures recognized	Other expenditures	Balance at June 30, 2014
U. S. Department of Education, Passed through Maine Department of Education:									
Title IA - Disadvantaged	84.010	3107	\$ 40,417	-	40,417	-	40,467	-	(50)
Special Education - Grants to States	84.027	3046	367,970	(9)	353,659	-	361,892	-	(8,242)
IDEA - Preschool	84.173	6241	3,802	-	3,802	-	3,802	-	-
Title IIA	84.367	3042	21,788	-	20,820	-	20,820	-	-
Total U. S. Department of Education				(9)	418,698	-	426,981	-	(8,292)
U. S. Department of Agriculture, Passed through Maine Department of Education:									
National School Lunch Program	10.555	013-7128-05	N/A	90,686	64,040	617,557	64,040	603,159	105,084
Breakfast Program	10.553	013-6134-05	N/A	-	4,802	-	4,802	-	-
Food Donation Program	10.555	013-6134-05	N/A	-	24,735	-	24,735	-	-
Passed through Maine Department of Conservation:									
Project Canopy	10.675	N/A	3,000	-	3,000	-	3,000	-	-
Total U. S. Department of Agriculture				90,686	96,577	617,557	96,577	603,159	105,084
U.S. Department of Commerce, Passed through Maine Department of Agriculture, Conservation, and Forestry:									
Coastal Zone Management Administration Awards	11.419	N/A	50,000	32,510	-	-	32,510	-	-
Total U. S. Department of Commerce				32,510	-	-	32,510	-	-
U.S. Department of Justice, Direct program:									
Bullet Proof Vest Program	16.607	N/A	7,529	-	7,529	10,787	7,529	10,787	-
Total U. S. Department of Justice				-	7,529	10,787	7,529	10,787	-
U.S. Department of Environmental Protection Agency, Passed through University of Maine System, passed through University of Southern Maine, passed through Casco Bay Estuary Partnership:									
Invasives	66.456	CE 96141301	1,209	-	1,144	-	1,144	-	-
Total U. S. Department of Environmental Protection Agency				-	1,144	-	1,144	-	-
U.S. Department of Transportation, Federal Highway Administration, Passed through Maine Department of Public Safety:									
2014 "Drive Sober or Get Pulled Over" (OUI)	20.600	N/A	5,000	-	2,376	-	2,376	-	-
2014 Speed Enforcement Program	20.600	N/A	10,000	-	458	-	458	-	-
2014 Seatbelt (R.I.D.E.)	20.600	N/A	963	-	963	-	963	-	-
Passed through Maine Department of Agriculture, Conservation, and Forestry:									
Recreation Trails Project	20.219	N/A	22,700	-	15,780	-	15,780	-	-
Total U. S. Department of Transportation				-	19,577	-	19,577	-	-
Total federal awards				\$ 123,187	543,525	628,344	584,318	613,946	96,792

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF FALMOUTH, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2014

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-profit Organizations, requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the Town of Falmouth, Maine for the fiscal year ended June 30, 2014. The reporting entity is defined in Notes to Basic Financial Statements of the Town of Falmouth, Maine.
- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133.
 - 1. Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
 - 2. Major Programs - OMB Circular A-133 establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the Town of Falmouth, Maine are identified in the summary of auditor's results in the schedule of findings and questioned costs.
- C. Basis of Accounting - The information presented in the Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the Town's fund financial statements.

TOWN OF FALMOUTH, MAINE
Schedule of Findings and Questioned Costs
June 30, 2014

Section I - Summary of Auditor's Results

Basic financial statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	no
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027; 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

TOWN OF FALMOUTH, MAINE
Schedule of Findings and Questioned Costs, Continued

Section II - Findings Required to be Reported Under *Government Auditing Standards*

NONE

TOWN OF FALMOUTH, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards

NONE

TOWN OF FALMOUTH, MAINE
Schedule of Findings and Questioned Costs, Continued

Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards

NONE

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Personal Property Taxes (Con't)

