

TOWN OF FALMOUTH, MASSACHUSETTS



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
For the Fiscal Year
July 1, 2020 – June 30, 2021**



On the cover: The Shining Sea Bikeway hugs the coast from Falmouth to Woods Hole. Ideal for casual and beginner cyclists, it was built on a former railroad right-of-way. The paved path is level for nearly its entire 10.7-mile distance. It was named for a line in the song America The Beautiful written by Falmouth native Katherine Lee Bates.



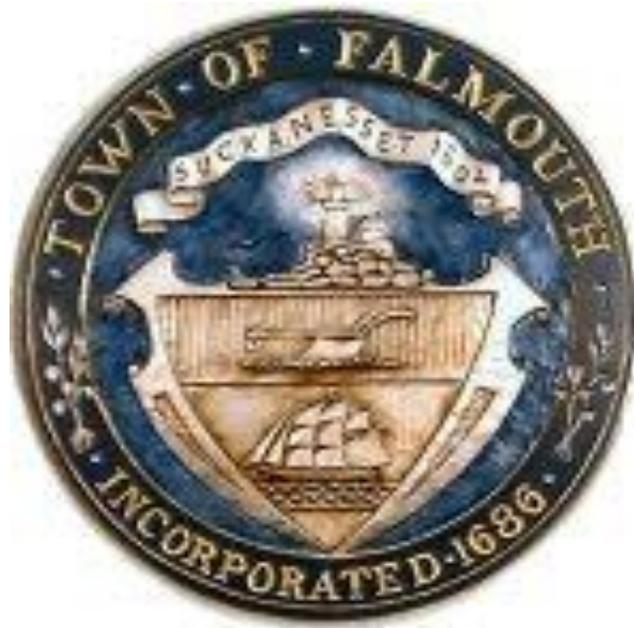
Above: A return of the world-renowned Falmouth Road Race. Established in 1973, the race had been held every year for 46 straight years until it was cancelled due to Covid-19 in 2020. The weather cooperated this past year and turned this into the spectacular and globally recognized event it once was.

TOWN OF FALMOUTH, MASSACHUSETTS

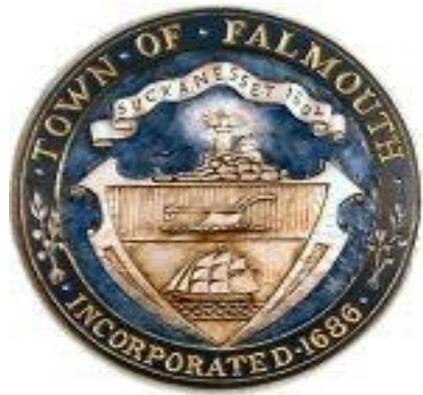
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

Julian M. Suso, Town Manager



*Prepared by the Finance Department
Jennifer Mullen, Director of Finance*



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**TOWN OF FALMOUTH, MASSACHUSETTS
 ANNUAL COMPREHENSIVE FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2021**

TABLE OF CONTENTS

	<u>Page(s)</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal.....	1-13
Certificate of Achievement For Excellence in Financial Reporting.....	14
Organizational Chart	15
Principal Town Officials	16
 <u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	19-21
Management’s Discussion and Analysis	23-34
 Basic Financial Statements:	
Statement of Net Position	36
Statement of Activities.....	37
Balance Sheet – Governmental Funds	38
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	39
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Statement of Net Position – Proprietary Funds.....	42
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	43
Statement of Cash Flows – Proprietary Funds.....	44
Statement of Fiduciary Net Position	45
Statement of Changes in Fiduciary Net Position	46
Notes to Basic Financial Statements.....	47-85
 Required Supplementary Information:	
Schedule of Town’s Proportionate Share of Net Pension Liability.....	88
Schedule of Town’s Contributions to Pension Plan.....	88
Schedule of Commonwealth’s Collective Share of Net Pension Liability – Massachusetts Teacher’s Retirement.....	89
Schedule of Changes in Net OPEB Liability and Related Ratios.....	90
Schedule of Contributions to OPEB Plan.....	91
Schedule of Investment returns – OPEB Plan.....	91
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	92-99
Notes to Required Supplementary Information.....	100-102

**TOWN OF FALMOUTH, MASSACHUSETTS
 ANNUAL COMPREHENSIVE FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2021**

TABLE OF CONTENTS

	<u>Page(s)</u>
Combining Statements:	
<i>Nonmajor Governmental Funds</i>	104-105
Combining Balance Sheet – Nonmajor Governmental Funds	106-109
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	110-113

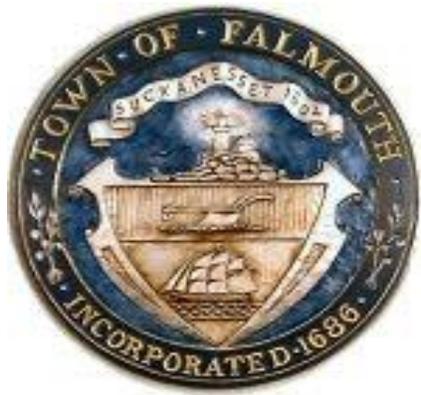
STATISTICAL SECTION

Narrative	117
Net Position by Component – Last Ten Fiscal Years	119
Changes in Net Position – Last Ten Fiscal Years	120-121
Fund Balances, Governmental Funds – Last Ten Fiscal Years	122
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	123
Assessed Value and Estimated Actual Value of Taxable Property By Classification and Tax Rates – Last Ten Fiscal Years	124
Principal Taxpayers – Current Year and Nine Years Ago	125
Property Tax Levies and Collections – Last Ten Fiscal Years	126
Ratios of Outstanding Debt and General Obligation Debt – Last Ten Fiscal Years	127-128
Computation of Legal Debt Margin – Last Ten Fiscal Years	129
Direct and Overlapping Governmental Activities Debt	130
Demographic and Economic Statistics – Last Ten Fiscal Years	131
Principal Employers (Excluding Town) – Current Year and Nine Years Ago	132
Full-time Equivalent Town Employees by Functions – Last Ten Fiscal Years	133
Operating Indicators by Function/Program – Last Ten Fiscal Years	134
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	135

INTRODUCTORY SECTION

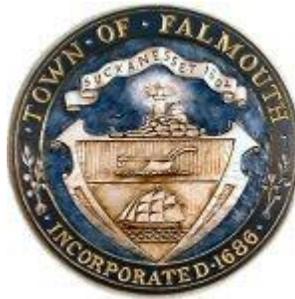


Highfield Halls and Gardens is a historic estate that also acts as a vibrant cultural center. It is surrounded by restored gardens, peaceful walking trails, and conservation land. Above is a temporary plant structure on display. This was created by visionary artist, Patrick Dougherty.



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Douglas C. Brown, Chairman
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Julian M. Suso
Town Manager

Letter of Transmittal

December 30, 2021

Honorable Select Board and Citizens of the Town of Falmouth, Massachusetts:

We are pleased to acknowledge that the Town of Falmouth has completed its fifth *Annual Comprehensive Financial Report (ACFR)*. The report, which was prepared by the Town's Department of Municipal Finance, is for the fiscal year ended June 30, 2021, and we are proud to be one of only about 50 communities in Massachusetts to accomplish this. This transmission is the continuation of what we are confident will continue to be an annual endeavor.

The Town is responsible for the accuracy, completeness and fairness of the data presented in the ACFR. This letter of transmittal and the **management's discussion and analysis**, located in the financial section of the ACFR, provide a comprehensive financial overview of the Town and ensure that the financial and general operations of Town government remain transparent, and therefore open for easy viewing.

The ACFR represents a complete set of financial statements prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America, that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This ACFR meets and exceeds those requirements and presents itself as an informative resource for all those interested in the financial activities of the Town.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and rating agencies as well as its citizens and taxpayers. Since the report consists of management's representations concerning the finances of the Town, management assumes full responsibility for the completeness and reliability of all of the information presented. In addition, management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Falmouth's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. *Throughout this report the Town's water utility services are identified as an Enterprise Fund. The Town has not formally authorized its water utility services as an Enterprise Fund; however, these activities meet the guidelines for such treatment under GASB 34.*

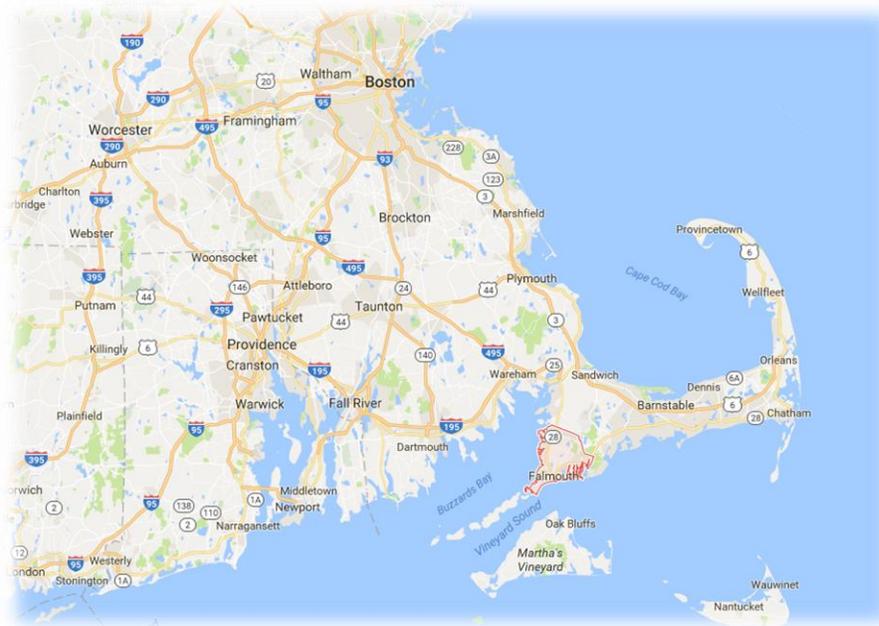
The Town of Falmouth’s financial statements have been audited by Roselli, Clark and Associates, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town’s financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town is part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town’s separately issued Single Audit Reports Pursuant to Title 2 of the US “Code of Federal Regulations” (CFR) Part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

Falmouth is situated on Cape Cod, 72 miles southeast of Boston and 239 miles northeast of New York



City. Located in Barnstable County on the southwest end of Cape Cod, it is bordered on the south by both Vineyard and Nantucket Sounds and on the west by Buzzards Bay. The Towns of Bourne and Sandwich border Falmouth to the North and the Town of Mashpee borders it on the East. It occupies a total area of 54 square miles of which 45 square miles is land and is broken up into eight villages consisting of East Falmouth, Falmouth

Village, North Falmouth, Teaticket, West Falmouth, Woods Hole, Hatchville and Waquoit.



The principal highways serving the Town include State routes 28, 28A and 151. Route 28 provides a direct connection to Interstate highway 495 to Worcester, Interstate 195 to Providence and State route 3 directly to Boston. Local transportation is available through the Cape Cod Regional Transit Authority which provides bus service to fourteen towns on Cape Cod including Falmouth. Private bus companies are available for transportation off Cape Cod, primarily to Providence, Boston and New York City. The Hyannis Municipal Airport,

which is located in Barnstable, provides daily air service to Boston's Logan Airport and New York City's John F. Kennedy International Airport. Transportation is also available via ferry service on the Woods Hole Martha's Vineyard and Nantucket Steamship Authority which provides water transportation to the nearby islands of Nantucket and Martha's Vineyard.

Falmouth is primarily a residential resort community with a high stable summer population. A substantial portion of its summer residents either own property in Falmouth or are perennial visitors. The population of the Town increases from about 32,000, year-round to approximately 100,000 in the summer.

Falmouth was first settled by English colonists in 1660 and was officially incorporated in 1686. The settlement was named by explorer Bartholomew Gosnold after Falmouth, Cornwall, England his home port. Early principal activities were farming, salt works, shipping, whaling, and sheep husbandry, which was very popular due to the introduction of Merino sheep. The beginnings of water-powered mills could process the wool thus making the process efficient for its time. In 1837, Falmouth averaged about 50 sheep per square mile.

By the 1870s train travel had been introduced to Falmouth, and some of the first summer homes were constructed. Shortly thereafter, cranberries were grown in commercial quantity and strawberries were raised for the Boston market. By the 20th century the beginning of large-scale dairying in interior regions became popular and continued to be a significant industry until after World War II. Improvements in highways combined with the heavy use of neighboring Otis Air National Guard Base during World War II, led to significant population growth (400% from 1950 to 2000). Homebuilding booms which began in the 1970s and 1980s, continue today. In fact, the Town's aggregate equalized valuation is consistently ranked amongst the top ten in Massachusetts behind communities like Boston, Cambridge and Brookline.

The Town provides a full range of traditional municipal services including police and fire protection, education, ambulance, maintenance of streets, residential curbside trash, recycling, water and sewer services, marine environmental services, senior center, parks and recreational facilities and three libraries.

There are currently seven Town administered schools in Falmouth:

1. Falmouth High School (grades 9 – 12)
2. Lawrence School (grades 7 – 8)
3. Morse Pond (grades 5 – 6)
4. East Falmouth Elementary (grades Pre K – 4)
5. Mullen-Hall (grades K – 4)
6. North Falmouth Elementary (grades K – 4)
7. Teaticket Elementary (grades Pre K – 4)



Falmouth High School



Lawrence Middle School



Morse Pond



Teaticket Elementary



Mullen-Hall Elementary



North Falmouth Elementary



East Falmouth Elementary

Falmouth prides itself on the quality of its school system. The Mission of the Falmouth Public Schools is “to educate students so that they are engaged in their education in a way which develops their capacity to pursue their goals and fosters life-long learning”.

Since 1999, Falmouth has built or completely renovated four of its seven schools. These are state-of-the-art technology-infused schools aimed at preparing its students for the jobs of the new economy. The capstone of the school rebuilding effort was the \$80 million renovation of Falmouth High School, a multi-phased project completed in 2011. Total school construction costs were over \$100 million and were made possible through a partnership with the Commonwealth of Massachusetts which reimbursed the Town about 60% of eligible construction costs through the Massachusetts School Building Authority.

During fiscal year 2019 a new High School Athletic Field was built costing about \$3 million. The synthetic field is home to football, boys and girls’ soccer and lacrosse and field hockey.



The executive branch of the public schools consists of a nine-member School Committee elected to three-year terms on a staggered basis. The School Committee is the policy setting board. The Superintendent of Schools acts as the Chief Executive Officer responsible for enforcing the policies of the School Committee, and the Director of Finance and Facilities acts as the Chief Financial Officer.

School enrollment for fiscal year 2021 was 3,090 and funding for schools is provided via taxation and governmental revenues based on a minimum net school spending formula established by the Massachusetts Department of Elementary and Secondary Education (ESE). The Town currently spends above the minimum legal requirement on each student.



The Town operates under a Select Board, Town Manager and an elected representative Town Meeting form of government. Each of the Town’s 9 precincts elects 27 members. The five elected Select Board members make policy decisions, and the Town Manager is responsible for carrying out and enforcing the policies of the Select Board and for managing the day-to-day operations of the Town. The Finance Director acts as the Town’s Chief Financial Officer.

An annual operating budget is approved by Town Meeting in April. This annual budget serves as the foundation for the Town’s financial planning and control. The budget is prepared by fund, function (e.g. general government), department (e.g. finance) and category (e.g. Personnel Services, Purchase of Services, Supplies, Other Charges & Expenses) allowing the department heads to allocate resources within the department. Transfers between categories need approval from Town Meeting unless specifically exempted by State Statute.

Factors Affecting Economic Condition

Property Taxes

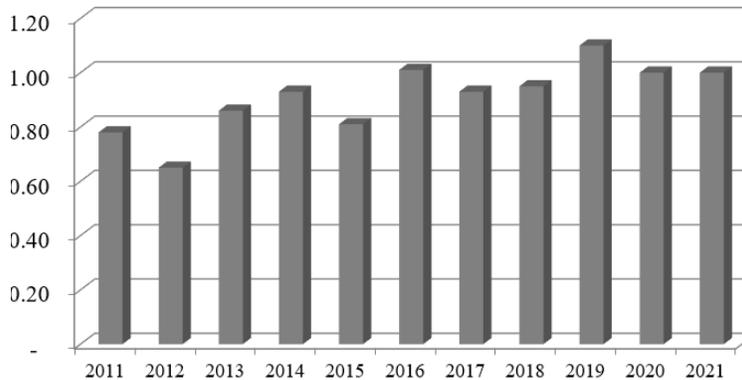
The growth of the Town’s main source of revenues, property taxes, is capped by Proposition 2 ½ and can only be overridden through a vote of Town Meeting and a ballot vote by the voters. While revenue increases have been limited in recent years, fixed costs, including health insurance and pension costs, have increased more proportionally. As a result, balancing the annual budget can be a challenge. Given its geographical location on Cape Cod, the Town does not have a large commercial and industrial property tax base, so it relies heavily on residential property taxes. Approximately 92% of the Town’s property taxes are derived from residential taxes therefore new growth is essential to revenue growth and the ability to sustain the Town’s annual costs.

The following tables summarize the Town’s building activity growth in assessed values and tax dollars over the prior several calendar years:

Calendar Year	Building Permits						Totals	
	Residential		Non-residential		Additions		Number	Value
	Number	Value	Number	Value	Number	Value		
2020	145	\$ 59,602,655	10	\$ 24,158,143	2563	\$ 71,957,528	2,718	\$ 155,718,326
2019	96	43,180,442	17	17,311,242	2,857	74,629,826	2,970	135,121,510
2018	115	41,259,285	3	8,937,909	2,857	80,342,502	2,975	130,539,696
2017	85	25,604,952	6	1,095,000	1,929	94,306,811	2,020	121,006,763
2016	71	27,769,500	7	3,454,063	2,759	65,840,769	2,837	97,064,332
2015	82	34,557,243	16	137,760,225	2,981	58,236,725	3,079	230,554,193
2014	85	41,408,041	6	3,892,941	2,785	73,345,636	2,876	118,646,618
2013	59	17,451,000	1	3,000,000	2,244	50,224,978	2,304	70,675,978
2012	69	26,628,430	3	5,309,500	2,404	50,544,530	2,476	82,482,460
2011	87	39,480,682	5	17,397,000	2,226	44,678,622	2,318	101,556,304
Total	894	356,942,230	74	222,316,023	25,605	664,107,927	26,573	1,243,366,180

2015 increase in non-residential is attributable to water filtration, ozone building, and wastewater treatment plant

New Growth (in millions - tax dollars)



While property taxes are capped under proposition 2 ½ the Town’s voters have periodically elected to exceed the cap and provide additional taxes to be used to offset the Town’s debt burden related to its capital projects. For fiscal year 2021, the voters provided additional taxes of \$11.2 million in that regard. Total revenues provided from taxes during fiscal year 2021 were almost \$111.4 million.

Tourism

Tourism represents a significant portion of the Town’s private employment as almost 2,500 jobs are devoted to leisure and hospitality, which is, the second largest industry group representing 17% of the Town’s employment base. A significant portion of the Town’s local revenues are directly tied to tourism; these include hotel and room occupancy excise, meals excise, beach charges and marine fees which in aggregate provided the Town with almost \$4 million in revenues in each of the last four fiscal years.

To that end the Town has a number of attractions and events designed with entertainment, recreation and tourism as the driving factors.



Falmouth Road Race



Christmas Parade



Independence Day Fireworks



Beaches



Cape Cod Summer League Baseball

Economic Development

The Town has been very active on the economic development front. Completing industrial and technological projects that produce a positive and sustainable economic impact for the Town has been a goal for a number of years.

To that end the Town's economic development mission is to:

- Maintain strong residential values.
- Sustain four season community and promote continued investment.
- Maintain low vacancy rate and turnover in commercial property.
- Aggressively compete with other family destinations.
- Improve the appearance of property and the Town.
- Stimulate future investment in the community.

The Falmouth Economic Development Industrial Corporation (Falmouth EDIC) is the Town of Falmouth's primary agency responsible for creating and developing increased economic opportunities for both the present and the future. The EDIC's goal is a clean, diverse, economic climate that maintains and enhances Falmouth's intellectual and creative capacities, workplace opportunities, and natural resources.

With the support of the Town, the Falmouth EDIC has generated new, quality jobs by improving the infrastructure supporting industry in Falmouth.

The following projects and initiatives completed by the EDIC have supported their mission:

- **Falmouth Technology Park** - 106-acre technology park providing 400 jobs.
- **Solar Array** - solar energy facility developed on the old Town Landfill – currently provides significant energy savings to the Town.
- **Falmouth Station** - Renovation and update of the old Falmouth Railroad Station; provides stops for Peter Pan bus lines and the Cape Cod Transit Authority.
- **Raymond Park** – ten-lot industrial subdivision partially owned by EDIC who is holding their lots for sale.