2005-2006 Taxes Receivable			2009-2010 Taxes Receivable		
HASKELL JAMES L	SUNSET RD	317.47	CURVES FOR WOMEN	240 US ROUTE 1	59.28
TINSMAN JENNIFER	LONGWOODS RD	812.45	CLEARWATER PSYCHOTHERAPY	98 CLEARWATER DR	33.35
TINSMAN DOUGLAS A &	LONGWOODS RD	448.38	CITY DANCE	196 US ROUTE 1	61.75
			AMY'S DOG GROOMING	361 GRAY RD	25.94
<u>2006-2007 Taxes Receivable</u>			SPORTS TURF INTERNATIONAL	7 TRILLIUM LN	14.82
HASKELL JAMES L	SUNSET RD	323.00	CAMPBELL CLINICAL SERVICES	170 US ROUTE 1	24.70
TINSMAN JENNIFER	LONGWOODS RD	828.21	PEERLESS FRANCHISES LLC	5 FUNDY RD	44.46
TINSMAN DOUGLAS A &	LONGWOODS RD	793.69	LAKEWOOD CAPITAL INC	234 MIDDLE RD	61.75
TYZZER RICHARD E	1 FALLS RD	467.09	THINK WEB TECHNOLOGY	177 GRAY RD	22.23
			WALTON GROUP	367 US ROUTE 1	123.50
<u>2007-2008 Taxes Receivable</u>			RTM MARKETING GROUP	5 FUNDY RD	41.99
HASKELL JAMES L	SUNSET RD	355.90	HEALTH CARE SOLUTIONS TEAM	170 US ROUTE 1	44.46
TINSMAN JENNIFER	LONGWOODS RD	899.15	FALMOUTH COUNTRY CLUB	1 CONGRESSIONAL DR	3,458.00
TINSMAN DOUGLAS A &	LONGWOODS RD	870.15	L'ESTHETIQUE SKIN CARE CLINIC	4 KELLEY RD	54.34
TYZZER RICHARD E	1 FALLS RD	2,826.88	FORESIDE APPRAISAL CO.	410 MIDDLE RD	29.64
			GALEYRIE CUSTOM FRAMING	190 US ROUTE 1	83.98
<u>2008-2009 Taxes Receivable</u>			BOOKS ETC	240 US ROUTE 1	407.55
HASKELL JAMES L	SUNSET RD	349.31	<u>2010-2011 Taxes Receivable</u>		
TINSMAN JENNIFER	LONGWOODS RD	880.84	WALTON GROUP	367 US ROUTE 1	135.66
TINSMAN DOUGLAS A &	LONGWOODS RD	852.45	CLASSIC WINDOW SYSTEMS	60 GRAY RD	32.30
VASAPOLLI KATHERINE L &	ROUTE 302	172.57	GOODMAN MADELINE	27 PLEASANT HILL RD	19.38
TYZZER RICHARD E	1 FALLS RD	2,766.99	KAREN CAXTON-SMITH PHOTOGRAPHY LLC	5 WILLIAM WY	25.84
			JENNZ PETZ GROOMING	333 GRAY RD	45.22
<u>2009-2010 Taxes Receivable</u>			HONECK JANE CPA	100 GRAY RD	15.50
HASKELL JAMES L	SUNSET RD	347.90	THE PURPLE TURTLE GIFTS & JEWELRY	100 GRAY RD	25.84
TINSMAN JENNIFER	LONGWOODS RD	876.92	FALMOUTH COUNTRY CLUB	1 CONGRESSIONAL DR	2,763.59
TINSMAN DOUGLAS A &	LONGWOODS RD	848.66	FALMOUTH FLOWERS	251 US ROUTE 1	51.68
T&N VERMOEGENSVERWALTUNGS GMBH	221 FALMOUTH RD	3,807.37	CAPALL CREEK FARM	21 SHAW RD	320.42
VASAPOLLI KATHERINE L &	ROUTE 302	171.99	HUGS ITALIAN RESTAURANT	204 US ROUTE 1	52.66