Solar Array



Falmouth Station



Raymond Park

Falmouth Business Gigabit Project

During 2020, Falmouth EDIC and the Falmouth Chamber of Commerce approached OpenCape on behalf of Falmouth Main Street merchants who were having consistent difficulties related to internet connectivity. At times unable to even run credit cards for sales, these local businesses were suffering due to slow or intermittent internet.

Together, solutions to connect existing and new businesses to OpenCape's 100% fiber network were reviewed. As part of OpenCape's Main Streets Initiative, the Falmouth Business Gigabit Project, so called because connected businesses will have access to a shared Gigabit of Internet, includes connections to the downtown area and is also scalable for all of the Falmouth region, including Woods Hole, to support a wide swath of Falmouth Chamber of Commerce members.

After researching a variety of funding opportunities to make the initiative affordable to the business community, a collaboration was reached with MassDevelopment to be their initial recipients of a newly launched loan program, TechDollars, which helps nonprofit organizations in the state implement regional technology initiatives. In addition, the partnership worked with Falmouth's statehouse delegation to secure a grant from the Executive Office of Housing and Economic Development's Mass Office of Business Development to complete the necessary funding package.

OpenCape, Falmouth EDIC and the Falmouth Chamber of Commerce have done an extensive amount of development, planning and community outreach to be able to embark on the Falmouth Business Gigabit Project bringing progressive connectivity to Falmouth area business, reliably and at an affordable price since September 2019.

Route 28 Master Plan

The Town also initiates projects outside the Falmouth EDIC through its own Planning Department in collaboration with the Department of Public Works. Most recently the Town has undertaken a Transportation Master Plan (TMP) focusing on the development of long and short-term improvements for Route 28. Route 28 is a major arterial that travels in the north/south direction through eastern Massachusetts that provides connections to Boston and Orleans. Route 28 generally runs in the east-west direction through Falmouth and provides access to a variety of land uses including residential, commercial, and the downtown area. A portion of Route 28 also runs in the north-south direction towards the Town of Bourne.

As a primary route in the Town of Falmouth, Route 28 serves both through traffic and local traffic and the efficiency of this route is critical to commerce, tourism and residents and their connectivity to the downtown.

The TMP will summarize the existing amenities available for all modes of transportation traveling through the corridor, determine deficiencies, and provide recommendations and alternatives to improve traffic operations, circulation, signage, parking and pedestrian and bicycle amenities.



This report was developed in coordination with the Town of Falmouth Planning Department and Engineering division of public works, as well as the Planning Board and Select Board, and will serve as a guide for capital planning and budgeting needs for potential future short term and long-term transportation improvement projects on Route 28.

Water and Wastewater System

The Town has currently completed major improvements to its water and wastewater systems.

The Little Pond Sewer Service Area (LPSSA) Project is complete. The goal of this project was to improve water quality in Little Pond. The project includes connection of approximately 1,400 properties on the Maravista peninsula and the eastern portion of Falmouth Heights to the existing Town sewer system, construction of approximately 16 miles of sewer pipe (gravity main, low pressure main, and force main), and construction of two new sewer lift stations, one at the end of Alphonse Street and one on Spring Bars Road. The entire Little Pond Sewer Service Area is now available for sewer connection.



In addition to the Little Pond Sewer Service Area Project, three other related projects are also completed: construction of two new treated wastewater recharge beds north of the existing recharge beds at the Town's main Wastewater Treatment Plant at 154 Blacksmith Shop Road, construction of upgrades to the Main Wastewater Treatment Plant, and construction of upgrades at the three existing wastewater lift stations affected by the Little Pond Sewer Service Area flow.

Improvements to the Town's wastewater system will result in increased property value and growth, expedite commercial redevelopment and expand footprints and bedrooms for homes previously restricted under Title V.

Town Meeting voted in strong support of this \$50 million project, including the establishment of a 70% betterment for the cost of the collection system to be recovered from abutters whose property is directly benefiting from this project.

The Town also recently set into operation a \$46.5 million water filtration system that pumps eight million of the 11 million gallons of water the Town uses daily. More specifically, in October 2017 the Long Pond Water Treatment Plant began pumping water into the distribution system. The plant takes water from Long Pond, removes the algae, ozonates the water, filters the water through activated carbon and disinfects it with sodium hypochlorite. The treatment plant replaced an 1890's era facility that operated under a filtration waiver.

The Long Pond Water Treatment Plant received an ENR New England 2017 Best Project Award in the Water/Environment category, and an Associated Builders & Contractors of Massachusetts Eagle Award in the Public Works – Environmental category.

These major improvements to these vital services are a critical step for the Town as it continues to strive to be on the cutting edge of the delivery of basic utility infrastructure services that are environmentally advanced with respect to other Cape Cod communities. A significant portion of the non-betterment related funding for these projects is provided through loans from the Massachusetts Clean Water Trust at interest rates ranging from 0% to 2%.

Water Main Upgrades

Recently, the Town approved \$7.6M in water main upgrades along the Main Street / Route 28 corridor. Relative to that approval, in the spring of 2019, the Town started replacing 18,000 linear feet of water mains that dated back to 1898.

This project improves reliability, water quality and fire protection along this vital corridor. The Town has also submitted design plans and made application-for a \$10 million roadway improvement project along this same corridor through the regional Transportation Improvement Program (TIP). This roadway project would be grant-eligible with State funding and improve safety for vehicles, pedestrians and bicycles.

Senior Center

In December 2019, construction was completed on a new 17,500 square foot senior center located between the police station and recreation/community center in the Town center. This facility replaces an outmoded 4,000 square foot facility that was much too small to serve the needs of the year-round community let alone the summer population.

The new senior center includes a large multi-purpose room, a commercial kitchen and a café space for social and recreational activities on the first floor. The second floor has multiple activity rooms, meeting rooms for professional counseling and health insurance and tax preparation assistance, as well as a fully equipped fitness room.



Total costs for the project were approximately \$9.5 million.

Coonamessett River Restoration

The Conservation Commission continues its involvement with the Coonamessett River Restoration Project, which is overseen by a technical team drawn from State and Federal agencies, the Falmouth Conservation Commission, local non-profit organizations, citizen volunteers and engineering consultants.



All permits were obtained and all funding for Phase 2 construction have been secured from Federal and State grants: NOAA (\$670,000 remaining); NRCS (\$666,667 John Parker culvert replacement); Division of Ecological Restoration (\$360,000); and the Municipal Vulnerability Preparedness Program (\$760,000).

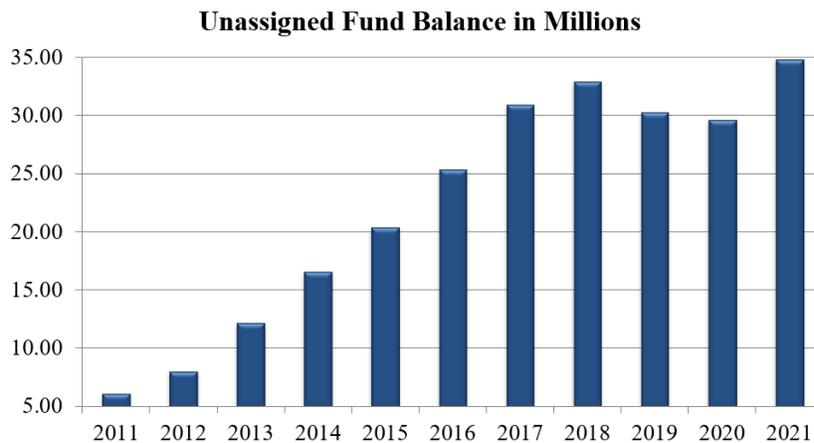
An RFP was issued, and the contract was awarded to SumCo, who began construction in late fall 2019; this construction includes bog restoration, removal of middle dam and the replacement of failing culverts at John Parker Road with a bridge.

Phase 2 has begun with a prior contract to SumCo to build Swift's Crossing, the replacement for Middle berm, which was funded through Community Preservation Act (CPA) funds. To date, approximately \$3.5 million has been spent towards this project.

Conservation Commissioners joined with members of the Coonamessett River Trust and The 300 Committee to lead field trips for over 400 elementary school students to learn about the importance of wetlands, herring and how the restoration will improve resiliency in the face of change due to global warming and its effect on the climate.

Unassigned General Fund Balance

One of the methods the Town uses to maintain reserves from year to year is to conservatively forecast revenues. This allows the Town to use free cash (surplus) for reserves, capital projects or other non-operating one-time expenses. In addition, spending controls such as monthly budget monitoring has resulted in turn-backs which also assisted the Town in this process. As a result, the Town has been able to responsibly maintain and/or increase reserves from year to year as illustrated below:



Long-term Financial Planning

The Town prepares rolling five-year operating budget projections. The Town believes this will (1) provide better insight when preparing annual budgets; (2) alert the Town to any potential budget issues far ahead of when these situations become real; and (3) allow the Town to determine when available financing for its capital needs can be provided or if a need for borrowing to finance projects is required.

The following represents the Town’s five-year revenue projections:

	2022	2023	2024	2025	2026
Real Estate and Personal Property Taxes	\$ 115,710,256	\$ 119,181,564	\$ 122,757,011	\$ 126,439,721	\$ 130,232,913
Intergovernmental Revenue - Local Aid	10,937,647	10,937,647	10,937,647	10,937,647	10,937,647
Local Receipts	21,196,500	21,620,430	22,052,839	22,493,895	22,943,773
Recurring transfers from special revenue	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total Revenues	\$151,844,403	\$155,739,641	\$159,747,496	\$163,871,263	\$168,114,333

The Town expects that annual budget sources as forecasted will be sufficient to fund annual appropriations.

Capital Improvements

The Town continues to invest aggressively in capital improvements. Since 2005 the Town has invested approximately \$250 million in improving facilities and adding much needed infrastructure as follows:

- Library renovation - \$10.0 million;
- Improvements to schools; almost \$80 million;
- Improvements to road infrastructure: almost \$12 million;
- Improvements to wastewater infrastructure: over \$64 million;
- Improvements to water infrastructure: over \$48 million;
- Fire Department additions: almost \$4 million;
- Marina infrastructure; \$2.8 million;
- Land purchases almost \$4 million;
- Public Works buildings; \$6 million;
- Public Works equipment and machinery; \$3 million;
- Recreation improvements; \$1.1 million;
- Senior Center; \$9.5 million;
- High School Athletic Field; \$3 million
- Police equipment and vehicles; \$2 million.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. This is a very prestigious award and in order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy 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 Annual Comprehensive Financial Report will meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for this certificate.

The GFOA awarded this Certificate of Achievement for Excellence in Financial Reporting to the Town of Falmouth for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the fifth year that the Town has received this prestigious award.

The publication of this ACFR represents an important achievement in the ability of the Town of Falmouth to provide enhanced financial information and accountability to its citizens, elected and appointed officials, and investors. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Office. Special thanks also go to the certified public accounting firm of Roselli, Clark and Associates for their advice and assistance in the preparation of this report.

Respectfully submitted,


Town Manager


Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Falmouth
Massachusetts**

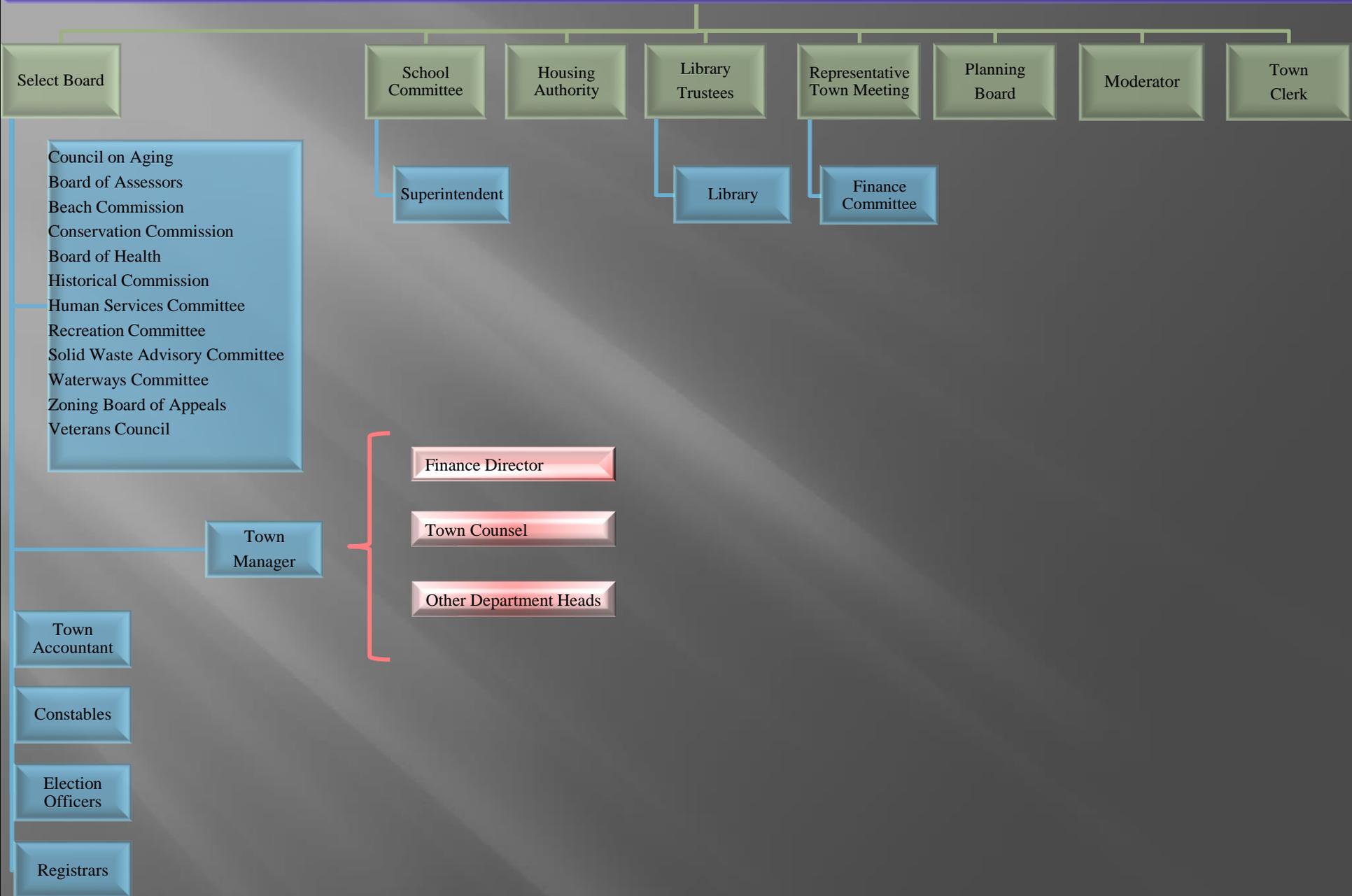
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Falmouth Voters



**PRINCIPAL TOWN OFFICIALS
As of June 30, 2021**

Elected Officials

Select Board	Douglas C. Brown, Chairperson Nancy R. Taylor, Vice-Chairperson Megan English Braga Samuel H. Patterson Onjalé Scott Price
Moderator Town Clerk	David Vieira Michael Palmer
School Committee	Natalie Kannellopoulos, Chairperson Kelly Welch, Vice-Chairperson Melissa Keefe, Secretary Leah Palmer Bill Dorfner Lisa E. Hart William Rider Terri Medeiros Andrea Thorrold

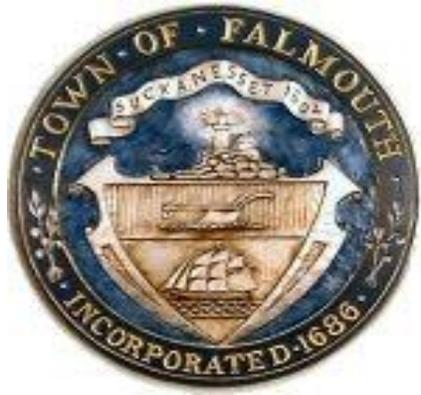
Appointed Officials

Finance Committee	Keith Schwegel - Chairman Nick Lowell - Vice Chairman Susan P. Smith - Secretary Judith P. Magnani Eileen Miskell Joseph L. Drolette Ron Dyer Peter Hargraves	Mary Harris Deborah D. Maguire Kathleen Beriau Tim Gordon Joseph Lemay James Newman
Town Manager Assistant Town Manager Superintendent of Schools Director of Finance Town Counsel School Director of Finance Town Accountant Treasurer/Collector	Julian M. Suso Peter Johnson-Staub Lori S. Duerr Jennifer Mullen Frank Duffy Patrick Murphy Victoria Rose Patricia O'Connell	

FINANCIAL SECTION



Above, a hazardous tree is removed downtown near the Falmouth Public Library by the Town's Public Works Department. Public Works answers many of the Town's outdoor ordinary and emergency maintenance needs throughout the Town.



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ROSELLI, CLARK & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

500 West Cummings Park
Suite 4900
Woburn, MA 01801

Telephone: (781) 933-0073

www.roselliclark.com

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Select Board
Town of Falmouth, Massachusetts
Falmouth, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Falmouth, Massachusetts, (the "Town") as of and for the year ended June 30, 2021, (except for the Pension Trust Fund and the Falmouth Economic Development Corporation which are as of December 31, 2020), 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town as of June 30, 2021, (except for the Town of Falmouth Contributory Retirement System and the Falmouth Economic Development Corporation, which are as of December 31, 2020) and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Restatement of Prior Year Ending Balances

As more fully described in Note IV, a restatement of prior year ending fund balances was made to the Town's governmental activities and its nonmajor governmental funds. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not 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's basic financial statements. The introductory section, combining statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Town of Falmouth
Page Three

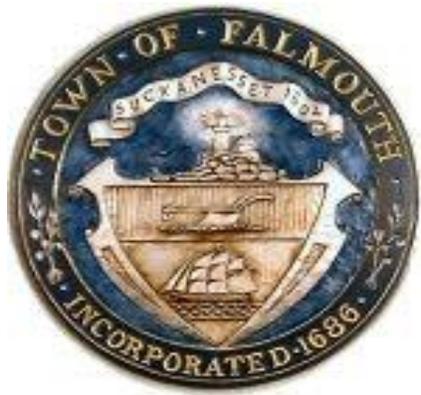
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, 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's internal control over financial reporting and compliance.



Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
December 30, 2021



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Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town of Falmouth, Massachusetts (The Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information found in this report.

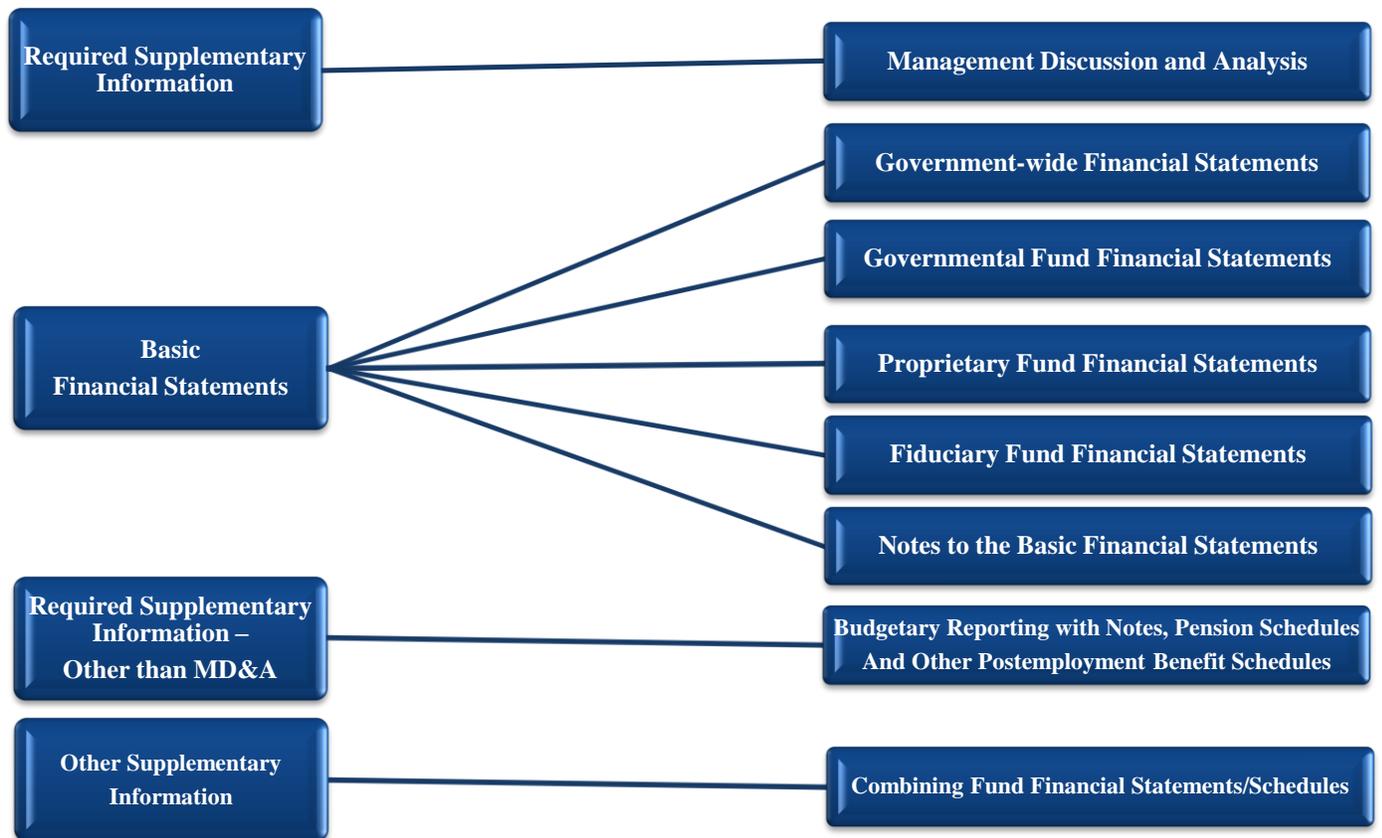
Financial Highlights

- The assets and deferred outflows of financial resources of the Town exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by almost \$152.9 million (*total net position*). About \$91.7 million represented net position of governmental activities and about \$61.2 million represented net position of the business-type activities.
- The government's total net position increased by \$10.8 million after factoring the impact of a prior period adjustment. This was due to an increase in the governmental activities of almost \$11.5 million offset by a decrease in the business-type activities of about \$0.6 million.
- The Town's Unassigned Fund Balance reported in the General Fund was over \$34.7 million (about 22.5% of General Fund expenditures), while total fund balance in the General Fund was over \$47.1 million (30.5% of General Fund expenditures).
- The Town reported restricted fund balances of approximately \$8.2 million, \$8.5 million, \$5.1 million, \$1.0 million and \$10.2 million in the Receipts Reserved for Appropriation, Community Preservation Fund, Capital Projects Fund, Sewer Capital Project Fund, and the combined Nonmajor Governmental Funds, respectively. A trivial amount is included as nonspendable in the Nonmajor Governmental Funds.
- The Town was awarded \$9.3 million under the American Rescue Plan Act (ARPA). Over \$1.6 million was received prior to the end of the fiscal year and has been recorded as unearned revenue in the combined Nonmajor Governmental Funds. Approximately \$6.1 million of this amount will pass through Barnstable County to Falmouth.
- The Town's debt decreased by over \$12.8 million. Governmental activities debt decreased by over \$10.2 million, while business-type activities decreased by over \$2.6 million. This was primarily a result of regular scheduled maturities of debt in addition to annual amortization of premium. Further details of the transactions that contributed to this change are summarized in the long-term debt section of this Management, Discussion and Analysis.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The layout and relationship of the financial statements and supplementary information is visually illustrated in the diagram on the following page.



Government-wide Financial Statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the Town’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, deferred outflows, liabilities and deferred inflows, 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. The *statement of activities* presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both government-wide financial statements distinguish functions of the Town 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, highways and streets, education, health and human services, sewer services, debt service, fringe benefits and culture and recreation. The business-type activities of the Town are comprised completely of the water utility services fund.

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, 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.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Restricted—amounts constrained by external parties, constitutional provision, or enabling legislation
- Committed—amounts constrained by a government using its highest level of decision-making authority
- Assigned—amounts a government intends to use for a particular purpose
- Unassigned—amounts that are not constrained at all will be reported in the general fund or in other major funds if negative

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 government’s near-term financing decisions.

The Town maintains a number of 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, Receipts Reserved for Appropriation, Community Preservation Fund, Capital Projects Fund and Sewer Capital Projects Fund which are considered to be major funds. Data from the other 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.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. This schedule has been prepared as required supplementary information and can be found along with the corresponding notes after the footnotes to the financial statements.

Proprietary Funds – The Town maintains only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The Town uses a proprietary fund to account for its water utility services.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement

because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The System is a Pension Trust that is a legally separate entity reported as a fiduciary fund. Because the System services almost entirely the Town, it is presented as if it were part of the primary government as a fiduciary fund due to the significance of its operations.

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.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning:

- The Town’s proportionate share of net pension liability (NPL)
- Contributions to its pension plan
- The Commonwealth's collective share of NPL to the Massachusetts Teachers' Retirement System
- The Schedule of Net Other Postemployment Benefits Liability and Related Ratios,
- The Schedule of Contributions to its Other Postemployment Benefits Plan
- The Schedule of Investment Returns – Other Postemployment Benefits Plan
- The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and notes to this schedule.

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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$152.9 million at the close of the most recent fiscal year.

Data regarding net position is presented as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	June 30		June 30		June 30	
	2021	2020	2021	2020	2021	2020
<u>Assets</u>						
Current and other assets	\$ 121,352,851	\$ 117,856,878	\$ 3,135,716	\$ 6,393,992	\$ 124,488,567	\$ 124,250,870
Capital assets, net	314,512,545	312,144,160	104,443,514	104,355,637	418,956,059	416,499,797
Total assets	435,865,396	430,001,038	107,579,230	110,749,629	543,444,626	540,750,667
<u>Deferred Outflows of Resources</u>	27,288,924	38,582,701	594,450	854,619	27,883,374	39,437,320
<u>Liabilities</u>						
Long-term liabilities	320,144,646	366,242,604	45,938,790	49,460,768	366,083,436	415,703,372
Other liabilities	14,262,091	11,389,533	128,138	99,920	14,390,229	11,489,453
Total liabilities	334,406,737	377,632,137	46,066,928	49,560,688	380,473,665	427,192,825
<u>Deferred Inflows of Resources</u>	37,047,608	7,145,064	920,859	227,081	37,968,467	7,372,145
<u>Net Position</u>						
Net investment in capital assets	222,664,569	212,130,408	64,735,526	63,240,739	287,400,095	275,371,147
Restricted	38,989,027	40,993,285	-	-	38,989,027	40,993,285
Unrestricted	(169,953,621)	(169,317,155)	(3,549,633)	(1,424,260)	(173,503,254)	(170,741,415)
Net position	\$ 91,699,975	\$ 83,806,538	\$ 61,185,893	\$ 61,816,479	\$ 152,885,868	\$ 145,623,017

By far, the largest portion (almost \$287.4 million) of the Town’s net position 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, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (almost \$39.0 million) represents resources that are subject to external restriction on how they may be used.

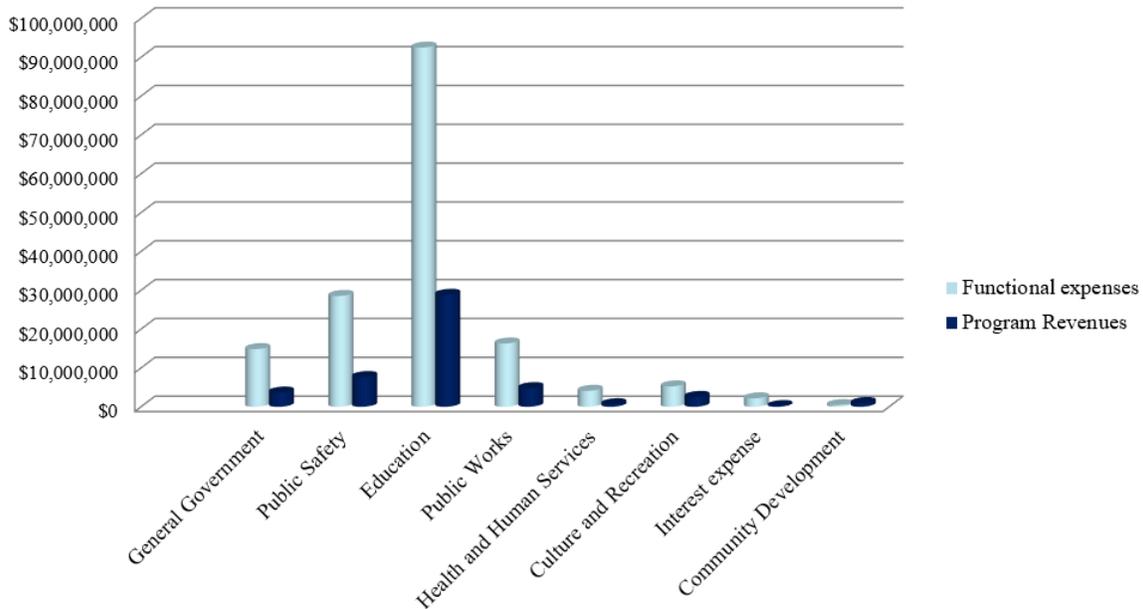
Unrestricted net position is reported as a deficit, of over \$173.5 million. This is due to the implementation of GASB 68 and GASB 75 which resulted in significant related net pension and net OPEB liabilities. This deficit is expected to increase from year to year until a time that the Town adopts an adequate funding schedule for the net OPEB liability. The net pension liability is funded by statute on an annual basis and is expected to be fully funded in less than 20 years.

The condensed statement of changes is as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	June 30		June 30		June 30	
	2021	2020	2021	2020	2021	2020
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 13,894,341	\$ 12,871,352	\$ 6,496,361	\$ 6,651,037	\$ 20,390,702	\$ 19,522,389
Operating grants and contributions	31,715,100	26,252,473	-	-	31,715,100	26,252,473
Capital grants and contributions	3,702,214	6,401,056	5,272	33,542	3,707,486	6,434,598
General revenues:						
Property taxes	114,403,455	109,628,166	-	-	114,403,455	109,628,166
Intergovernmental	1,945,401	1,651,911	-	-	1,945,401	1,651,911
Other	11,084,053	9,752,718	45,748	14,748	11,129,801	9,767,466
Total Revenues	176,744,564	166,557,676	6,547,381	6,699,327	183,291,945	173,257,003
<u>Expenses</u>						
General government	14,857,557	12,920,940	-	-	14,857,557	12,920,940
Public safety	28,537,068	29,281,207	-	-	28,537,068	29,281,207
Education	92,488,969	90,350,751	-	-	92,488,969	90,350,751
Public works	16,292,029	17,324,213	-	-	16,292,029	17,324,213
Health and human services	4,111,921	4,825,910	-	-	4,111,921	4,825,910
Culture and recreation	5,255,242	6,085,455	-	-	5,255,242	6,085,455
Debt service	2,173,503	3,002,258	-	-	2,173,503	3,002,258
Community preservation	426,216	1,546,127	-	-	426,216	1,546,127
Water	-	-	8,310,687	8,214,702	8,310,687	8,214,702
Total Expenses	164,142,505	165,336,861	8,310,687	8,214,702	172,453,192	173,551,563
Change in net position before transfers	12,602,059	1,220,815	(1,763,306)	(1,515,375)	10,838,753	(294,560)
Transfers	(1,132,720)	(2,921,077)	1,132,720	2,921,077	-	-
Change in net position	11,469,339	(1,700,262)	(630,586)	1,405,702	10,838,753	(294,560)
Net position, beginning of year	83,806,538	95,820,686	61,816,479	60,523,188	145,623,017	156,343,874
Restatement for agency funds	110,477	-	-	-	110,477	-
Restatement for special assessments	(3,686,379)	-	-	-	(3,686,379)	-
Restatement for net OPEB liability	-	(10,313,886)	-	(112,411)	-	(10,426,297)
Net position, beginning of year, as restated	80,230,636	85,506,800	61,816,479	60,410,777	142,047,115	145,917,577
Net position, end of year	\$ 91,699,975	\$ 83,806,538	\$ 61,185,893	\$ 61,816,479	\$ 152,885,868	\$ 145,623,017

Governmental Activities – The governmental activities increased net position by approximately \$11.5 million. This was after the impact of prior period adjustments that reduced net position by approximately \$3.6 million. This operating result was consistent with an expected increase in property taxes and operating grants while operating expenses were within 1% of the prior year.

Fiscal Year 2021 Expenses and Program Revenues – governmental activities are graphically presented as follows:



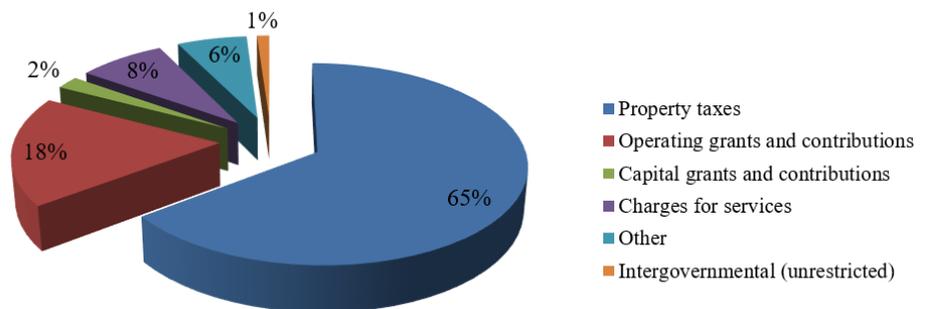
Major revenue sources of governmental activities consist of revenue from:

(1) Property taxes which represented 64.7% of total revenues. This was an increase of \$4.8 million over the prior year, which is reasonable under Massachusetts General Laws; communities are allowed to assess taxes at 2 ½% of the prior year plus any new growth. The Town experienced approximately \$1.0 million increase in new growth.

Therefore, this increase met an increase that was expected from year to year.

(2) Operating grants which comprised approximately 17.9% of the total governmental activity revenues; the dollar amount was modestly higher than the prior year as the Town continues to be the beneficiary of operating grants from the Federal and State Government which included grants related to the pandemic in the amount of \$2.2 million as well as pass through pension benefits for the Town’s teachers who belong to the Massachusetts Teacher’s Retirement System. The latter is a special funding situation as defined under GASB 68. This amount

Revenues



was \$1.4 million greater than the prior year and made up the majority of this increase. This also has a similar collateral impact on expenses.

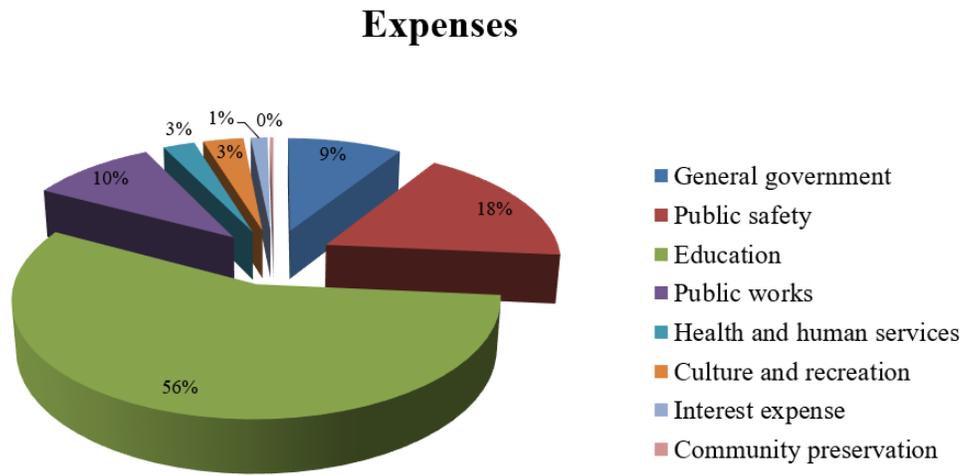
(3) Capital grants and contributions is a small amount (about 2.1%) of total revenue in the current year. The decrease (about \$2.7 million) in amount over the prior year is due to the government grant eligibility of three capital projects in the prior year that did not exist in the current year.

The Town’s total expenses were less than 1% lower than the prior year. Small fluctuation plus/minus contributed to an otherwise expected situation as the Town strove to control expenses during the pandemic.

Major expenses consist of the following:

Education costs represent the Town’s largest expense category as education continues to be an area in which the Town devotes substantial resources. Approximately 56.3% of the Town’s total disbursements are related to

education. During the fiscal year, there was a slight increase in education costs primarily related to the special funding situation described under revenues above. Public Safety expenses represented approximately 18.0% of total expenses and public works expenses represented 9.9% of total expenses. Dollar decreases in these functional categories were due primarily to lower allocations of OPEB cost in the current year. This was consistent with the majority of functional expenses.



All other functional expense categories combined were less than 10% and their impacts are not material to the overall operating discussion.

Business-type Activities – Net position of the business-type activities decreased by about \$0.6 million over the prior year balances. This is approximately 1% of the total net position balance and is consistent with the prior year as was expected.

Fund-wide Financial Analysis of the Governmental Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the Town’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.

The following discussion summarizes the highlights in Governmental Funds:

General Fund – The General Fund is the Town’s operating fund. Typically, the operating fund is designed for revenues to equal expenditures. Given the robust economy in Massachusetts particularly in Barnstable County, which recently was designated as a Metropolitan Statistical Area, operating funds have been generating a surplus for the last several years. This continued in the prior year despite the impacts of the pandemic.

Revenues in the General Fund exceeded forecasts by \$9.9 million; experiences were observed through all revenue categories. The Town chose to forecast in a conservative manner due to the pandemic, however revenues surprisingly maintained their robust pace due mostly in part to the significant stimulus injected into the economy by the Federal Government. Excise, user charges, licenses, permits and investment income all outpaced their estimates.

Strong budget management and conservative estimates had a similar impact on expenditures. Across the board favorable results caused expenditures to end below budget by about \$6.0 million. These savings were observed in many categories with benefits, public safety, public works and general government being the largest beneficiaries.

This favorable budget operating result of \$15.9 million was offset by appropriations from surplus, mostly for capital which led to the General Fund increasing over the prior year by about \$3.3 million.

The Town’s Unassigned Fund Balance reported in the General Fund was over \$34.7 million (22.5% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$47.1 million (30.5% of General Fund expenditures).

Receipts Reserved for Appropriation increased by about \$0.9 million, as revenues exceeded net other financing uses. This was also a function of the strength in the economy. Fund balance of almost \$8.2 million is classified as restricted in this fund.

Community Preservation Fund operations increased fund balance by \$0.8 million. This fund is used to accumulate balances that will be used for open space purchases and historical preservation. Sources of revenue are from property taxes, intergovernmental receipts and interest income. The restricted fund balance is almost about \$8.5 million, and the increase is due to certain projects being delayed due to the pandemic.

Capital Projects Fund increased by almost \$0.3 million. Other financing sources and revenues approximated expenditures. The restricted fund balance is over \$5.1 million at year-end.

Sewer Capital Projects Fund decreased by over \$1.7 million as residual balances from the prior year continue to be spent down. The restricted fund balance is over \$1.0 million at year-end.

Nonmajor Governmental Funds increased by over \$1.3 million. Since these funds are for the most part designed to accommodate money in equals money out, the increase was primarily due to timing. The majority of the fund balance, almost \$10.3 million, is restricted with a trivial balance included as nonspendable.

Proprietary Funds – The Town’s proprietary funds consist completely of the Water Utility Services Fund which provides the same type of information found in the government-wide financial statements under Business-type activities. At the end of the year, net position of the Water Fund was approximately \$61.2

million, which represents an approximate \$0.6 million decrease from the prior year. This is not significant to the overall net position and met expectations.

Fiduciary Funds – The Town’s fiduciary funds are comprised of the Town’s Private Purpose Trust Funds, its Other Postemployment Benefits Trust and its Pension Trust Fund. Total Net Position of these funds is over \$174.6 million.

The Pension Fund is used to pay pension benefits to retirees. The net position at the end of the year was about \$171.0 million or over \$14.4 million greater than the prior year. This was primarily due to robust market conditions during the year ended December 31, 2020.

The Private Purpose Trust Funds make up about \$2.0 million of the net position balance at year-end; These assets are used strictly for purposes outside of the public domain such as scholarships and public assistance and increased due to earnings from investments exceeding distributions.

In addition, the Town has elected to establish a trust under Chapter 32B Section 20 of the MGL whose sole purpose will be to accumulate funds to reduce the Town’s unfunded net postemployment liability. This fund increased by approximately \$0.3 million to about \$1.6 million due completely to investment income. The Town anticipates the use of an annual dedicated budget source to fund a portion of the annually determined contribution in future years.

General Fund Budgetary Highlights

The final amended budget included increases of approximately \$2.1 million, \$1.2 million and \$2.4 million to public safety, education and public works respectively.

Major budget to actual differences on the revenue side were experienced in all revenue categories as actual revenues exceeded forecasted revenues by \$9.9 million. Conservative forecasting due to the pandemic led to this unusual situation.

The Town also experienced favorable variances in almost all budget categories as budget monitoring controls implemented in the prior year were very effective. The Town took a very stringent approach to monitoring the budget due to the pandemic. The largest beneficiaries were general government, public works and public safety, which were approximately \$1.3 million, 1.3 million and \$1.8 million better than budget respectively.

Further detail of budget to actual comparisons may be reviewed as part of the Required Supplementary Information following the footnotes to this report.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets for its governmental and business type activities as of June 30, 2021 amounts to approximately \$419.0 million (net of accumulated depreciation) an increase from the previous year’s balance of almost \$2.5 million. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery, and equipment. The total increase is primarily due infrastructure improvements for water and sewer and multiple other projects offset by depreciation.