TYZZER RICHARD E	1 FALLS RD	2,754.16	L'ESTHETIQUE SKIN CARE CLINIC	4 KELLEY RD	56.85
WALSH EDWARD F &	SURREY LN	30.85	GALEYRIE CUSTOM FRAMING	190 US ROUTE 1	87.86
			AXEL BERG INC	378 MIDDLE RD	40.05
<u>2010-2011 Taxes Receivable</u>			PRIDE FINANCIAL SERVICES	367 US ROUTE 1	58.14
HASKELL JAMES L	SUNSET RD	362.61	ELM ICE & OIL COMPANY	56 GRAY RD	62.02
HASKELL JAMES L	41 SUNSET RD	3,072.45	THE BOATHOUSE	215 FORESIDE RD	31.01
CLOUTIER CONSTRUCTION	LONGWOODS RD	970.34	<u>2011-2012 Taxes Receivable</u>		
TINSMAN JENNIFER	LONGWOODS RD	917.79	BAKER CONNECTIONS	173 FALMOUTH RD	26.86
TINSMAN DOUGLAS A &	LONGWOODS RD	888.14	MACMILLAN & DONNELLY INC	361 US ROUTE 1	255.17
T&N VERMOEGENSVERWALTUNGS GMBH	221 FALMOUTH RD	6,619.08	LOTUS CHINESE RESTAURANT	251 US ROUTE 1	365.30
GRONDIN GERARD R	LAURENCE WY	1,247.93	PET QUARTERS	240 US ROUTE 1	154.45
MCDERMOTT ARTHUR P REVOC TR	UPLAND RD	115.58	EASTERN SHORE HOME IMPROVEMENTS	116 GRAY RD	47.01
VASAPOLLI KATHERINE L &	ROUTE 302	178.02	CURVES	251 US ROUTE 1	81.92
NORTHERN N E TEL OPERATIONS LLC	4 DEPOT RD	5,491.46	FORESIDE REALTY	202 US ROUTE 1	56.41
SAVIDGE G PAUL	249 FORESIDE RD	5,079.08	TOUR BUSTERS	251 US ROUTE 1	38.95
TYZZER RICHARD E	1 FALLS RD	2,887.84	ELIZABETH MOSS GALLERY	251 US ROUTE 1	183.99
NORTHLAND REALTY MANGMNT LLC &	BLACKSTRAP RD	76.95	KING REAL ESTATE	46 DEPOT RD	71.18
PROCTOR AMANDA	US ROUTE 1	1,850.26	MAPEL INC	37 DEPOT RD	192.05
WALSH EDWARD F &	SURREY LN	171.27	CITY DANCE	196 US ROUTE 1	80.58
			PARAGON SALON	202 US ROUTE 1	76.13
<u>2011-2012 Taxes Receivable</u>			REDCO GROUP	60 GRAY RD	214.47
HASKELL JAMES L	SUNSET RD	374.90	FARR HORIZONS HEALTH CTR	234 MIDDLE RD	98.04
HASKELL JAMES L	41 SUNSET RD	3,191.18	CLASSIC WINDOW SYSTEMS	60 GRAY RD	44.32
CLOUTIER CONSTRUCTION	LONGWOODS RD	1,006.50	GOODMAN MADELINE	27 PLEASANT HILL RD	21.49
TINSMAN JENNIFER	LONGWOODS RD	951.88	JENNZ PETZ GROOMING	333 GRAY RD	41.63
TINSMAN DOUGLAS A &	LONGWOODS RD	921.07	HIGGINS SHAWN MARIE DO	100 GRAY RD	16.12
T&N VERMOEGENSVERWALTUNGS GMBH	221 FALMOUTH RD	6,755.28	THE FITNESS STUDIO	251 US ROUTE 1	7.73
CARVELL LINDA	10 MABEL WY	5,057.96	ROYAL RIVER YOGA LLC	5 FUNDY RD	13.43