The Town has undergone significant capital improvements over the past several years. These include major improvements and additions to infrastructure assets, more specifically roads, water distribution components and sewer infrastructure; along with municipal facilities, fire-fighting equipment, vehicles

and major purchases to preserve open space. Additional information on the Town capital assets can be found in Note II. Subsection D, of this report.

Long-Term Debt – At the end of the current fiscal year, the Town had total debt outstanding, inclusive of unamortized premiums, of approximately \$141.4 million (\$101.1 million Governmental activities and \$40.3 million Business-type activities). The entire amount comprises debt backed by the full faith and credit of the government. The Town’s credit rating from Standard and Poor was maintained at “AAA”. This is the highest investment grade issued by this agency.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5.0 % of its total assessed valuation. The current debt limitation for the Town is approximately \$659.3 million, which is significantly in excess of the Town’s outstanding general obligation debt classified as inside the debt limit. The Town also holds a proportionate share of debt of other governmental units that provide services within the Town’s boundaries. The debt service from such arrangements is assessed annually to the Town. The increase in long-term debt from the prior year to the current year is summarized as follows:

Additions:	
Governmental Activities	\$ -
Business-Type Activities	-
Regular Scheduled Maturities:	
Governmental Activities	(9,511,377)
Business-Type Activities	(2,504,723)
Amortization of Bond Premium	
Governmental Activities	(714,240)
Business-Type Activities	(116,742)
	<u>\$ (12,847,082)</u>

Additional information on the Town’s short-term and long-term debt can be found in Note E. and F. of this report.

Economic Factors and Next Year’s Budgets and Rates

- The Town’s real estate tax base is made up predominantly of residential taxes, which comprise nearly 92.3% of the Town’s real estate tax base. The Town also relies to a lesser but moderate extent on its commercial and industrial real estate tax base, which in aggregate comprise 5.8% of the Town’s real estate tax base. The remainder of the Town’s tax base is made up of personal property taxes. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town’s ability to increase taxes in any one year by more than two and one-half percent (2 ½%) of the previous year tax levy.
- The Town’s property values have been steadily increasing over the past several years. Property values are at all-time highs in many Town neighborhoods.
- The Town anticipates state aid for 2022 to remain consistent or greater than the prior year.

- Tourism in the area remains robust and contributes to the Town operations; valuation growth engenders a strong tax base for which the Town ranks in the top 10 in the Commonwealth.

All of the above items were considered when the Town developed its budget for fiscal year 2022. The budget was adopted in May 2021 and the tax rate was approved in December 2021.

Requests for Information

This financial report is designed to provide a general overview of the Town'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 Office of the Finance Director, 59 Town Hall Square, Falmouth, Massachusetts 02540, or via email at jennifer.mullen@falmouthma.gov.

Complete standalone financial statements of the Falmouth Contributory Retirement System can be obtained from the Retirement Office, 80 Davis Straits Suite 102, Falmouth, Massachusetts 02540.

Basic Financial Statements

TOWN OF FALMOUTH, MASSACHUSETTS

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			(December 31, 2020)
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and cash equivalents	\$ 72,606,093	\$ 1,065,541	\$ 73,671,634	\$ 403,458
Investments	19,351,987	643,429	19,995,416	-
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes	1,623,938	-	1,623,938	-
Tax liens and deferrals	2,421,479	-	2,421,479	-
Excise	838,145	-	838,145	-
User fees	-	1,286,843	1,286,843	-
Special assessments	19,260,737	87,395	19,348,132	-
Departmental and other	1,190,841	-	1,190,841	17,687
Notes receivable	-	-	-	36,551
Intergovernmental	4,059,631	52,508	4,112,139	-
Prepaid items	-	-	-	3,199
Property held for sale	-	-	-	85,763
Capital assets, not being depreciated	90,143,345	1,486,126	91,629,471	-
Capital assets, net of accumulated depreciation	224,369,200	102,957,388	327,326,588	-
Total Assets	435,865,396	107,579,230	543,444,626	546,658
Deferred Outflows of Resources				
Related to net other postemployment benefits liability	22,259,096	405,700	22,664,796	-
Related to net pension liability	4,236,338	188,750	4,425,088	-
Deferred charge on refunding	793,490	-	793,490	-
Total Deferred Outflows of Resources	27,288,924	594,450	27,883,374	-
Liabilities				
Warrants and accounts payable	6,483,483	128,138	6,611,621	38,979
Accrued payroll	4,065,825	-	4,065,825	-
Retainage payable	36,202	-	36,202	-
Other liabilities	807,307	-	807,307	-
Unearned revenue	1,621,996	-	1,621,996	1,200
Interest expense	847,278	-	847,278	-
Bond anticipation notes payable	400,000	-	400,000	-
Long-term liabilities:				
Due within one year	10,483,320	2,650,163	13,133,483	-
Due in more than one year	309,661,326	43,288,627	352,949,953	-
Total Liabilities	334,406,737	46,066,928	380,473,665	40,179
Deferred Inflows of Resources				
Related to net other postemployment benefits liability	27,718,662	505,207	28,223,869	-
Related to net pension liability	9,328,946	415,652	9,744,598	-
Total Deferred Inflows of Resources	37,047,608	920,859	37,968,467	-
Net Position				
Net investment in capital assets	222,664,569	64,735,526	287,400,095	-
Restricted:				
Nonexpendable permanent funds	25,000	-	25,000	-
Expendable permanent funds	2,878,418	-	2,878,418	-
Community preservation	8,591,696	-	8,591,696	-
Federal and State grants	4,221,989	-	4,221,989	-
Debt service	22,388,225	-	22,388,225	-
Gift funds	883,699	-	883,699	-
Property held for sale	-	-	-	85,763
Unrestricted	(169,953,621)	(3,549,633)	(173,503,254)	420,716
Total Net Position	\$ 91,699,975	\$ 61,185,893	\$ 152,885,868	\$ 506,479

See accompanying notes to basic financial statements.

TOWN OF FALMOUTH, MASSACHUSETTS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			(December 31, 2020) Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
<i>Governmental Activities:</i>								
General government	\$ 14,857,557	\$ 1,869,636	\$ 1,677,896	\$ 122,500	\$ (11,187,525)	\$ (11,187,525)	\$ -	
Public safety	28,537,068	6,995,803	264,350	400,000	(20,876,915)	(20,876,915)	-	
Education	92,488,969	291,712	28,549,726	-	(63,647,531)	(63,647,531)	-	
Public works	16,292,029	2,654,161	67,429	2,082,083	(11,488,356)	(11,488,356)	-	
Health and human services	4,111,921	179,540	488,683	-	(3,443,698)	(3,443,698)	-	
Culture and recreation	5,255,242	1,903,489	479,122	148,934	(2,723,697)	(2,723,697)	-	
Interest expense	2,173,503	-	187,894	-	(1,985,609)	(1,985,609)	-	
Community development	426,216	-	-	948,697	522,481	522,481	-	
Total Governmental Activities	164,142,505	13,894,341	31,715,100	3,702,214	(114,830,850)	(114,830,850)	-	
<i>Business-Type Activities:</i>								
Water	8,310,687	6,496,361	-	5,272	\$ (1,809,054)	(1,809,054)	-	
Total Business-type Activities	8,310,687	6,496,361	-	5,272	(1,809,054)	(1,809,054)	-	
Total Primary Government	\$ 172,453,192	\$ 20,390,702	\$ 31,715,100	\$ 3,707,486	(114,830,850)	(116,639,904)	-	
Component Unit:								
Falmouth EDIC	\$ 308,710	\$ 208,900	\$ -	\$ -			\$ (99,810)	
Total Component Unit	\$ 308,710	\$ 208,900	\$ -	\$ -			(99,810)	
General Revenues:								
Real and personal property taxes				114,403,455	-	114,403,455	-	
Motor vehicle and other excise				8,648,237	-	8,648,237	-	
Grants and contributions not restricted to specific programs				1,945,401	-	1,945,401	-	
Penalties and interest on taxes				870,021	-	870,021	-	
Unrestricted investment income				1,565,795	45,748	1,611,543	3,458	
Other				-	-	-	366	
Transfers (net)				(1,132,720)	1,132,720	-	-	
Total General Revenues and Transfers				126,300,189	1,178,468	127,478,657	3,824	
Change in Net Position				11,469,339	(630,586)	10,838,753	(95,986)	
Net Position:								
Beginning of year, as restated (see Note IV)				80,230,636	61,816,479	142,047,115	602,465	
End of year				\$ 91,699,975	\$ 61,185,893	\$ 152,885,868	\$ 506,479	

See accompanying notes to basic financial statements.

TOWN OF FALMOUTH, MASSACHUSETTS

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021

	General	Receipts Reserved for Appropriation	Community Preservation	Capital Projects	Sewer Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Assets:							
Cash and cash equivalents	\$38,448,777	\$ 8,016,198	\$ 8,579,955	\$ 7,641,538	\$ 1,484,433	\$ 8,435,192	\$ 72,606,093
Investments	16,448,569	-	-	-	-	2,903,418	19,351,987
Receivables, net of allowance for uncollectibles:							
Real estate and personal property taxes	1,586,541	-	37,397	-	-	-	1,623,938
Tax liens and deferrals	2,369,143	-	52,336	-	-	-	2,421,479
Excise	838,145	-	-	-	-	-	838,145
Special assessments	61,654	18,583,036	-	616,047	-	-	19,260,737
Other	1,034,307	93,110	-	-	-	63,424	1,190,841
Intergovernmental	2,875,089	73,273	-	193,115	127,514	790,640	4,059,631
Due from other funds	-	-	-	-	-	-	-
Total Assets	63,662,225	26,765,617	8,669,688	8,450,700	1,611,947	12,192,674	121,352,851
Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$63,662,225	\$ 26,765,617	\$ 8,669,688	\$ 8,450,700	\$ 1,611,947	\$ 12,192,674	\$ 121,352,851
Liabilities:							
Warrants and accounts payable	\$ 3,334,446	\$ -	\$ 77,992	\$ 2,692,558	\$ 65,944	\$ 312,543	\$ 6,483,483
Accrued payroll and withholdings	4,065,825	-	-	-	-	-	4,065,825
Retainage payable	-	-	-	36,202	-	-	36,202
Unearned revenue	-	-	-	-	-	1,621,996	1,621,996
Other liabilities	807,307	-	-	-	-	-	807,307
Bond anticipation notes payable	-	-	-	-	400,000	-	400,000
Due to other funds	-	-	-	-	-	-	-
Total Liabilities	8,207,578	-	77,992	2,728,760	465,944	1,934,539	13,414,813
Deferred Inflows of Resources:							
Unavailable revenues - property taxes	3,522,388	-	89,733	-	-	-	3,612,121
Unavailable revenues - excise taxes	838,145	-	-	-	-	-	838,145
Unavailable revenues - special assessments	61,654	18,583,036	-	616,047	-	-	19,260,737
Unavailable revenues - other	1,034,307	-	-	-	-	-	1,034,307
Unavailable revenues - intergovernmental	2,875,089	-	-	-	127,514	-	3,002,603
Total Deferred Inflows of Resources	8,331,583	18,583,036	89,733	616,047	127,514	-	27,747,913
Fund Balances:							
Nonspendable	-	-	-	-	-	25,000	25,000
Restricted	686,020	8,182,581	8,501,963	5,105,893	1,018,489	10,233,135	33,728,081
Committed	9,725,266	-	-	-	-	-	9,725,266
Assigned	1,988,071	-	-	-	-	-	1,988,071
Unassigned	34,723,707	-	-	-	-	-	34,723,707
Total Fund Balances	47,123,064	8,182,581	8,501,963	5,105,893	1,018,489	10,258,135	80,190,125
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$63,662,225	\$ 26,765,617	\$ 8,669,688	\$ 8,450,700	\$ 1,611,947	\$ 12,192,674	\$ 121,352,851

See accompanying notes to basic financial statements.

TOWN OF FALMOUTH, MASSACHUSETTS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Governmental Fund Balances		\$ 80,190,125
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		314,512,545
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		27,747,913
In the Statement of Activities, interest is accrued on outstanding long-term debt whereas in the governmental funds, interest is not reported until due.		(847,278)
Deferred outflows and inflows of resources to be recognized in future expense are not available resources and, therefore, are not reported in the funds:		
Deferred charge on refunding transactions	793,490	
Deferred outflows related to net other postemployment benefits liability	22,259,096	
Deferred outflows related to net pension liability	4,236,338	
Deferred inflows related to net other postemployment benefits liability	(27,718,662)	
Deferred inflows related to net pension liability	<u>(9,328,946)</u>	
Net effect of reporting deferred outflows and inflows of resources		(9,758,684)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the government funds:		
Bonds and notes payable	(97,470,648)	
Unamortized premiums on bonds	(3,617,908)	
Landfill monitoring	(300,000)	
Compensated absences	(1,725,046)	
Net pension liability	(59,606,481)	
Net other postemployment benefits liability	<u>(157,424,563)</u>	
Net effect of reporting long-term liabilities		<u>(320,144,646)</u>
Net Position of Governmental Activities		<u>\$ 91,699,975</u>

See accompanying notes to basic financial statements.

TOWN OF FALMOUTH, MASSACHUSETTS

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	General	Receipts Reserved for Appropriation	Community Preservation	Capital Projects	Sewer Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Real and personal property taxes	\$ 111,430,375	\$ -	\$ 3,295,730	\$ -	\$ -	\$ -	\$ 114,726,105
Intergovernmental	24,601,019	361,239	948,697	1,212,782	-	9,506,476	36,630,213
Motor vehicle and other excises	8,763,557	-	-	-	-	-	8,763,557
Licenses and permits	2,371,118	-	-	-	-	-	2,371,118
Departmental and other	1,760,335	1,787,763	-	-	-	1,107,776	4,655,874
User charges	6,418,657	-	-	-	-	-	6,418,657
Special assessments	968,196	233,183	-	169,356	-	-	1,370,735
Penalties and interest on taxes	854,120	-	15,901	-	-	-	870,021
Fines and forfeitures	161,480	-	-	-	-	-	161,480
Investment income	1,284,043	-	27,182	-	-	254,570	1,565,795
Contributions and donations	-	-	-	-	-	146,132	146,132
Total Revenues	<u>158,612,900</u>	<u>2,382,185</u>	<u>4,287,510</u>	<u>1,382,138</u>	<u>-</u>	<u>11,014,954</u>	<u>177,679,687</u>
Expenditures:							
Current:							
General government	8,193,681	-	-	501,778	-	2,054,973	10,750,432
Public safety	19,279,427	-	-	-	-	1,904,190	21,183,617
Education	54,124,937	-	-	-	-	6,061,242	60,186,179
Public works	12,703,096	-	77,332	2,246,168	1,728,062	38,333	16,792,991
Health and human services	1,733,878	-	450	325,199	-	1,200,665	3,260,192
Culture and recreation	3,163,686	-	523,351	-	-	277,472	3,964,509
Pension and fringe benefits	38,204,679	-	-	-	-	-	38,204,679
Community development	-	-	426,216	-	-	-	426,216
State and county tax assessments	4,306,215	-	-	-	-	-	4,306,215
Debt service:							
Principal	9,511,377	-	-	-	-	-	9,511,377
Interest	3,065,100	-	-	-	-	-	3,065,100
Total Expenditures	<u>154,286,076</u>	<u>-</u>	<u>1,027,349</u>	<u>3,073,145</u>	<u>1,728,062</u>	<u>11,536,875</u>	<u>171,651,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,326,824</u>	<u>2,382,185</u>	<u>3,260,161</u>	<u>(1,691,007)</u>	<u>(1,728,062)</u>	<u>(521,921)</u>	<u>6,028,180</u>
Other Financing Sources (Uses)							
Transfers in	2,785,529	97,414	173,065	2,075,000	-	2,030,583	7,161,591
Transfers out	<u>(3,805,134)</u>	<u>(1,575,224)</u>	<u>(2,621,032)</u>	<u>(119,856)</u>	<u>-</u>	<u>(173,065)</u>	<u>(8,294,311)</u>
Total Other Financing Sources (Uses)	<u>(1,019,605)</u>	<u>(1,477,810)</u>	<u>(2,447,967)</u>	<u>1,955,144</u>	<u>-</u>	<u>1,857,518</u>	<u>(1,132,720)</u>
Net Change in Fund Balances	3,307,219	904,375	812,194	264,137	(1,728,062)	1,335,597	4,895,460
Fund Balances, Beginning, as restated (see Note IV)	<u>43,815,845</u>	<u>7,278,206</u>	<u>7,689,769</u>	<u>4,841,756</u>	<u>2,746,551</u>	<u>8,922,538</u>	<u>75,294,665</u>
Fund Balances, Ending	<u>\$ 47,123,064</u>	<u>\$ 8,182,581</u>	<u>\$ 8,501,963</u>	<u>\$ 5,105,893</u>	<u>\$ 1,018,489</u>	<u>\$ 10,258,135</u>	<u>\$ 80,190,125</u>

See accompanying notes to basic financial statements.

TOWN OF FALMOUTH, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Fund Balances **\$ 4,895,460**

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 and reported as depreciation expense. In addition, when a capital asset is disposed of, a gain or loss is calculated and reported in the Statement of Activities whereas in the governmental funds, proceeds are reported as revenues. The net amounts are reflected here as reconciling items:

Capital outlays	\$ 12,839,901	
Depreciation expense	(10,471,516)	
Net effect of reporting capital assets		2,368,385

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither 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 amortized in the Statement of Activities. The net amounts are reflected here as reconciling items:

Amortization of deferred charge on refunding	(61,623)	
Amortization of premiums on bonds and notes payable	714,240	
Repayments of debt	9,511,377	
Net effect of reporting long-term debt		10,163,994

Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. The amount presented represents the following differences derived from unavailable revenue. (935,123)

In the Statement of Activities, interest is accrued on outstanding long-term debt; whereas in governmental funds interest is not reported until due. The net amount presented here as a reconciling item represents the difference in accruals between this year and the prior year. 238,980

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated absences	(30,446)	
Other postemployment benefits	(7,036,184)	
Pension benefits	1,774,273	
Landfill liability	30,000	
Net effect of reporting long-term liabilities		(5,262,357)

Change in Net Position of Governmental Activities **\$ 11,469,339**

See accompanying notes to basic financial statements.

TOWN OF FALMOUTH, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021**

			Business-type Activities - <u>Enterprise Funds</u> Water Enterprise
Assets:			
Current Assets:			
Cash and cash equivalents	\$	1,065,541	
Investments		643,429	
Receivables (net)			
User fees		1,286,843	
Special assessments		739	
Intergovernmental		5,379	
Total Current Assets		<u>3,001,931</u>	
Noncurrent Assets:			
Receivables (net):			
Special assessments		86,656	
Intergovernmental		47,129	
Capital assets, not being depreciated		1,486,126	
Capital assets, net of accumulated depreciation		<u>102,957,388</u>	
Total Noncurrent Assets		<u>104,577,299</u>	
Total Assets		<u>107,579,230</u>	
Deferred Outflows of Resources:			
Related to net other postemployment benefits liability		405,700	
Related to net pension liability		<u>188,750</u>	
Total Deferred Outflows of Resources		<u>594,450</u>	
Liabilities:			
Current Liabilities:			
Warrants and accounts payable		128,138	
Compensated absences		17,325	
Bonds and notes payable		<u>2,632,838</u>	
Total Current Liabilities		<u>2,778,301</u>	
Noncurrent Liabilities:			
Compensated absences		51,974	
Bonds and notes payable		37,711,619	
Net pension liability		2,655,775	
Net other postemployment benefits liability		<u>2,869,259</u>	
Total Noncurrent Liabilities		<u>43,288,627</u>	
Total Liabilities		<u>46,066,928</u>	
Deferred Inflows of Resources:			
Related to net other postemployment benefits liability		505,207	
Related to net pension liability		<u>415,652</u>	
Total Deferred Inflows of Resources		<u>920,859</u>	
Net Position:			
Net investment in capital assets		64,735,526	
Unrestricted		<u>(3,549,633)</u>	
Total Net Position	\$	<u>61,185,893</u>	

See accompanying notes to basic financial statements.

TOWN OF FALMOUTH, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021**

	Business-type Enterprise Funds
	Water Enterprise
Operating Revenues:	
Charges for services	\$ 6,496,361
Total Operating Revenues	6,496,361
Operating Expenses:	
Operating costs	4,043,109
Depreciation	3,327,864
Total Operating Expenses	7,370,973
Total Operating Income	(874,612)
Nonoperating Revenues (Expenses):	
Interest expense	(939,714)
Interest income	45,748
Total Nonoperating Revenues (Expenses)	(893,966)
Income Before Capital Contributions and Transfers	(1,768,578)
Capital contributions	5,272
Transfers in	1,132,720
Change in Net Position	(630,586)
Net Position at Beginning of Year	61,816,479
Net Position at End of Year	\$ 61,185,893

See accompanying notes to basic financial statements.

TOWN OF FALMOUTH, MASSACHUSETTS

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds Water Enterprise
Cash Flows from Operating Activities:	
Receipts from users	\$ 6,424,753
Payments to vendors	(2,844,623)
Payments to employees	(1,116,834)
Net Cash Provided by Operating Activities	<u>2,463,296</u>
Cash Flows from Noncapital Financing Activities:	
Transfers in	1,132,720
Net Cash Provided by Noncapital Financing Activities	<u>1,132,720</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from capital assessments	99,571
Acquisition and construction of capital assets	(3,415,741)
Principal payments on bonds and notes	(2,499,451)
Interest expense	(1,056,456)
Net Cash Used for Capital and Related Financing Activities	<u>(6,872,077)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment of operating cash, net	(45,748)
Investment income	45,748
Net Cash Provided by Investing Activities	<u>-</u>
Net Change in Cash and Cash Equivalents	(3,276,061)
Cash and Cash Equivalents:	
Beginning of Year	<u>4,341,602</u>
End of Year	<u>\$ 1,065,541</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income	\$ (874,612)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	3,327,864
Changes in assets, deferred outflows, liabilities and deferred inflows:	
User fees receivable	(71,608)
Deferred outflows of resources	260,169
Warrants and accounts payable	28,218
Compensated absences	4,244
Net pension liability	(424,637)
Net other postemployment benefits liability	(480,120)
Deferred inflows of resources	693,778
Net Cash Provided by Operating Activities	<u><u>\$ 2,463,296</u></u>
Noncash capital and related financing activities:	
Amortization of bond premium	\$ 116,742
Governmental debt subsidies	5,272
Change in fair value of investments	25,936

See accompanying notes to basic financial statements.

TOWN OF FALMOUTH, MASSACHUSETTS

**STATEMENT OF NET POSITION
FIDUCIARY FUNDS**

JUNE 30, 2021

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
	<u> </u>	<u> </u>
Assets:		
Cash and Cash Equivalents	\$ 3,308,496	\$ -
Investments (at fair value):		
Equity securities	-	1,999,399
Corporate fixed income securities	-	-
U.S. government securities	-	-
Domestic equity mutual funds	75,232,578	-
International equity mutual funds	10,860,582	-
Fixed income mutual funds	29,832,191	-
Private equity funds	16,746,660	-
Real estate funds	14,213,676	-
PRIT	22,490,962	-
	<u>169,376,649</u>	<u>1,999,399</u>
Total Investments		
Receivables:		
Other receivables	7,037	-
	<u>7,037</u>	<u>-</u>
Total Receivables		
	<u>172,692,182</u>	<u>1,999,399</u>
Total Assets		
Liabilities:		
Warrants and accounts payable	43,011	-
	<u>43,011</u>	<u>-</u>
Total Liabilities		
Net Position:		
Restricted for pensions	171,039,897	-
Restricted for other postemployment benefits	1,609,274	-
Held in trust for private purposes	-	1,999,399
	<u>172,649,171</u>	<u>1,999,399</u>
Total Net Position		
	<u>\$ 172,649,171</u>	<u>\$ 1,999,399</u>

See accompanying notes to basic financial statements.

TOWN OF FALMOUTH, MASSACHUSETTS

**STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021**

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
Additions		
Contributions:		
Employer	\$ 13,309,506	\$ -
Employee	3,308,371	-
Other	609,814	7,104
Total Contributions	<u>17,227,691</u>	<u>7,104</u>
Other income	5,680	-
Investment income:		
Interest and dividends	1,755,602	35,799
Net appreciation in fair value of investments	15,658,999	116,258
Less - investment management fees	(2,000,422)	-
Net investment earnings	<u>15,414,179</u>	<u>152,057</u>
Total Additions (net)	<u>32,647,550</u>	<u>159,161</u>
Deductions		
Benefit payments to pensioners and beneficiaries	16,856,482	-
Member refunds	213,392	-
Transfers and reimbursements to other systems	541,619	-
Payroll expenses of the System	195,770	-
Other administrative expenses	139,005	-
Scholarships	-	4,500
Human services	-	14,525
Total Deductions	<u>17,946,268</u>	<u>19,025</u>
CHANGE IN NET POSITION	14,701,282	140,136
NET POSITION AT BEGINNING OF YEAR	<u>157,947,889</u>	<u>1,859,263</u>
NET POSITION AT END OF YEAR	<u>\$ 172,649,171</u>	<u>\$ 1,999,399</u>

See accompanying notes to basic financial statements.

TOWN OF FALMOUTH, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

I. Summary of Significant Accounting Policies

The accompanying basic financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for state and local government entities. The following is a summary of the more significant policies and practices used by the Town:

A. Reporting Entity

The Town of Falmouth is situated on 44.5 square miles, located in Barnstable County, Massachusetts. Falmouth was incorporated as a town in 1686. An elected five-member Select Board serves as the chief executive goal-setting and policy making authority of the Town and the Town Manager serves as the Chief Administrative Officer implementing policies and goals on behalf of the Board. The Town provides governmental services for the territory within its boundaries, including police and fire protection, disposal of rubbish, public education in grades K-12, water and sewer services, street maintenance, waterways oversight, parks and recreational facilities.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria including: being financially accountable, and able to impose its will; appointing a voting majority of the component units' governing body and if the potential for the component unit to provide specific financial benefits or to impose specific financial burdens on the Town.

The following component unit is included in the Town's reporting entity because of the significance of its operations. Data is blended with the fiduciary funds of the primary government.

Falmouth Contributory Retirement System - The System was established to provide retirement benefits to Town employees, the Falmouth Housing Authority employees and their beneficiaries. While legally separate, the System provides services almost entirely to the Town and is reported as a pension trust fund in the fiduciary fund financial statements. A stand-alone audited financial report for the year ended December 31, 2020, was issued and is available at the Retirement Office, 80 Davis Straits, Suite 102, Falmouth, Massachusetts.

The following component unit is included in the Town's reporting entity because the Town is financially accountable for, and can impose its will on, the organization. Data is presented discretely in a separate column.

Discretely Presented Component Unit – The Falmouth Economic Development and Industrial Corporation (the EDIC) is a municipal corporation established on April 7, 1981, through Article 39 of the Annual Town Meeting called by the Town, in accordance with the provisions of Massachusetts General Law Chapter 121C. The Corporation’s purpose is to improve local economic conditions and promote private employment with Falmouth, Massachusetts. A Town appointed, volunteer Board of Directors (“the Board”) governs the Corporation. The Board may legally consist of up to seven members; currently, the Board has all seven-member positions filled. A stand-alone audit financial report for the year ended December 31, 2020, was issued and is available from the Board of Directors, Falmouth EDIC, 59 Town Hall Square, Falmouth, MA 02540.

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 non-fiduciary activities of the primary government and its component units. 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. Likewise the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type, and
- 2) The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

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*. Under this method, 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 fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

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. *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 instead as *general revenues*.

The governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. 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. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town considers property tax revenues to be available if they are collected within 60 days after the end of the fiscal year and are material. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major Governmental Funds:

General Fund – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Receipts Reserved For Appropriation Fund – is used to account for monies received by the Town from various specific purposes that may only be used subject to appropriation by Town Meeting.

Community Preservation Fund – is used to account for specific activities that engender development of community housing, and recreation land as well as preservation of historic resources and open space acquisitions.

Capital Projects Fund – is used to account for all financial resources that are restricted, committed or assigned for the acquisition or construction of capital facilities and other capital assets of the governmental funds.

Sewer Capital Project Fund – is used to account for financial resources to be used for the acquisition or construction of sewer facilities and infrastructure.

Nonmajor Governmental Funds – consist of other special revenue and permanent funds that are aggregated and presented in the Nonmajor Governmental Funds column on the Governmental Funds financial statements. The following describes the general use of these fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The *Permanent Funds* are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

The Proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary fund:

Water Enterprise Fund – is used to account for the operation of the water department. Cost associated with maintaining the related infrastructure and providing services to the general public on a continuing basis, including depreciation, are financed or recovered primarily through user charges.

Fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Fiduciary funds are used to account for assets held in a trustee capacity and cannot be used to support the governmental programs.

The government reports the following fiduciary funds:

Pension Trust Fund – is used to account for the activities of the System, which accumulates resources for pension benefits to retired Town employees and to accumulate funds for future payments of other postemployment benefits for retirees, such as health and life insurance.

Private-Purpose Trust Fund – is used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. This fund is used for educational scholarships and needy citizen benefit funds.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity

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

Investments of the Town are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are due in four installments on August 1, November 1, February 1, and May 1, or thirty days

subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy. The Town is allowed to take delinquent taxes into tax title fourteen days subsequent to the mailing of a demand for payment of the delinquent taxes.

User fees consist of water fees. Water user fees are levied twice a year for residential user and quarterly for industrial users and are based on individual meter readings. They are subject to penalties and interest if they are not paid by the respective due date.

Real estate taxes and water and sewer user fees may be secured through a lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax, excise tax and other departmental receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old. Departmental and other receivables primarily consist of ambulance receivables and are shown net of allowance for uncollectible balances based on historical trends and specific account analysis.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets which include land, buildings and improvements, machinery and equipment, vehicles, and infrastructure (e.g. roads, water and sewer mains, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are recorded at historical cost or estimated historical cost if purchased and constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Net interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Machinery and equipment	5-10 years
Vehicles	5-10 years
Infrastructure	40-50 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other 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*.

Interfund Transfers – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business –type activities are reported in the statement of activities as *transfers, net*.

Investment Income – Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the General Fund unless otherwise directed by state law. Investment income of the proprietary fund is retained in the fund.

Compensated Absences – It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting the payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

Long-term Obligations – Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bond anticipation notes payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has three types of items that are reported on the government-wide statement of net position which relate to outflows from changes in the net pension and the net other postemployment benefit liabilities and outflows which related to debt refunding’s. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection C. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position 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 three items that are reported as deferred inflows of resources. The first arises only under a modified accrual basis of accounting and, accordingly, the item *unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from five sources: property taxes, excise taxes, intergovernmental, special assessments and other. These amounts are deferred and recognized as an inflow of resources in the period that the

amounts become available. The other items are reported on the government-wide statement of net position and relate to outflows from changes in the net pension liability and the net other postemployment benefit liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection C.

Net Position – In the government-wide financial statements, net position reported as “Net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Net position are reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. Net position has been *restricted* for the following:

Nonexpendable permanent funds represent the endowment portion of donor restricted trusts that support governmental programs.

Expendable permanent funds represent amounts held in trust whereby expenditures are subject to various trust agreements.

Community preservation represents assets that are restricted by State Law for the purpose of acquiring or developing open space and recreational facilities, historic resources and affordable housing associated with the Massachusetts Community Preservation Act.

Federal and State grants represent assets that have restrictions placed on them from federal and state granting agencies.

Debt service represents capital grants and contributions used to fund a portion of debt service on outstanding capital related debt of various Town functions.

Gift funds represent assets that are restricted by donors for specific governmental programs and uses.

Fund Equity – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned as described below:

Nonspendable represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact such as the corpus of an endowment

Restricted represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement

(compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, which consists of the Town Meeting members through Town Meeting Votes. Those committed amounts cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same type of action (through Town Meeting Votes) it employed previously to commit those amounts.

Assigned represents amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Select Board has by ordinance authorized the Town Accountant to assign fund balance. The Town Meeting 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 appropriated budget.

Unassigned represents amounts that have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the General Fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed.

As part of the Town's financial policies and procedures, the Select Board annually vote to establish minimum fund balance amounts for the general and stabilization funds.

Stabilization Funds – The Town maintains a general stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B. The fund may be used for any municipal purpose upon the condition of a two-thirds vote of the Town Meeting. The balance of the fund totals \$7,256,034 at June 30, 2021 and is reported as unassigned fund balance in the General Fund. There are no requirements for additions.

The Town maintains a health insurance stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B. The fund may be used for employee health insurance costs upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$1,622,260 at June 30, 2021 and is reported as unassigned fund balance in the General Fund. There are no requirements for additions.

The Town maintains a capital improvement stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B. The fund may be used for capital outlays upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$4,282,638 at June 30, 2021 and is reported as unassigned fund balance in the General Fund. There are no requirements for additions.

The Town maintains a renewable energy stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B. The fund may be used for constructing wind energy facilities or other renewable energy facilities upon a two-thirds vote of the Town Meeting. The

balance of the fund totals \$7,636 at June 30, 2021 and is reported as unassigned fund balance in the General Fund. There are no requirements for additions.

The Town maintains a special education stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B. The fund may be used for providing special education services upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$1,032,123 at June 30, 2021 and is reported as unassigned fund balance in the General Fund. There are no requirements for additions.

The Town maintains a debt stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B. The fund may be used for debt related activity upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$1,616,202 at June 30, 2021 and is reported as unassigned fund balance in the General Fund. There are no requirements for additions.

Encumbrances and carryforwards – The Town’s encumbrance and carryforward policy regarding the General Fund is to (1) classify encumbrances that arise from normal purchasing activity approved by the Town Accountant as assigned, and (2) classify carryforwards that result from an action of the Town Meeting as committed. Encumbrances of funds already restricted or committed are included within the classification of those fund balances and not reported separately. The Town reports \$991,564 of encumbrances from normal purchasing activity in the General Fund as assigned and \$9,725,266 of carryforwards from Town Meeting votes in the General Fund as committed. Encumbrances have been assigned for specific purposes for which resources already have been allocated. There are no encumbrances reported in any other fund.

The following table reflects the Town's fund equity categorizations:

	General	Receipts Reserved for Appropriation	Community Preservation	Capital Projects	Sewer Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable:							
Perpetual permanent funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
Restricted:							
Ferry fee receipts	-	1,366,270	-	-	-	-	1,366,270
Title V program	-	212,745	-	-	-	-	212,745
Golf course	-	958,286	-	-	-	-	958,286
Waterways	-	1,197,183	-	-	-	-	1,197,183
Energy revolving	-	1,506,552	-	-	-	-	1,506,552
Parking meter receipts	-	396,812	-	-	-	-	396,812
Debt service	280,515	-	-	-	-	-	280,515
Town federal and state grants	-	-	-	-	-	906,626	906,626
School federal and state grants	-	-	-	-	-	871,140	871,140
Transfer station revolving fund	-	-	-	-	-	343,513	343,513
Other town revolving funds	-	-	-	-	-	284,990	284,990
School revolving funds	-	-	-	-	-	4,064,749	4,064,749
Town gift funds	-	-	-	-	-	833,409	833,409
School gift funds	-	-	-	-	-	50,290	50,290
Capital outlay - special assessments	-	1,958,236	-	805,747	-	-	2,763,983
Capital outlay - schools	-	-	-	265,874	-	-	265,874
Capital outlay - senior center	-	-	-	275,342	-	-	275,342
Capital outlay - energy management	-	-	-	486,768	-	-	486,768
Capital outlay - coastal erosion	-	-	-	2,504,174	-	-	2,504,174
Capital outlay - sewer	-	-	-	-	1,018,489	-	1,018,489
Capital outlay - other purposes	-	-	-	767,988	-	-	767,988
Community preservation	-	-	8,501,963	-	-	-	8,501,963
Employee benefits	405,505	-	-	-	-	-	405,505
Affordable housing trust	-	-	-	-	-	2,348,856	2,348,856
Conservation trust	-	-	-	-	-	318,200	318,200
Other trust funds	-	-	-	-	-	211,362	211,362
Other purposes	-	586,497	-	-	-	-	586,497
Committed:							
Cable access	116,554	-	-	-	-	-	116,554
Property revaluations	166,960	-	-	-	-	-	166,960
Building improvements	458,541	-	-	-	-	-	458,541
Facilities maintenance	561,090	-	-	-	-	-	561,090
Information technology	453,097	-	-	-	-	-	453,097
Conservation projects	212,427	-	-	-	-	-	212,427
Other general government articles	736,264	-	-	-	-	-	736,264
Police equipment	147,085	-	-	-	-	-	147,085
Fire equipment	1,240,196	-	-	-	-	-	1,240,196
Marine services	673,829	-	-	-	-	-	673,829
Other public safety articles	23,426	-	-	-	-	-	23,426
Education	1,435,226	-	-	-	-	-	1,435,226
Public works infrastructure	1,516,759	-	-	-	-	-	1,516,759
Public works equipment	1,386,523	-	-	-	-	-	1,386,523
Other public works	262,361	-	-	-	-	-	262,361
Other purposes	334,928	-	-	-	-	-	334,928
Assigned:							
Subsequent years' budget	996,507	-	-	-	-	-	996,507
Education	752,141	-	-	-	-	-	752,141
Other purposes	239,423	-	-	-	-	-	239,423
Unassigned	34,723,707	-	-	-	-	-	34,723,707
Total Fund Balances	\$47,123,064	\$ 8,182,581	\$8,501,963	\$ 5,105,893	\$1,018,489	\$10,258,135	\$80,190,125

E. Excess of Expenditures Over Appropriations and Deficits

During fiscal year 2021, expenditures exceeded appropriations for state and county charges by \$67,378 which were funded with available funds. The Town did not incur any material fund deficits.

F. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

II. Detailed Notes to All Funds

A. Deposits and Investments

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "cash and cash equivalents". The deposits and investments of trust funds are held separately from those of other funds.

State laws and regulations require the Town and System to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool ("the Pool"). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (the MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk: Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town maintains a deposit policy for custodial credit risk relative to cash holdings which includes the assessment of the financial stability of the institutions where deposits are held. At year-end, the carrying amount of the Town's deposits was \$60,821,553 and the bank balance was \$62,183,986. Of the Town's bank balance, \$20,757,210 was covered by either federal depository insurance or by the Depositors' Insurance Fund (DIF), and the remainder was collateralized. The carrying amount of cash includes \$25,000 of bank certificates of deposit with maturities of less than one year that are considered cash and cash equivalents.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. The Town maintains investment policies related to custodial credit risk which includes the assessment of the financial stability of the institutions where investments are held.

The Town's investments in the MMDT are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Town's investments in United States governmental obligations, corporate bond holdings, equity securities, and bond mutual funds are exposed to custodial credit risk because the related securities are uninsured, unregistered and are held by the counterparty. The Town's investments in negotiable certificates of deposit are fully insured by federal depository insurance.

Fair Value of Investments – The Town reports its investments at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. The three levels of the hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.
- *Level 2* – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the investment through correlation with market data at the measurement date and for the duration of the instrument’s anticipated life.
- *Level 3* – Inputs reflect the Town’s best estimate of what market participants would use in pricing the investment at the measurement date.

The following table presents the Town’s investments carried at fair value on a recurring basis in the statement of net position at June 30, 2021:

	Fair value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
U.S. Government obligations	\$ 4,490,632	\$ 2,373,614	\$ 2,117,018	\$ -
Corporate bonds	9,632,151	-	9,632,151	-
Fixed income ETFs	1,270,289	-	1,270,289	-
Bond mutual funds	542,808	-	542,808	-
Repurchase agreements	12,594,421	-	12,594,421	-
Money market mutual funds	107,681	-	107,681	-
Total debt securities	28,637,982	2,373,614	26,264,368	-
Equity securities:				
Common stock	6,601,743	6,601,743	-	-
Equity mutual funds	1,058,421	-	1,058,421	-
Total equity securities	7,660,164	6,601,743	1,058,421	-
Total investments by fair value level	\$ 36,298,146	\$ 8,975,357	\$ 27,322,789	\$ -
Investments measured at amortized cost				
MMDT	156,024			
Total investments	\$ 36,454,170			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. U.S. Government obligations, corporate bonds, fixed income ETFs, bond and money market mutual funds and repurchase agreements classified in Level 2 are valued using matrix pricing based on the securities’ relationship to benchmark quoted prices. The State Treasurer’s investment pool (MMDT) is valued at amortized cost. The MMDT’s investment

advisor may value the pool using an alternative valuation method that more accurately reflects the fair value in accordance with the pools fair value pricing policies should amortized cost not approximate the fair value of the pool. There are no restrictions or limits on withdrawals from the pool and no direct fees are charged to participants.

Interest Rate Risk: Investments – Debt securities are subject to interest rate risk. Such securities may be adversely affected by changes in interest rates, which may negatively affect the fair value of individual debt instruments, through fair value losses arising from increasing interest rates. The Town does not have formal investment policies related to interest rate risk.