GRONDIN GERARD R	LAURENCE WY	1,294.99	NATIONWIDE	183 US ROUTE 1	94.01
VASAPOLLI KATHERINE L &	ROUTE 302	183.04	THE MAINE REAL ESTATE NETWORK	183 US ROUTE 1	167.88
SAVIDGE G PAUL	249 FORESIDE RD	5,840.81	FORESIDE INSURANCE GROUP	183 US ROUTE 1	141.02
KETCHUM RICHARD III	241 FORESIDE RD	1,528.86	JONES BUILDING AND DEVELOPMENT LLC	183 US ROUTE 1	134.30
TYZZER RICHARD E	1 FALLS RD	2,999.32	TRIMMINGS HAIRCUTS FOR KIDS	240 US ROUTE 1	272.63
PUSHOR ROGER C	15 GRIST MILL DR	4,283.52	ZEUS'S CLOSET	240 US ROUTE 1	100.73
NORTHLAND REALTY MANGMNT LLC &	BLACKSTRAP RD	78.01	CORELOX	325 US ROUTE 1	263.23
PROCTOR AMANDA	US ROUTE 1	1,920.98	FALMOUTH COUNTRY CLUB	1 CONGRESSIONAL DR	2,852.53
WALSH EDWARD F &	SURREY LN	176.04	CAPALL CREEK FARM	21 SHAW RD	339.78
			HUGS ITALIAN RESTAURANT	204 US ROUTE 1	396.19
<u>2012-2013 Taxes Receivable</u>			L'ESTHETIQUE SKIN CARE CLINIC	4 KELLEY RD	59.09
MCDERMOTT PAUL P	52 MCDERMOTT WY	3,882.53	GALEYRIE CUSTOM FRAMING	190 US ROUTE 1	99.38
HASKELL JAMES L	SUNSET RD	391.94	HORACE MANN INSURANCE	423 FALMOUTH RD	40.29
HASKELL JAMES L	41 SUNSET RD	3,355.91	INFRA-RED APPLICATIONS INC	27 GRAY RD	91.32
BRADGTON ROSEMARIE &	301 PRIDE FARM RD	4,182.28	ELM ICE & OIL COMPANY	56 GRAY RD	71.18
HUTCHSON COLLEEN A &	68 LONGWOODS RD	39.23	FALMOUTH SEA GRILL	215 FORESIDE RD	94.27
AURITT GARY &	27 TWIN MEADOWS LN	13,160.13	THE BOATHOUSE	215 FORESIDE RD	38.95
MITSCHELE ELIZABETH J &	240 WOODVILLE RD	10,293.44	<u>2012-2013 Taxes Receivable</u>		
FORD CAROL M	164 WOODVILLE RD	1,898.50	BAKER CONNECTIONS	173 FALMOUTH RD	28.24
JOSEPHS ELLEN L &	14 PARKER WY	7,801.12	LOTUS CHINESE RESTAURANT	251 US ROUTE 1	396.77
VAIL CYNTHIA S	1 PADDINGTON PL	1,837.82	ENERJOY HEALTH/FITNESS PROGRAMS INC	6 RIDGE LN	2.02
CLOUTIER CONSTRUCTION	LONGWOODS RD	1,056.66	PET QUARTERS	240 US ROUTE 1	169.44
TINSMAN JENNIFER	LONGWOODS RD	999.17	EASTERN SHORE HOME IMPROVEMENTS	116 GRAY RD	56.48
TINSMAN DOUGLAS A &	LONGWOODS RD	966.74	CURVES	251 US ROUTE 1	86.13
HOAG BONNIE L &	191 FALMOUTH RD	2,065.02	LITTLE HANDS DAY CARE AND LEARNING	72 GRAY RD	40.34
HOAG BONNIE L &	179 FALMOUTH RD	6,398.17			
FL VENTURES LLC	LEDGEWOOD DR	1,656.05			
T&N VERMOEGENSVERWALTUNGS GMBH	221 FALMOUTH RD	7,106.93			