At June 30, 2021, the Town’s investments had the following maturities:

Investments	Fair value	Time Until Maturity (Years)		
		< 1	1-5	6 - 10 Years
U.S. Government obligations	\$ 4,490,632	\$ 731,013	\$ 2,963,362	\$ 796,257
Corporate bonds	9,632,151	1,682,436	7,949,715	-
Fixed income ETFs	1,270,289	-	1,270,289	-
Bond mutual funds	542,808	-	208,660	334,148
Repurchase agreements	12,594,421	12,594,421	-	-
Money market mutual funds	107,681	107,681	-	-
MMDT	156,024	156,024	-	-
Total Town Investments with Maturities	<u>\$ 28,794,006</u>	<u>\$ 15,271,575</u>	<u>\$ 12,392,026</u>	<u>\$ 1,130,405</u>

The time until maturity for repurchase agreements, money market mutual funds and MMDT is based on the weighted average maturity of the underlying investments.

Concentration of Credit Risk – The Town does not place a limit on the amount that may be invested in any one issuer. The Town has 47% of its investments in U.S. Government or US. Government agency securities.

At June 30, 2021, the credit quality ratings of the Town’s investments were as follows:

Investments	Quality Ratings (Moody's)						
	Aaa	Aa3	A1	A2	A3	Baa1	Baa2
U.S. Government obligations	\$ 4,490,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate bonds	-	1,369,240	324,121	3,228,031	1,057,540	2,080,062	1,573,157
Repurchase agreements	12,594,421	-	-	-	-	-	-
Total	<u>\$ 17,085,053</u>	<u>\$ 1,369,240</u>	<u>\$ 324,121</u>	<u>\$ 3,228,031</u>	<u>\$ 1,057,540</u>	<u>\$ 2,080,062</u>	<u>\$ 1,573,157</u>

The Town’s investments in fixed income EFTs, bond and money market mutual funds and MMDT are unrated.

The System

Massachusetts General Laws Chapter 32 and PERAC regulations require the System to invest funds only in pre-approved investment instruments, which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, certain corporate bonds and equities and investment pools.

Custodial Credit Risk: Deposits – Deposits are subject to the risk of bank failure. The System may be unable to recover the full amount of its deposits in any one bank institution in the event of

a bank failure. The System’s policy for custodial credit risk of deposits is to rely on Federal Deposit Insurance Corporation insurance coverage for the first \$250,000 of deposits held at each financial institution. All of the System’s bank deposits were fully insured at December 31, 2020.

Custodial Credit Risk: Investments – Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The System’s policy for custodial credit risk of investments intends that all investments are either insured and/or registered in the name of the System. At December 31, 2020, the System was not exposed to custodial credit risk on its investments.

Interest Rate Risk: Deposits – This is the risk that fair value losses may arise due to increasing interest rates. Such risk is reduced by the fact that the System maintains its excess funds in highly liquid bank accounts; thereby, allowing for timely reallocation should the need arise.

Fair Value of Investments – The following table presents the fair value of the System’s investments by type as of December 31, 2020:

<u>Investments by Fair Value Level</u>	<u>December 31, 2020</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:				
Domestic fixed income mutual funds	\$ 29,289,383	\$ 29,289,383	\$ -	\$ -
Domestic equity mutual funds	74,174,157	74,174,157	-	-
International equity mutual funds	<u>10,860,582</u>	<u>10,860,582</u>	-	-
Total investments by fair value level	<u>114,324,122</u>	<u>\$ 114,324,122</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV:				
Private equity funds	16,746,660			
Real estate funds	14,213,676			
PRIT funds	<u>22,490,962</u>			
Total investments measured at the NAV	<u>53,451,298</u>			
Total investments measured at fair value	<u>\$ 167,775,420</u>			

Equity securities, domestic fixed income funds and mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities.

<u>Investments Measured at NAV</u>		<u>Unfunded</u>
<u>By Asset Class</u>	<u>Fair Value</u>	<u>Commitments</u>
Private equity funds	\$ 16,746,660	\$ 1,380,165
Real estate funds	14,213,676	2,620,000
PRIT funds	<u>22,490,962</u>	<u>4,966,423</u>
	<u>\$ 53,451,298</u>	<u>\$ 8,966,588</u>

Investments measured at NAV include comingled/pooled funds in private equity or venture funds, real estate and investments in PRIT.

Interest Rate Risk: Investments – Debt securities are subject to interest rate risk. Debt securities may be adversely affected by changes in interest rates, which may negatively affect the fair value of individual debt instruments. The System does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Securities Credit Risk: Investments – In the case of investments, there is the risk that in the event of an invested party will be unable to fulfill its obligations, such as to provide required payments to investors, to meet current or future performance expectations, to abide by industry regulations and proper operational practices, ceasing to exist, or filing for bankruptcy. In those instances, the System may not be able to recover the full amount of its principal investment and/or investment earnings. As previously noted, PERAC and Massachusetts statutory regulations have been enacted to reduce this risk. In evaluating its credit risk, the System relies on credit ratings assigned by Moody’s and Standard and Poor’s. The System does voluntarily self-impose certain investment restrictions; however, those can be changed at the Board’s discretion. None of the System’s investments were subject to credit quality ratings from leading credit rating agencies.

At December 31, 2020, uninsured short-term investment funds with fair values of \$3,245,533 were reported as cash equivalents. These funds represent temporary holdings of excess cash resources. The System intends to reinvest these amounts in less than one year. Accordingly, the fair values of these amounts have been classified as cash equivalents in these financial statements.

Concentration of Credit Risk: Investments – The following investments held by the System at December 31, 2020 represent approximately 65.7% of the System’s total investments:

Rhumblin Russell 1000 Funds	13.8%
SSGA Passive Bond Market Index SL Fund	13.4%
Aristotle Capital Small Cap Equity Fund	11.8%
LMCG Mid-Cap Core Fund	11.0%
PRIT Hedge Fund	9.2%
Dimensional Fund Advisors International Core Equity Portfolio	6.5%
HGK Trinity Street International Equity Fund GP, LLC	6.4%

Discretely Presented Component Unit – Falmouth EDIC

Custodial Credit Risk: Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Corporation does not have a deposit policy for custodial credit risk relative to cash withholdings. At year-end, the carrying amount of the Corporation’s deposits was \$403,458 and the bank balance was \$403,529. The Corporation carries deposits that are fully insured through a combination of coverages provided by the Federal Deposit Insurance Corporation, as well as the Depositors Insurance Fund.

Fair Value of Investments – The Corporation reports its investments at fair value. When actively quoted observable prices are not available, the Corporation generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The Corporation categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. As of December 31, 2020, the Corporation carried no investments which required categorization.

Interest Rate Risk: Deposits – This is the risk that fair value losses may arise due to increasing interest rates. The Corporation does not have a formal investment policy that limits investment maturity periods as a way of managing its exposure to fair value losses arising from rising interest rates.

Concentration of Credit Risk – The Corporation maintains no financial holdings that classified as investments at December 31, 2020; therefore, no concentration credit risk existed at that time.

Credit Risk – The Corporation has not adopted a formal policy related to credit risk. As of December 31, 2020, none of the Corporations monetary assets were invested in or subject to credit quality ratings or risk.

B. Receivables

Receivables as of year-end for the Town’s individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 1,586,541	\$ -	\$ 1,586,541
Tax liens and deferrals	2,421,479	-	2,421,479
Motor vehicle and boat excise	838,145	-	838,145
Ambulance user charges	1,059,770	(282,863)	776,907
Sewer user charges	257,400	-	257,400
Sewer assessments	18,616,574	-	18,616,574
Street assessments	616,047	-	616,047
Title V assessments	28,116	-	28,116
Community Preservation tax	37,397	-	37,397
Solar revenues	93,110	-	93,110
Other	63,424	-	63,424
Intergovernmental	4,059,631	-	4,059,631
Total	<u>\$ 29,677,634</u>	<u>\$ (282,863)</u>	<u>\$ 29,394,771</u>

Receivables as of year-end for the Town’s proprietary funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water user fees	\$ 1,286,843	\$ -	\$ 1,286,843
Water assessments	87,395	-	87,395
Intergovernmental	52,508	-	52,508
Total	<u>\$ 1,426,746</u>	<u>\$ -</u>	<u>\$ 1,426,746</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are considered unavailable to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

Receivable type:	General	Other	Total
	Fund	Governmental Funds	
Real estate and personal property taxes	\$ 1,153,245	\$ 37,397	\$ 1,190,642
Tax liens	2,369,143	52,336	2,421,479
Motor vehicle and boat excise	838,145	-	838,145
Ambulance user charges	776,907	-	776,907
Sewer user charges	257,400	-	257,400
Sewer assessments	61,654	18,554,920	18,616,574
Street assessments	-	616,047	616,047
Title V assessments	-	28,116	28,116
Intergovernmental	2,875,089	127,514	3,002,603
Total	<u>\$ 8,331,583</u>	<u>\$ 19,416,330</u>	<u>\$ 27,747,913</u>

Massachusetts Clean Water Trust – The Town has entered into various loan agreements with the Massachusetts Clean Water Trust (MCWT). Under these agreements, it is expected that the Town will be subsidized by MCWT on a periodic basis for principal in the amount of \$3,055,111 (\$3,002,603 for governmental activities and \$52,508 for business-type activities) and interest in the amount of \$530,671 until the maturities of these agreements. GAAP requires the recognition of gross debt relative to these agreements; therefore, a receivable totaling \$2,875,089 has been reported in the General Fund of the Town, a receivable of \$127,514 has been reported in the Sewer Capital Project Major Fund and a receivable totaling \$52,508 has been reported in the Water Enterprise Fund.

Discretely Presented Component Unit – Falmouth EDIC

The Corporation carries its notes receivables at the principal amount due reduced by the loan loss allowance. Interest rates charged on these notes are 1%. The notes are primarily secured by each security agreement and a UCC-1 Financing statement given by each borrower on its fixtures. This document is filed with Commonwealth of Massachusetts. The Corporation evaluates these notes based on the past payment history and credit worthiness of the borrower’s and establishes a note loss allowance if it determines that contractual payments of interest and principal on the note will not be collected in accordance with the terms of the note agreement. Amounts receivable are charged off against the allowance only if reasonable attempts at collection fail.

The following reflect the receivables for the Corporation as of December 31, 2020:

Receivable Type	Gross Amount	Allowance for Uncollectibles	Net Amount
Notes receivable	\$ 36,551	\$ -	\$ 36,551
Rental income	17,687	-	17,687
Totals	<u>\$ 54,238</u>	<u>\$ -</u>	<u>\$ 54,238</u>

The notes receivable portion above is scheduled to mature as follows:

Year Ending December 31,	Amount
2021	\$ 36,551
Total	\$ 36,551

C. Interfund Receivables, Payables and Transfers

The composition of interfund transfers for the fiscal year ended June 30, 2021, was as follows:

Transfers Out	Transfers In						Total
	General Fund	Receipts Reserved for Appropriation	Community Preservation Fund	Capital Projects	Nonmajor Governmental Funds	Water Enterprise Fund	
General Fund	\$ -	\$ 97,414	\$ -	\$ 2,075,000	\$ 500,000	\$ 1,132,720	\$ 3,805,134 (1)
Receipts Reserved for Appropriation	1,575,224	-	-	-	-	-	1,575,224 (2)
Community Preservation Fund	1,090,449	-	-	-	1,530,583	-	2,621,032 (3)
Capital Projects	119,856	-	-	-	-	-	119,856 (2)
Nonmajor Governmental Funds	-	-	173,065	-	-	-	173,065 (4)
Total	\$ 2,785,529	\$ 97,414	\$ 173,065	\$ 2,075,000	\$ 2,030,583	\$ 1,132,720	\$ 8,294,311

- (1) Transfers to receipts reserved for appropriation for waterways projects, transfers to capital projects for coastal erosion and public works projects, transfers to nonmajor governmental funds for pandemic response and transfers to water enterprise to supplement operations
- (2) Transfers to general fund to supplement operating budgets
- (3) Transfers to general fund to supplement operating budgets and transfer to nonmajor governmental funds for affordable housing purposes
- (4) Transfers to receipts community preservation for affordable housing purposes

D. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 86,528,047	\$ -	\$ -	\$ 86,528,047
Construction in process	2,921,365	693,933	-	3,615,298
Total capital assets not being depreciated	89,449,412	693,933	-	90,143,345
Capital assets being depreciated:				
Buildings and improvements	178,375,092	1,337,687	-	179,712,779
Improvements other than buildings	25,093,444	361,529	-	25,454,973
Infrastructure	157,164,227	5,811,834	-	162,976,061
Machinery and equipment	24,265,631	4,634,918	-	28,900,549
Vehicles	17,163,451	-	(155,592)	17,007,859
Total capital assets being depreciated	402,061,845	12,145,968	(155,592)	414,052,221
Less accumulated depreciation for:				
Buildings and improvements	(71,556,470)	(3,980,449)	-	(75,536,919)
Improvements other than buildings	(10,692,019)	(762,392)	-	(11,454,411)
Infrastructure	(66,342,664)	(3,277,404)	-	(69,620,068)
Machinery and equipment	(16,607,838)	(1,822,386)	-	(18,430,224)
Vehicles	(14,168,106)	(628,885)	155,592	(14,641,399)
Total accumulated depreciation	(179,367,097)	(10,471,516)	155,592	(189,683,021)
Total capital assets being depreciated, net	222,694,748	1,674,452	-	224,369,200
Governmental activities capital assets, net	\$ 312,144,160	\$ 2,368,385	\$ -	\$ 314,512,545
<i><u>Business-type Activities: Water</u></i>				
Capital assets not being depreciated:				
Land	\$ 1,486,126	\$ -	\$ -	\$ 1,486,126
Total capital assets not being depreciated	1,486,126	-	-	1,486,126
Capital assets being depreciated:				
Buildings and improvements	163,824	1,408,528	-	1,572,352
Improvements other than buildings	239,301	-	-	239,301
Infrastructure	151,690,150	2,007,213	-	153,697,363
Machinery and equipment	1,336,917	-	-	1,336,917
Total capital assets being depreciated	153,430,192	3,415,741	-	156,845,933
Less accumulated depreciation for:				
Buildings and improvements	(163,824)	(17,607)	-	(181,431)
Improvements other than buildings	(22,422)	(6,406)	-	(28,828)
Infrastructure	(49,763,887)	(3,217,576)	-	(52,981,463)
Machinery and equipment	(610,548)	(86,275)	-	(696,823)
Total accumulated depreciation	(50,560,681)	(3,327,864)	-	(53,888,545)
Total capital assets being depreciated, net	102,869,511	87,877	-	102,957,388
Business-type activities capital assets, net	\$ 104,355,637	\$ 87,877	\$ -	\$ 104,443,514

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 428,267
Public safety	1,484,800
Education	3,275,668
Public works	4,042,076
Health and human services	234,983
Culture and recreation	1,005,722
Total Governmental Activities	<u>\$ 10,471,516</u>

Business-Type Activities:

Water	<u>\$ 3,327,864</u>
Total Business-Type Activities	<u>\$ 3,327,864</u>

E. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to collection of revenues, expenditures may be financed through the issuance of revenue or tax anticipation notes (RANS or TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary borrowings are accounted for in the general fund and enterprise funds, respectively.

Temporary notes outstanding at June 30, 2021, are payable as follows:

Type	Interest Rate	Maturity Date	Beginning Balance	Additions	Retirements	Ending Balance
BAN	0.59%	8/26/21	\$ -	\$ 400,000	\$ -	\$ 400,000
Total Governmental Notes			<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 400,000</u>

F. Long-Term Obligations

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs.

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, the Town may

authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

The following reflects the current year activity in the long-term liability accounts:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i><u>Governmental Activities</u></i>					
General obligation bonds	\$ 68,623,410	\$ -	\$ (6,928,410)	\$ 61,695,000	\$ 6,840,000
Unamortized bond premium	4,332,148	-	(714,240)	3,617,908	573,378
Notes from direct borrowings and placements	38,358,615	-	(2,582,967)	35,775,648	2,608,680
Landfill closure	330,000	-	(30,000)	300,000	30,000
Compensated absences	1,694,600	454,096	(423,650)	1,725,046	431,262
Net pension liability	69,137,064	11,032,364	(20,562,947)	59,606,481	-
Net other postemployment benefits liability	183,766,767	33,364,901	(59,707,105)	157,424,563	-
Total Governmental Activities	\$ 366,242,604	\$ 44,851,361	\$ (90,949,319)	\$ 320,144,646	\$ 10,483,320
<i><u>Business-type Activities: Water</u></i>					
General obligation bonds	\$ 8,321,590	\$ -	\$ (826,590)	\$ 7,495,000	\$ 820,000
Unamortized bond premium	748,664	-	(116,742)	631,922	98,241
Notes from direct borrowings and placements	33,895,668	-	(1,678,133)	32,217,535	1,714,597
Compensated absences	65,055	20,508	(16,264)	69,299	17,325
Net pension liability	3,080,412	491,548	(916,185)	2,655,775	-
Net other postemployment benefits liability	3,349,379	608,117	(1,088,237)	2,869,259	-
Total Business-type Activities	\$ 49,460,768	\$ 1,120,173	\$ (4,642,151)	\$ 45,938,790	\$ 2,650,163

The governmental activities liabilities will be liquidated by the General Fund. The business-type liabilities will be liquidated by the Water Enterprise Fund.

The following is a summary of outstanding long-term debt obligations as of June 30, 2021:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i><u>Governmental Activities</u></i>					
General obligation bonds	2.00 - 6.00%	\$ 42,390,000	\$ -	\$ (3,170,000)	\$ 39,220,000
Refunding bonds	2.00 - 5.00%	10,900,410	-	(1,790,410)	9,110,000
Advanced refunding bonds	2.00 - 5.00%	15,333,000	-	(1,968,000)	13,365,000
Total General Obligation Bonds		68,623,410	-	(6,928,410)	61,695,000
Add: Unamortized bond premium		4,332,148	-	(714,240)	3,617,908
Total General Obligation Bonds, net		72,955,558	-	(7,642,650)	65,312,908
Massachusetts Clean Water Trust	0% - 5.5%	38,358,615	-	(2,582,967)	35,775,648
Total notes from direct borrowings and placements		38,358,615	-	(2,582,967)	35,775,648
Total Governmental Activities debt		\$111,314,173	\$ -	\$ (10,225,617)	\$ 101,088,556
<i><u>Business-type Activities - Water</u></i>					
General obligation bonds	2.00 - 6.00%	\$ 5,585,000	\$ -	\$ (330,000)	\$ 5,255,000
Refunding bonds	1.00 - 4.00%	1,294,590	-	(239,590)	1,055,000
Advanced refunding bonds	2.00 - 5.00%	1,442,000	-	(257,000)	1,185,000
Total General Obligation Bonds		8,321,590	-	(826,590)	7,495,000
Add: Unamortized bond premium		748,664	-	(116,742)	631,922
Total General Obligation Bonds, net		9,070,254	-	(943,332)	8,126,922
Massachusetts Clean Water Trust	0% - 2.0%	33,895,668	-	(1,678,133)	32,217,535
Total notes from direct borrowings and placements		33,895,668	-	(1,678,133)	32,217,535
Total Business-type Activities - Water debt		\$ 42,965,922	\$ -	\$ (2,621,465)	\$ 40,344,457

Massachusetts Clean Water Trust (MCWT)

The Town has fifteen outstanding notes from direct borrowings and placements issued to the MCWT as follows:

Governmental Activities			Business-type Activities - Water		
Date of Issue	Date of Maturity	Original Amount	Date of Issue	Date of Maturity	Original Amount
07/24/03	02/01/21	\$ 195,089	02/23/10	07/15/29	105,000
11/23/04	08/01/24	185,254	02/11/16	01/15/36	16,126,207
11/16/05	07/15/25	200,000	04/13/17	01/15/37	15,320,673
12/01/04	08/01/29	3,018,332	09/12/18	07/15/38	7,281,031
02/23/10	07/15/29	4,865,000			<u>\$ 38,832,911</u>
11/01/03	08/01/23	12,346,237			
03/18/09	07/15/25	250,000			
03/18/09	07/15/28	7,775,000			
02/11/16	01/15/46	4,284,956			
02/11/16	01/15/46	11,140,583			
04/13/17	01/15/47	20,869,482			
		<u>\$ 65,129,933</u>			

The financing agreements with the MCWT contain a provision that in the event of default, outstanding amounts due and payable shall be paid from any undisbursed proceeds on account or be deducted from any state local aid distributions owed to the Town. This provision also allows the MCWT to declare the entire outstanding principal amount due immediately.

Payments on outstanding bonds and note balances due in future years consist of the following:

Year Ending June 30	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
	<i>Governmental Activities</i>			
2022	\$ 6,840,000	\$ 2,363,349	\$ 2,608,680	\$ 154,515
2023	6,460,000	2,073,941	2,650,549	73,426
2024	5,950,000	1,819,213	2,672,529	29,836
2025	5,955,000	1,577,296	1,849,622	49,441
2026	5,010,000	1,349,771	1,856,830	40,780
2027-2031	18,465,000	4,071,223	8,074,683	74,666
2032-2036	9,970,000	1,230,768	5,141,356	-
2037-2041	3,045,000	182,096	5,180,062	-
2042-2046	-	-	5,219,055	-
2047	-	-	522,282	-
Total	<u>\$ 61,695,000</u>	<u>\$ 14,667,657</u>	<u>\$ 35,775,648</u>	<u>\$ 422,664</u>

Year Ending June 30	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
	<i>Business-Type Activities - Water</i>			
2022	\$ 820,000	\$ 275,181	\$ 1,714,597	\$ 640,225
2023	740,000	239,881	1,751,853	605,975
2024	720,000	209,282	1,789,919	570,979
2025	720,000	179,081	1,828,812	535,223
2026	715,000	148,981	1,868,549	498,690
2027-2031	1,805,000	481,157	9,963,265	1,917,048
2032-2036	1,435,000	188,319	11,066,761	876,992
2037-2040	540,000	35,944	2,233,779	58,062
Total	<u>\$ 7,495,000</u>	<u>\$ 1,757,826</u>	<u>\$ 32,217,535</u>	<u>\$ 5,703,194</u>

Authorized and Unissued Debt – At June 30, 2021, the Town had authorized and unissued debt as follows:

Project	Amount
Water treatment plant	\$ 1,751,330
Wastewater management	10,725,946
CWMP Study and design	72,250
School windows	947,636
Wild Harbor bulkhead	300,000
Other	500,000
Total authorized and unissued	<u>\$ 14,297,162</u>

G. Operating Lease

In 2013 the System, as lessee, entered into a ten-year, non-cancellable facility lease with a third party for its office space. Future minimum annual rental expense obligations due under this facility lease which includes rent and common area maintenance fees as are as follows:

Calendar Year	Lease Payments
2021	\$ 41,323
2022	42,165
2023	32,762
	<u>\$ 116,250</u>

III. Other Information

A. Retirement System

Retirement System Description – The Town contributes to the Town of Falmouth Contributory Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan for the Town and Falmouth Housing Authority. The System was established under Chapter 32 of the General Laws of the Commonwealth of Massachusetts. The System is administered by the Town of Falmouth and is part of the reporting entity. Standalone audited financial statements for the year ended December 31, 2020 were issued and are available at the Retirement Office, 80 Davis Straits, Suite 102, Falmouth, Massachusetts 02540. Disclosures applicable to the Falmouth Housing Authority are not material.

Membership – Membership in the System as of December 31, 2020, was as follows:

Retirees and beneficiaries receiving benefits	426
Active plan members	609
Inactive plan members	180
Total	<u>1,215</u>

Benefit Terms – Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Teachers and certain administrative personnel employed by the Town’s school department participate in a separate pension plan administered by the Massachusetts Teachers’ Retirement System, which is the legal responsibility of the Commonwealth of Massachusetts. Members of the System do not participate in the federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform from retirement system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a participant’s highest three-year or five-year average annual rate of regular compensation, depending on the participant’s date of hire. Benefit payments are based upon a participant’s age, length of creditable service, level of compensation and job classification.

The most common benefits paid by the System include normal retirement, disability retirement and survivor benefits.

Generally, normal retirement occurs between ages 65 and 67. However, most participants with a hire date before April 2, 2012, may retire after twenty years of service or at any time after attaining age 55. For most participants hired on or after April 2, 2012, they must attain the age of 60 before they can retire. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years’ creditable service in order to retire at age 55 or 60, as applicable. Participants become vested after ten years of service. Benefits commencing before age 65 are generally provided at a reduced rate. However, members working in certain occupations may retire with full benefits earlier than age 65.

Participants who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 may request a refund of their accumulated total contributions. In addition, depending on the number of years of creditable service, these employees may be entitled to interest that has accrued on their contributions. A vested employee under the age of 55 who elects to leave his accumulated contributions on deposit may apply for pension benefits upon reaching his eligible retirement age.

The System provides for both an ordinary disability retirement, where a participant is permanently incapacitated from a cause unrelated to employment, and an accidental disability retirement, where the disability is the result of an injury or illness received or aggravated in the performance of one's duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of service, average compensation and veteran status. In addition, certain provisions are in place relative to death benefits for beneficiaries of employees who die in active service.

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in 1998, the funding of cost-of-living amounts became the responsibility of the participating units like the System.

The System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws.

Contributions Requirements – The Town has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method.

Employer contributions to the System totaled \$9,165,711 for the year ended December 31, 2020. The Town contributed \$8,952,150 to the System in fiscal year 2021, which equaled the actuarially determined contribution requirement for the fiscal year. The Town's contributions as a percentage of covered payroll was approximately 28.5%.

Net Pension Liability – The components of the net pension liability of the System at December 31, 2020 (dollar amounts in thousands) were as follows:

Total pension liability	\$	234,768
Plan fiduciary net position		<u>(171,040)</u>
Net pension liability	\$	<u>63,728</u>
Plan fiduciary net position as a percentage of the total pension		72.9%

At June 30, 2021, the Town reported a liability of \$62,262,256 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These figures were updated by the independent actuary to December 31, 2020. The most significant changes were to the actuarial mortality tables.

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all employers.

The Town's proportion was approximately 97.7% at December 31, 2020, which was consistent with the proportion measured at January 1, 2020.

Fiduciary Net Position – The elements of the System's basic financial statements (that is, all information about the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the fiduciary fund financial statements. The System's full audited financial statements as of and for the year ended December 31, 2020 can be obtained by contacting the Retirement Board.

The System's fiduciary net position was determined using the accrual basis of accounting. The System's accounting records are maintained on a calendar-year basis in accordance with the standards and procedures established by PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The Town recognized \$7,098,824 in pension expense in the statement of activities in fiscal year 2021.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,824,426
Net differences between projected and actual earnings on pension plan investments	-	4,920,172
Changes of assumptions	4,244,088	-
Changes in proportion and differences between employers' contributions and proportionate share of contributions	181,000	-
Total	<u>\$ 4,425,088</u>	<u>\$ 9,744,598</u>

The deferred outflows of resources and deferred inflows of resources are expected to be recognized in the Town's pension expense as follows:

<u>Year ended June 30,</u>	
2022	\$ (466,189)
2023	766,279
2024	(3,997,550)
2025	(1,622,050)
2026	-
Total	<u>\$ (5,319,510)</u>

Actuarial Valuation – The measurement of the Retirement System’s total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2020 and rolled forward to December 31, 2020. The significant actuarial assumptions used in the actuarial valuation included:

Actuarial cost method	Individual entry age normal
Amortization method	Top payments increase 6.31% per year until FY 2032 with a final amortization payment in FY 2033 (formerly 5.86%)
Remaining amortization period	12 years from July 1, 2021
Asset valuation method	Market value
Investment rate of return	7.25% per annu (formerly 7.5%)
Projected salary increases	Service based table with ultimate ranges of 4.25%, and 4.75% for groups 1 and 4, respectively
Cost of living adjustments	3.0% of the first \$14,000 of benefits
Mortality rates:	
Pre-retirement	RP-2014 Blue Collar Employees table projected generationally with Scale MP-2018 (gender distinct)
Post-retirement	RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018 (gender distinct)
Disabled retiree	RP-2014 Blue Collar Healthy Annuitant table set forward one year and projected generationally with Scale MP-2018 (gender distinct)

The investment rate of return assumption is a long-term assumption and is based on capital market expectations by asset class, historical returns and professional judgment. The market expectations analysis used a building-block approach, which included expected returns by asset class and the target asset allocation. The target allocation and best estimates of arithmetic real returns for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Policy Range</u>	<u>Long-Term Expected Rate of Return</u>
Domestic equity	33.0% to 43.0%	7.6% to 10.1%
International equity	10.0% to 20.0%	7.6%
Fixed income	14.5% to 24.5%	2.6% to 8.7%
Real Estate/ Real Assets	7.5% to 12.5%	7.5%
Private equity	5.0% to 10.0%	13.1%
Hedge funds	7.5% to 12.5%	7.3%
Cash	0.0% to 3.0%	nil

Discount Rate – The discount rate used to measure the total pension liability in the January 1, 2020 actuarial valuation report was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially-determined contribution rates and the member rate. Based on those assumptions, the System’s fiduciary net position was

projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis – The following presents net pension liability of the System calculated using the discount rate of 7.25% as well as the System’s net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate (dollar amounts in thousands):

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 90,011	\$ 63,728	\$ 41,442

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as the Town’s proportionate share of the net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate (dollar amounts in thousands):

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Town's proportionate share of net pension liability	\$ 87,941	\$ 62,262	\$ 40,489

B. Massachusetts Teachers’ Retirement System

Teachers and certain administrative employees of the Town’s school department participate in the Massachusetts Teachers’ Retirement System (“MTRS”), a cost-sharing multiple employer defined benefit pension plan. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. Like the Retirement System, MTRS was established under Chapter 32 of Massachusetts General Laws. The Commonwealth’s legislature has the authority to amend or modify the MTRS’s funding policies.

The Commonwealth is a nonemployer contributor to the MTRS and is legally responsible by statute for all actuarially determined employer contributions and future benefit requirements of the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

For the year ended June 30, 2021, the Commonwealth contributed \$6,323,925 to the MTRS on behalf of the Town. The Town’s proportionate share of the collective MTRS net pension liability at this reporting date was 0.407093%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the Town as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The table below presents the Town’s proportionate share of the following:

	Commonwealth Portion	Paid (or assumed) On Behalf of the Town	Town Portion
Net pension liability	\$ 116,204,203	\$ (116,204,203)	\$ -
Pension expense	14,352,884	(14,352,884)	-

The Town has recognized intergovernmental revenue and pension expense of \$14,352,884 associated with this arrangement.

C. Other Postemployment Benefits

The Town administers a single-employer defined benefit healthcare plan (the “OPEB Plan”). The OPEB Plan provides health, dental and life insurance benefits (other postemployment benefits) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B.

Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. All benefits are provided through the Town’s premium-based insurance program. The OPEB Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the Town’s financial statements.

OPEB Plan disclosures that impact the Town’s net OPEB liability using a measurement date of June 30, 2021, are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of the July 1, 2020 actuarial valuation date:

Retirees and beneficiaries currently receiving benefits	822
Inactive employees	538
Total	1,360

Contributions – The contribution requirements of Plan members and the Town are established and may be amended by the Town, through negotiation with the Town employee unions. Retirees contribute 50-65 percent of the calculated contribution through pension benefit deductions. The remainder of the cost is funded by the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis plus additional contributions which vary annually. The costs of administering the Plan are paid by the Town. For the year ended June 30, 2021, the Town’s average contribution rate was 6.1% of covered payroll.

Net OPEB Liability – The Town’s net OPEB liability was measured as of June 30, 2021, using an actuarial valuation as of June 30, 2020. The components of the net OPEB liability of the Town were as follows:

Total OPEB Liability	\$ 161,903,096
Plan fiduciary net position	<u>(1,609,274)</u>
Net OPEB liability	<u>\$ 160,293,822</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.99%

The total OPEB liability in the most recent actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.5%, net of OPEB plan investment expense, including inflation
Municipal bond rate	2.16% as of June 30, 2021
Discount rate	2.16% as of June 30, 2021
Inflation	3.25%
Health care trend rate	6.75% decreasing to 4.5% at a rate of 0.25% per year
Salary increases	3.25%
Pre-retirement mortality	Non-teachers: RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017 Teachers: RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2020
Post-retirement mortality	Non-teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017 Teachers: RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2020
Disabled mortality	Non-teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017 Teachers: RP-2014 White Collar Healthy Annuitant Mortality Table set forward four years projected generationally with Scale BB2D from 2020
Actuarial cost method	Individual entry age normal - level percentage of payroll

Discount Rate – The discount rate used to measure the total OPEB liability was 2.16%. The only key change in assumptions from the prior year was the decrease of this discount rate from 2.21%.

Long Term Expected Rate of Return – The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table and are part of the Town's OPEB investment policy:

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic Equity	20.00%	6.28%
International developed markets equity	20.00%	7.00%
International emerging markets equity	5.00%	8.82%
Core fixed income	10.00%	38.00%
High yield fixed income	10.00%	2.97%
Real estate	10.00%	3.50%
Commodities	10.00%	3.45%
Hedge fund, GTAA, Risk parity	10.00%	2.35%
Private equity	5.00%	10.11%
	100.00%	

Sensitivity Analyses – The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

	Discount Rate			
	Current Rate	1% Decrease	Current	1% Increase
	Net OPEB Liability	2.16%	\$188,839,041	\$ 160,293,822

	Health Care Trend Rate			
	Current Rate	1% Decrease	Current	1% Increase
	Net OPEB Liability	6.75% > 4.50%	\$134,105,615	\$ 160,293,822

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2020	\$ 188,406,151	\$ 1,290,005	\$ 187,116,146
Changes for the year:			
Service cost	7,964,240	-	7,964,240
Interest	4,294,247	-	4,294,247
Difference between expected and actual experience	(18,962,281)	-	(18,962,281)
Changes in assumptions	(15,655,466)	-	(15,655,466)
Net investment income	-	319,269	(319,269)
Employer contributions	-	4,143,795	(4,143,795)
Benefit payments withdrawn from trust	-	(4,143,795)	4,143,795
Benefit payments	(4,143,795)	-	(4,143,795)
Net changes	(26,503,055)	319,269	(26,822,324)
Balances at June 30, 2021	\$ 161,903,096	\$ 1,609,274	\$ 160,293,822

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – The Town recognized OPEB expense of \$11,308,222. Deferred outflows of resources and deferred inflows of resources related to OPEB were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 22,664,796	\$ 12,524,372
Differences between projected and actual earnings	-	175,621
Differences between actual and expected experience	-	15,523,876
	\$ 22,664,796	\$ 28,223,869

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

June 30,	Recognition
2022	\$ 1,957,849
2023	514,284
2024	(1,061,863)
2025	(6,969,343)
	\$ (5,559,073)

Investment Custody – In accordance with Massachusetts General Laws, the Town Treasurer is the custodian of the OPEB Plan and since the Town has not designated a Board of Trustees, the Town Treasurer is also the Trustee and as such is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established in Chapter 203C and may, with the approval of the State Retiree Benefits Trust Fund Board of Trustees, be invested in the State Retiree Benefits Trust Fund established in Section 24 of Chapter 32A. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Town.

Investment Rate of Return – For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 22.02%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Pension and Other Employee Benefit Trust Funds

The Town reports two pension and other employee benefit trust funds in a single column in the Statement of Net Position and Statement of Changes in Net Position in the Fiduciary Funds. The Town's Other Postemployment Benefits Trust Fund does not issue stand-alone financial statements and must be reported separately.

The Statement of Net Position of the Town's pension and other employee benefit trust funds are as follows:

	Pension Trust Fund (December 31, 2020)	Other Postemployment Benefits Trust Fund	Total
Assets:			
Cash and Cash Equivalents	\$ 3,300,451	\$ 8,045	\$ 3,308,496
Investments (at fair value):			
Domestic equity mutual funds	74,174,157	1,058,421	75,232,578
International equity mutual funds	10,860,582	-	10,860,582
Fixed income mutual funds	29,289,383	542,808	29,832,191
Private equity funds	16,746,660	-	16,746,660
Real estate funds	14,213,676	-	14,213,676
PRIT	22,490,962	-	22,490,962
Total Investments	167,775,420	1,601,229	169,376,649
Receivables:			
Employer and employee contributions	7,037	-	7,037
Total Receivables	7,037	-	7,037
Total Assets	171,082,908	1,609,274	172,692,182
Liabilities:			
Warrants and accounts payable	43,011	-	43,011
Total Liabilities	43,011	-	43,011
Net Position:			
Restricted for pensions	171,039,897	-	171,039,897
Restricted for other postemployment benefits	-	1,609,274	1,609,274
Total Net Position	\$ 171,039,897	\$ 1,609,274	\$ 172,649,171

The Statement of Changes in Net Position of the Town's pension and other employee benefit trust funds are as follows:

	Pension Trust Fund (December 31, 2020)	Other Postemployment Benefits Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 9,165,711	\$ 4,143,795	\$ 13,309,506
Employee	3,308,371	-	3,308,371
Other	609,814	-	609,814
Total Contributions	<u>13,083,896</u>	<u>4,143,795</u>	<u>17,227,691</u>
Other income	5,680	-	5,680
Investment income:			
Interest and dividends	1,643,459	112,143	1,755,602
Net appreciation in fair value of investments	15,450,526	208,473	15,658,999
Less - investment management fees	(2,000,422)	-	(2,000,422)
Net investment earnings	<u>15,093,563</u>	<u>320,616</u>	<u>15,414,179</u>
Total Additions (net)	<u>28,183,139</u>	<u>4,464,411</u>	<u>32,647,550</u>
Deductions			
Benefit payments to pensioners and beneficiaries	12,712,687	4,143,795	16,856,482
Member refunds	213,392	-	213,392
Transfers and reimbursements to other systems	541,619	-	541,619
Payroll expenses of the System	195,770	-	195,770
Other administrative expenses	139,005	-	139,005
Total Deductions	<u>13,802,473</u>	<u>4,143,795</u>	<u>17,946,268</u>
CHANGE IN NET POSITION	14,380,666	320,616	14,701,282
NET POSITION AT BEGINNING OF YEAR	<u>156,659,231</u>	<u>1,288,658</u>	<u>157,947,889</u>
NET POSITION AT END OF YEAR	<u>\$ 171,039,897</u>	<u>\$ 1,609,274</u>	<u>\$ 172,649,171</u>

E. Risk Financing

The Town is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; natural disasters and various employee benefits including health, workers' compensation and unemployment compensation. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town is a part of a premium-based self-insurance group, which insures for worker's compensation, general and personal liability, through the Massachusetts Inter-local Insurance Association (MIIA). Additionally, the Town is part of a premium-based health insurance group, Cape Cod Municipal Health Group, which serves over sixty cities, towns, and school systems. The Town essentially transfers its risk through payment of its annual assessment, which is adjusted according to the Town's experience history.

F. Landfill Closure and Post-closure Care Costs

The Town's landfill was closed during fiscal year 2000 and a final cover was installed in accordance with Federal and State laws and regulations. Those laws and regulations require the Town to perform certain maintenance and monitoring functions (post-closure care) at the site for 30 years after the landfill cover is installed. The liability for closure and post-closure care is based on current costs which are subject to changes due to inflation, deflation, changes in technology or applicable laws and regulations. In accordance with generally accepted accounting principles, the estimated cost of closure and post-closure care costs of \$300,000 has been accrued in the liabilities of the Governmental Funds.

G. Commitments and Contingencies

A summary discussion of the Town's exposure to commitments and contingencies follows:

Wind Turbine Litigation –

In 2010 and 2011, the Town acquired and erected two wind turbines at its wastewater treatment plant. When the turbines began operations, homeowners in the immediate neighborhood began to complain that the noise and vibration of the turbines constituted a nuisance. There were several cases filed pertaining to both zoning and nuisance claims.

The following summarizes the most recent court decisions and the Town's current position regarding these cases:

Wind I: Plaintiffs allege Wind I, the first of the two wind turbines owned by the Town and installed at the wastewater treatment plant on Blacksmith Shop Road was built in violation of the Town's zoning-by-law. The litigation ended with a decision of the Massachusetts Appeals Court that the Town needed to obtain a special permit from the Zoning Board of Appeals to continue operation of Wind I. The Town applied for this special permit and it was denied. Initially the Town appealed the judgment but subsequently withdrew the appeal as Wind I was determined to be a nuisance under the zoning bylaw in a related court case. Accordingly, Wind I was taken out of operation pursuant to this determination made by the Court.

Wind II: The second Town wind turbine was financed by a loan/grant from the Massachusetts Clean Water Trust "MCWT", formerly the Massachusetts Water Pollution Abatement Trust with funds that originated with the United States under the American Recovery and Reinvestment Act of 2009. The original loan amount was approximately \$4.9 million, and the interest rate is 0%.

The loan qualifies for full principal forgiveness as long as the wind turbine continues to operate as an energy efficient project. Several neighbors of Wind II filed an application with the Town's Zoning Board of Appeals requesting a Cease and Desist Order for Wind II on the grounds it was built without a special permit from the Zoning Board of Appeals. This application was denied by the Board. The neighbors appealed this denial to Superior Court which affirmed the Zoning Board's decision. In a related court case, the Court ruled Wind II as a nuisance under the zoning by-law and also ordered it to cease operations. As a result, Wind II was also taken out of operation.

During fiscal year 2019, the decision to dismantle and decommission Wind I and Wind 2 was made, and the Town received an estimated cost of \$2,400,000 to accomplish this. In addition, during fiscal 2019, the Select Board mandated that no wind turbines would be able to stand or operate at any location in Falmouth. Further, Town Meeting appropriated an amount from certified free cash (available surplus) to fund these costs as soon as a vendor was selected and at that time to be paid from current available resources.