SHELLEY WILLIAM B	FALMOUTH RD	2,489.27	ADT LLC	0 VARIOUS	200.50
BURGESS JAMES L	333 GRAY RD	3,721.43	TOUR BUSTERS	251 US ROUTE 1	45.18
CARVELL LINDA	10 MABEL WY	5,320.58	ELIZABETH MOSS GALLERIES	251 US ROUTE 1	179.32
GRONDIN BETSY L &	12 LAURENCE WY	2,478.11	VERRILL INVESTMENT GROUP LLC	270 US ROUTE 1	413.09
GRONDIN GERARD R	LAURENCE WY	1,360.28	KING REAL ESTATE	46 DEPOT RD	88.96
FOX CHAD MICHAEL &	28 STARLIGHT WY	5,549.03	NEXTEL COMMUNICATION OF MID-ATLANTI	12 VICTORIA LN	525.26
VASAPOLLI KATHERINE L &	ROUTE 302	190.01	MAPEL INC	37 DEPOT RD	182.15
KURLANSKI ANNE E &	17 PAYSON RD	121.30	FERRANTE ANDREA N	100 GRAY RD	27.09
BRYAN FELDMAN FELICE	34 ANDREWS AVE	5,719.93	CITY DANCE	196 US ROUTE 1	93.19
74 FORESIDE LLC	74 FORESIDE RD	5,270.54	PARAGON SALON	202 US ROUTE 1	100.25
COPE THELMA J	RICKER RD	561.43	LITTLE HANDS DAY CARE/AFTER SCHOOL	46 LEIGHTON RD	296.52
325 US ROUTE 1 LLC	325 US ROUTE 1	4,897.19	MADDEN'S	65 GRAY RD	426.19
SAVIDGE G PAUL	249 FORESIDE RD	6,144.48	REDCO GROUP	60 GRAY RD	232.98
KETCHUM RICHARD III	241 FORESIDE RD	11,491.70	STAFFORD ADVISORS	301 FORESIDE RD	6.92
BRUNETTE DOROTHY A	14 CARMICHAEL AVE	8.11	SUSAN ROSS DESIGNS	13 FORESIDE RD	25.42
KOERICK MARIE A &	18 GLEN RD	4,666.17	AUBE'S PLUMBING & HEATING	19 AUBE WOODS WY	56.48
HOIDAL DAVID	56 JOHNSON RD	5,000.00	FARR HORIZONS HEALTH CTR	234 MIDDLE RD	163.79
FOLEY SUZANNE T	21 MITCHELLWOOD DR	7,404.64	SAIGON NAILS	65 GRAY RD	53.71
BUXTON ELIZABETH	241 MIDDLE RD	2,701.50	CLASSIC WINDOW SYSTEMS	60 GRAY RD	49.42
LUNT VIRGINIA A &	16 LUNT RD	3,789.22	GRASSO TERRI DECOSTER	3 FUNDY RD	3.11
TYZZER RICHARD E	1 FALLS RD	3,153.99	AMERIPRISE FINANCIAL	202 US ROUTE 1	88.96
BURGESS JAMES	29 PLEASANT HILL RD	97.89	SUMMIT ADJUSTMENT SERVICE INC	47 GRAY RD	33.89
ENGLISH TOBIAS	69 MIDDLE RD	2,549.21	JENNZ PETZ GROOMING	333 GRAY RD	38.12
PUSHOR ROGER C	15 GRIST MILL DR	4,505.53	THE FITNESS & PERFORMANCE STUDIO	251 US ROUTE 1	201.92
FOSETT MADLYN PORTER &	350 FALMOUTH RD	4,266.76	FORESIDE CONSIGNMENT GALLERY	211 US ROUTE 1	42.36
WEDDLETON LAWRENCE A	185 GRAY RD	1,263.88	HUGHES RHONDA LCSW	3 FUNDY RD - STE 2A	7.38
EASTERN SHORE PROPERTIES LLC	116 GRAY RD	3,867.34	SARGENT NANCY	251 US ROUTE 1	10.78
MAZEROLLE ALLEN P	59 LEIGHTON RD	160.91	POETICGOLD FARM	7 TRILLIUM LN	8.31
MITCHELL SALLY A	96 LEIGHTON RD	3,969.04	NATIONWIDE INSURANCE	183 US ROUTE 1	112.96
BRASIER THOMAS	82 BLACKSTRAP RD	3,005.32	THE MAINE REAL ESTATE NETWORK	183 US ROUTE 1	190.62
NORTHLAND REALTY MANGMINT LLC &	BLACKSTRAP RD	79.48	FORESIDE INSURANCE GROUP	183 US ROUTE 1	162.38
SAINTS FALMOUTH LLC	342 US ROUTE 1	9,441.54	FIT 212	183 US ROUTE 1	203.33
PROCTOR AMANDA	US ROUTE 1	533.43	FALMOUTH ANTIQUES & FURNITURE	183 US ROUTE 1	73.42
HARRIS JASON R	1 WINN FARM LN	3,795.09	TRIMMINGS HAIRCUTS FOR KIDS	240 US ROUTE 1	282.40
GOLF TRADITIONS INC	1 CONGRESSIONAL DR	41,162.30	ZEUS'S CLOSET	240 US ROUTE 1	110.14
WALSH EDWARD F &	SURREY LN	182.65	FIREHOUSE PROPERTY MAINTENANCE INC	177 GRAY RD	70.60
			GORDY'S CUSTOM PAINT & SIGNS	361 GRAY RD	14.12
			LINDA KATE LOBSTER CO-OP	1 SHADY LN	70.60
			BUENO LOCO RESTAURANTE	240 US ROUTE 1	734.24
			HEALING SOULUTIONZ	5 FUNDY RD	14.12
			APEX RENTALS LLC	317 FORESIDE RD	70.60
			FALMOUTH COUNTRY CLUB	1 CONGRESSIONAL DR	2,606.55
			TREND SETTERS	367 US ROUTE 1	118.61
			CAPALL CREEK FARM	21 SHAW RD	364.30
			HUGS ITALIAN RESTAURANT	204 US ROUTE 1	371.36
			NOURIA ENERGY	251 US ROUTE 1	29.13
			FORECASTER	5 FUNDY RD	12.05
			ACAPELLO SALONS INC	215 US ROUTE 1	47.32
			KNOCK GLEN C DDS PA	202 US ROUTE 1	11.07
			KENISTON ENTERPRISES	190 GRAY RD	35.30
			GALEYRIE CUSTOM FRAMING	190 US ROUTE 1	112.96
			HORACE MANN INSURANCE	423 FALMOUTH RD	40.95
			INFRA-RED APPLICATIONS INC	27 GRAY RD	94.60
			ELM ICE & OIL COMPANY	56 GRAY RD	74.84
			FOX PROPERTY MAINTENANCE	28 STARLIGHT WY	0.09
			AT&T MOBILITY LLC	VARIOUS LOCATIONS	401.01
Personal Property Taxes					
<u>2004-2005 Taxes Receivable</u>					
FORESIDE APPRAISAL CO.	410 MIDDLE RD	83.18			
<u>2005-2006 Taxes Receivable</u>					
COUTURE JANICE	4 KELLEY RD	63.36			
FORESIDE APPRAISAL CO.	410 MIDDLE RD	28.80			
BARROWS SALLY	240 US ROUTE 1	100.80			
<u>2006-2007 Taxes Receivable</u>					
MOODY, JOHN	240 US ROUTE 1	\$169.36			
COUTURE JANICE	4 KELLEY RD	\$78.84			
FORESIDE APPRAISAL CO.	410 MIDDLE RD	\$26.28			
BARROWS SALLY	240 US ROUTE 1	\$97.82			
L W GRUBB EXCAVATING	94 LEDGEWOOD DR	\$233.60			
FOX SCOTT & SHIRLEY	215 FORESIDE RD	\$27.74			
<u>2007-2008 Taxes Receivable</u>					
CURVES FOR WOMEN	240 US ROUTE 1	133.38			
THE TURF DOCTOR LLC	46 GRAY RD	79.04			
REAL ESTATE EXCHANGE	317 FORESIDE RD	61.75			
CITY DANCE	196 US ROUTE 1	49.40			
L'ESTHETIQUE SKIN CARE CLINIC	4 KELLEY RD	66.69			
FORESIDE APPRAISAL CO.	410 MIDDLE RD	19.76			
GALEYRIE CUSTOM FRAMING	240 US ROUTE 1	79.04			
SPRINT UNITED MANAGEMENT CO	RADIO SHACK	17.29			
L W GRUBB EXCAVATING	94 LEDGEWOOD DR	222.30			
THE BOATHOUSE	215 FORESIDE RD	23.47			
<u>2008-2009 Taxes Receivable</u>					
CURVES FOR WOMEN	240 US ROUTE 1	74.10			
THE TURF DOCTOR LLC	46 GRAY RD	70.40			
REAL ESTATE EXCHANGE	55 LONGWOODS RD	12.35			
CITY DANCE	196 US ROUTE 1	55.58			
AMY'S DOG GROOMING	361 GRAY RD	21.00			
SPORTS TURF INTERNATIONAL	7 TRILLIUM LN	11.12			
CAMPBELL CLINICAL SERVICES	170 US ROUTE 1	21.00			
L'ESTHETIQUE SKIN CARE CLINIC	4 KELLEY RD	54.34			
FORESIDE APPRAISAL CO.	410 MIDDLE RD	24.70			
GALEYRIE CUSTOM FRAMING	190 US ROUTE 1	85.22			
SPRINT UNITED MANAGEMENT CO	0 RADIO SHACK	17.29			
L W GRUBB EXCAVATING	94 LEDGEWOOD DR	247.00			
THE BOATHOUSE	215 FORESIDE RD	29.64			
BOOKS ETC	240 US ROUTE 1	424.84			