With respect to these decisions, the following transactions have been recorded in the financial statements in the applicable years that key events took place:

- Both Wind 1 and Wind 2 were determined to be impaired during fiscal year 2017 and net book value of \$4,054,247 and \$4,854,799 respectively, were recorded as impairment losses in the Statement of Activities at that time.
- During fiscal 2019, the amount of \$2,400,000 representing the estimated cost to dismantle and decommission Wind 1 and Wind 2 has been recorded as a liability in the Capital Projects major fund and in the Statement of Net Position. It has also been expensed immediately during fiscal 2019 since both Wind 1 and Wind 2 are out of operation and will be dismantled in the near future.
- Debt service for Wind I will be partially offset from revenue generated from a major solar array built at the Town Landfill site. The outstanding debt is currently \$1,420,000 and remaining interest is \$320,500. It is scheduled to mature in 2029.
- The Town has contacted MCWT on occasion regarding the status of the interest free note on Wind 2. These communications have not yielded any resolutions and the Town continues to carry debt related to this at \$2,432,887 that is being paid from annual appropriations authorized at Town Meeting. This debt matures in 2030 and has not been called or deemed in default as of fiscal 2021.

The Town is also party to other certain legal claims that arise in the normal course of operations which are subject to many uncertainties. The outcome of individual litigation matters is not always predictable with assurance; although the amount of liability, if any, at June 30, 2021, cannot be ascertained, management believes that any resulting liability, if any for these other claims, should not materially affect the basic financial statements of the Town at June 30, 2021.

Grant Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Arbitrage – The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The amount of penalties, if any, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

H. Implementation of New GASB Pronouncements

Current Year Implementations –

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement was to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this Statement became effective for the Town in fiscal year 2021. In connection with the adoption of this accounting standard, certain previously reported agency balances are now reported in the governmental funds and government-wide financial statements. Refer to Note IV for the financial impact of the adoption of this accounting standard.

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement was to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The provisions of this Statement became effective for the Town in fiscal year 2021. The adoption of this standard did not have an impact on the Town's financial statements.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. In addition to accounting and financial reporting implications that result from the replacement of an interbank offered rate (which become effective in fiscal year 2022), this Statement eliminated the use of LIBOR as an appropriate benchmark interest rate for derivative instruments that hedge interest rate risk of taxable debt for reporting periods effective fiscal year 2021. The adoption of this standard did not have an impact on the Town's financial statements.

Future Implementations –

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement redefines the manner in which long-term leases are accounted and reported. As amended, the provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest costs incurred before the end of a construction period. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2020 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to standardize the reporting of conduit debt obligations by issuers by clarifying the existing definition of conduit debt obligation, among other matters. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2021 (fiscal year 2023). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting

implications that result from the replacement of an interbank offered rate. The reporting provisions of this Statement are effective for financial reporting periods beginning after June 15, 2020 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issued related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

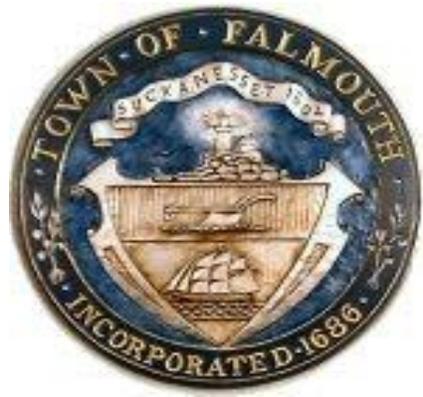
In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

IV. Prior Period Restatements

The adoption of GASB Statement No. 84 required certain accounts previously reported as agency accounts in the Statement of Fiduciary Activities to be reclassified into nonmajor governmental funds. The Town also adjusted its records for the amounts owed for special assessments.

The impact is illustrated in the table below:

	Governmental Activities	Nonmajor Governmental Funds
Prior year as presented	\$ 83,806,538	\$ 8,812,061
Restate agency funds	110,477	110,477
Restate special assessments	(3,686,379)	-
As restated	<u>\$ 80,230,636</u>	<u>\$ 8,922,538</u>



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Required Supplementary Information

TOWN OF FALMOUTH, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2021

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(dollar amounts are in thousands)

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset)	97.7%	97.8%	97.3%	97.3%	97.1%	97.1%	96.9%
Town's proportionate share of the net pension liability (asset)	\$ 62,263	\$ 72,217	\$ 85,546	\$ 59,898	\$ 69,211	\$ 64,484	\$ 56,559
Town's covered payroll	\$ 31,428	\$ 29,292	\$ 29,139	\$ 27,648	\$ 27,593	\$ 26,681	\$ 26,626
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	198.1%	246.5%	293.6%	216.6%	250.8%	241.7%	212.4%
Plan fiduciary net position as a percentage of the total pension liability	72.9%	68.0%	60.3%	70.1%	64.1%	63.8%	66.9%

SCHEDULE OF THE TOWN CONTRIBUTIONS TO PENSION PLAN
(dollar amounts are in thousands)

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 8,952	\$ 8,431	\$ 7,890	\$ 7,451	\$ 7,082	\$ 6,748	\$ 6,416
Contributions in relation to the actuarially determined contribution	8,952	8,431	7,890	7,451	7,082	6,748	6,416
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 32,168	\$ 29,951	\$ 29,457	\$ 28,340	\$ 27,609	\$ 27,038	\$ 26,650
Contributions as a percentage of covered payroll	27.8%	28.1%	26.8%	26.3%	25.7%	25.0%	24.1%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

TOWN OF FALMOUTH, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
 YEAR ENDED JUNE 30, 2021

SCHEDULE OF THE COMMONWEALTH'S COLLECTIVE SHARE OF THE NET PENSION LIABILITY
 MASSACHUSETTS TEACHER'S RETIREMENT SYSTEM
 (dollar amounts are in thousands)

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Commonwealth's proportion of the collective net pension liability (asset)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Town's proportion of the collective net pension liability (asset)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commonwealth's proportionate share of the net pension liability (asset)	\$28,544,844	\$25,214,020	\$ 23,711,289	\$ 22,885,391	\$ 22,357,928	\$ 20,489,643	\$ 15,896,354
Commonwealth's actuarially determined contribution	\$1,553,433	\$1,443,710	\$ 1,314,783	\$ 1,235,515	\$ 1,124,583	\$ 1,021,930	\$ 937,379

Contributions to MTRS are the responsibility of the Commonwealth of Massachusetts.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

TOWN OF FALMOUTH, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEAR ENDED JUNE 30, 2021

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total OPEB liability:					
Service cost	\$7,964,240	\$5,246,823	\$ 4,438,998	\$ 4,361,404	\$ 5,054,578
Interest	4,294,247	5,453,924	4,980,915	4,620,284	3,955,895
Differences between expected and actual experience	(18,962,281)	-	(1,464,900)	-	-
Changes in assumptions	(15,655,466)	29,507,561	23,159,362	(4,996,304)	(14,107,391)
Benefit payments	(4,143,795)	(4,763,460)	(4,794,266)	(4,046,371)	(3,872,125)
Net change in total OPEB liability	(26,503,055)	35,444,848	26,320,109	(60,987)	(8,969,043)
Total OPEB liability - beginning of year	188,406,151	152,961,303	126,641,194	126,702,181	135,671,224
Total OPEB liability - end of year (a)	<u>161,903,096</u>	<u>188,406,151</u>	<u>\$ 152,961,303</u>	<u>\$ 126,641,194</u>	<u>\$ 126,702,181</u>
Plan fiduciary net position:					
Contributions - employer	\$4,143,795	\$5,263,460	\$ 4,894,266	\$ 4,146,371	\$ 3,972,125
Net investment income	319,269	40,151	89,906	(6,526)	10,103
Benefit payments	(4,143,795)	(4,763,460)	(4,794,266)	(4,046,371)	(3,872,125)
Net change in Plan fiduciary net position	319,269	540,151	189,906	93,474	110,103
Plan fiduciary net position - beginning of year	1,290,005	749,854	559,948	466,474	356,371
Plan fiduciary net position - end of year (b)	<u>\$ 1,609,274</u>	<u>\$ 1,290,005</u>	<u>\$ 749,854</u>	<u>\$ 559,948</u>	<u>\$ 466,474</u>
Net OPEB liability - end of year (a) - (b)	<u>160,293,822</u>	<u>187,116,146</u>	<u>\$ 152,211,449</u>	<u>\$ 126,081,246</u>	<u>\$ 126,235,707</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.99%	0.68%	0.49%	0.44%	0.37%
Covered-employee payroll	\$68,250,000	\$68,000,000	\$ 65,500,750	\$ 65,013,809	N/A
Net OPEB liability as a percentage of covered-employee payroll	234.86%	275.17%	232.38%	193.93%	N/A

N/A - Information not available

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

TOWN OF FALMOUTH, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEAR ENDED JUNE 30, 2021

SCHEDULE OF CONTRIBUTIONS

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Actuarially-determined contribution	\$ 6,780,344	\$ 8,096,104	\$ 7,841,263	\$ 6,560,565	\$ 8,695,228
Contributions in relation to the actuarially-determined contribution	(4,143,795)	(5,263,460)	(4,894,266)	(4,146,371)	(3,972,125)
Contribution deficiency (excess)	<u>\$ 2,636,549</u>	<u>\$ 2,832,644</u>	<u>\$ 2,946,997</u>	<u>\$ 2,414,194</u>	<u>\$ 4,723,103</u>
Covered-employee payroll	\$68,250,000	\$68,000,000	\$ 67,328,937	\$ 65,500,750	\$ 65,013,809
Contribution as a percentage of covered-employee payroll	6.07%	7.74%	7.27%	6.33%	6.11%
Valuation date	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016
Amortization period	26 years	28 years	28 years	30 years	30 years
Investment rate of return	6.50%	7.00%	7.00%	7.00%	7.00%
Municipal bond rate	2.16%	2.21%	3.50%	3.45%	3.13%
Single equivalent discount rate	2.16%	2.21%	3.50%	3.87%	3.58%
Inflation	3.25%	3.25%	3.25%	3.50%	3.50%
Healthcare cost trend rates	6.75% > 4.5%	7.0% > 4.5%	7.0% > 4.5%	7.0% > 4.5%	7.0% > 4.5%
Salary increases	3.25%	7.5% > 4.0%	7.5% > 4.0%	7.5% > 4.0%	7.5% > 4.0%
Actuarial Cost Method	Individual Entry Age Normal (for all years presented)				
Asset Valuation Method	Market Value of Assets as of Reporting Date (for all years presented)				

SCHEDULE OF INVESTMENT RETURNS

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	22.02%	0.80%	13.89%	-1.40%	2.25%

Note: These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

TOWN OF FALMOUTH, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Encumbrances	Actual	Variance Positive (Negative)
	Original Budget	Final Budget	Budgetary Amounts		Budgetary Adjusted	
Revenues:						
<i>Taxes:</i>						
Real estate taxes	\$ 109,012,055	\$ 109,012,055	\$ 110,010,826	\$ -	\$ 110,010,826	\$ 998,771
Personal property taxes	2,063,438	2,063,438	2,090,489	-	2,090,489	27,051
Tax title	-	-	275,753	-	275,753	275,753
Motor vehicle excise	3,915,000	3,915,000	5,883,279	-	5,883,279	1,968,279
Boat excise	85,000	85,000	194,828	-	194,828	109,828
Meals excise	200,000	200,000	798,982	-	798,982	598,982
Room occupancy excise	600,000	600,000	1,886,468	-	1,886,468	1,286,468
	<u>115,875,493</u>	<u>115,875,493</u>	<u>121,140,625</u>	<u>-</u>	<u>121,140,625</u>	<u>5,265,132</u>
<i>Intergovernmental:</i>						
State aid - chapter 70	6,780,099	6,780,099	6,780,099	-	6,780,099	-
State aid - state owned land	473,240	473,240	473,240	-	473,240	-
State aid - unrestricted	1,472,161	1,472,161	1,472,161	-	1,472,161	-
State aid - veterans benefits	343,465	343,465	333,486	-	333,486	(9,979)
State aid - other	336,061	336,061	320,390	-	320,390	(15,671)
Federal revenue through State	140,000	140,000	397,934	-	397,934	257,934
	<u>9,545,026</u>	<u>9,545,026</u>	<u>9,777,310</u>	<u>-</u>	<u>9,777,310</u>	<u>232,284</u>
<i>User charges:</i>						
Ambulance user charges	2,148,500	2,148,500	2,277,904	-	2,277,904	129,404
Town marina user charges	641,000	641,000	776,217	-	776,217	135,217
Solid waste disposal user charges	100,000	100,000	168,930	-	168,930	68,930
Sewer user charges	1,800,000	1,800,000	2,190,235	-	2,190,235	390,235
Water user charges	6,000,000	6,000,000	6,194,172	-	6,194,172	194,172
Beach user charges	910,500	910,500	1,005,371	-	1,005,371	94,871
	<u>11,600,000</u>	<u>11,600,000</u>	<u>12,612,829</u>	<u>-</u>	<u>12,612,829</u>	<u>1,012,829</u>
<i>Departmental fees and other:</i>						
Payments in lieu of taxes	130,000	130,000	283,466	-	283,466	153,466
Municipal lien fees	105,000	105,000	178,350	-	178,350	73,350
Recreation fees	20,000	20,000	55,845	-	55,845	35,845
Rental of municipal property	80,000	80,000	63,018	-	63,018	(16,982)
Police private detail charges	77,000	77,000	59,000	-	59,000	(18,000)
Fire inspection fees	45,000	45,000	67,810	-	67,810	22,810
Other fire revenue	1,000	1,000	333,046	-	333,046	332,046
Treasurer's miscellaneous	1,000	1,000	255,956	-	255,956	254,956
Other miscellaneous	1,000	1,000	720,972	-	720,972	719,972
	<u>460,000</u>	<u>460,000</u>	<u>2,017,463</u>	<u>-</u>	<u>2,017,463</u>	<u>1,557,463</u>
<i>Licenses and permits:</i>						
Liquor licenses	100,000	100,000	151,835	-	151,835	51,835
Building permits	954,000	954,000	1,899,944	-	1,899,944	945,944
Board of Health licenses and permits	87,000	87,000	126,590	-	126,590	39,590
Other licenses and permits	94,000	94,000	192,749	-	192,749	98,749
	<u>1,235,000</u>	<u>1,235,000</u>	<u>2,371,118</u>	<u>-</u>	<u>2,371,118</u>	<u>1,136,118</u>
<i>Fines and forfeitures:</i>						
Parking violations	61,000	61,000	141,609	-	141,609	80,609
Other fines	19,000	19,000	19,871	-	19,871	871
	<u>80,000</u>	<u>80,000</u>	<u>161,480</u>	<u>-</u>	<u>161,480</u>	<u>81,480</u>
<i>Special Assessments</i>						
	<u>800,000</u>	<u>800,000</u>	<u>999,703</u>	<u>-</u>	<u>999,703</u>	<u>199,703</u>
<i>Penalties and interest on taxes</i>						
	<u>575,000</u>	<u>575,000</u>	<u>890,365</u>	<u>-</u>	<u>890,365</u>	<u>315,365</u>
<i>Interest and investment income</i>						
	<u>40,000</u>	<u>40,000</u>	<u>106,998</u>	<u>-</u>	<u>106,998</u>	<u>66,998</u>
Total Revenues	<u>140,210,519</u>	<u>140,210,519</u>	<u>150,077,891</u>	<u>-</u>	<u>150,077,891</u>	<u>9,867,372</u>

TOWN OF FALMOUTH, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Expenditures:						
<i>General Government:</i>						
Town Meeting:						
Salary and wages	4,000	4,000	1,176	-	1,176	2,824
Other expenses	42,969	42,969	33,336	2,000	35,336	7,633
	<u>46,969</u>	<u>46,969</u>	<u>34,512</u>	<u>2,000</u>	<u>36,512</u>	<u>10,457</u>
Town Moderator:						
Salary and wages	1,500	1,500	1,500	-	1,500	-
	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
Select Board/Town Manager:						
Salary and wages	520,234	520,234	470,251	-	470,251	49,983
Specific departmental expenses	27,720	27,720	22,403	-	22,403	5,317
Other expenses	87,210	87,210	58,252	13,567	71,819	15,391
Article expenses	1,466,600	1,516,600	245,243	910,147	1,155,390	361,210
	<u>2,101,764</u>	<u>2,151,764</u>	<u>796,149</u>	<u>923,714</u>	<u>1,719,863</u>	<u>431,901</u>
Finance Department:						
Salary and wages	134,375	134,375	134,361	-	134,361	14
Other expenses	3,112	3,112	3,093	-	3,093	19
Article expenses	239,273	239,273	72,000	166,960	238,960	313
	<u>376,760</u>	<u>376,760</u>	<u>209,454</u>	<u>166,960</u>	<u>376,414</u>	<u>346</u>
Town Accountant:						
Salary and wages	183,992	183,992	183,912	-	183,912	80
Specific departmental expenses	75,000	75,000	50,000	15,000	65,000	10,000
Other expenses	2,725	2,725	1,911	-	1,911	814
Article expenses	300,000	290,500	-	210,000	210,000	80,500
	<u>561,717</u>	<u>552,217</u>	<u>235,823</u>	<u>225,000</u>	<u>460,823</u>	<u>91,394</u>
Assessing Department:						
Salary and wages	367,925	367,925	353,844	-	353,844	14,081
Other expenses	23,615	23,615	6,179	-	6,179	17,436
	<u>391,540</u>	<u>391,540</u>	<u>360,023</u>	<u>-</u>	<u>360,023</u>	<u>31,517</u>
Town Treasurer:						
Salary and wages	418,003	418,003	400,789	-	400,789	17,214
Other expenses	243,737	243,737	177,691	110	177,801	65,936
	<u>661,740</u>	<u>661,740</u>	<u>578,480</u>	<u>110</u>	<u>578,590</u>	<u>83,150</u>
Personnel Department:						
Salary and wages	251,681	251,681	243,592	-	243,592	8,089
Other expenses	68,176	68,176	61,399	1,190	62,589	5,587
	<u>319,857</u>	<u>319,857</u>	<u>304,991</u>	<u>1,190</u>	<u>306,181</u>	<u>13,676</u>
Legal Department:						
Salary and wages	314,955	314,955	311,351	-	311,351	3,604
Specific departmental expenses	150,000	285,000	257,260	3,000	260,260	24,740
Other expenses	63,306	63,306	52,983	103	53,086	10,220
	<u>528,261</u>	<u>663,261</u>	<u>621,594</u>	<u>3,103</u>	<u>624,697</u>	<u>38,564</u>
Finance Committee:						
Reserve fund	325,001	265,001	-	-	-	265,001
	<u>325,001</u>	<u>265,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,001</u>

(continued)

TOWN OF FALMOUTH, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Information Technology:						
Salary and wages	570,594	570,594	563,565	-	563,565	7,029
Specific departmental expenses	22,000	22,000	11,832	7,054	18,886	3,114
Other expenses	439,543	439,543	433,924	3,763	437,687	1,856
Article expenses	479,826	590,906	91,340	453,097	544,437	46,469
	<u>1,511,963</u>	<u>1,623,043</u>	<u>1,100,661</u>	<u>463,914</u>	<u>1,564,575</u>	<u>58,468</u>
Geographical Information Systems:						
Salary and wages	86,944	86,944	86,925	-	86,925	19
Other expenses	17,500	17,500	13,021	-	13,021	4,479
Article expenses	55,000	75,000	-	75,000	75,000	-
	<u>159,444</u>	<u>179,444</u>	<u>99,946</u>	<u>75,000</u>	<u>174,946</u>	<u>4,498</u>
Town Clerk:						
Salary and wages	252,816	252,816	252,728	-	252,728	88
Other expenses	42,290	42,290	25,108	45	25,153	17,137
Article expenses	219,465	219,465	158,005	61,460	219,465	-
	<u>514,571</u>	<u>514,571</u>	<u>435,841</u>	<u>61,505</u>	<u>497,346</u>	<u>17,225</u>
Elections:						
Salary and wages	50,000	70,000	68,040	-	68,040	1,960
Other expenses	31,700	31,700	31,120	-	31,120	580
Article expenses	-	40,000	17,098	22,902	40,000	-
	<u>81,700</u>	<u>141,700</u>	<u>116,258</u>	<u>22,902</u>	<u>139,160</u>	<u>2,540</u>
Conservation Commission:						
Salary and wages	291,581	291,581	287,835	-	287,835	3,746
Specific departmental expenses	5,807	5,807	5,065	-	5,065	742
Other expenses	16,700	16,700	12,264	-	12,264	4,436
Article expenses	245,958	257,958	44,781	212,427	257,208	750
	<u>560,046</u>	<u>572,046</u>	<u>349,945</u>	<u>212,427</u>	<u>562,372</u>	<u>9,674</u>
Planning Department:						
Salary and wages	287,991	287,991	214,374	-	214,374	73,617
Other expenses	12,494	12,494	9,604	-	9,604	2,890
Article expenses	47,000	47,000	15,150	31,850	47,000	-
	<u>347,485</u>	<u>347,485</u>	<u>239,128</u>	<u>31,850</u>	<u>270,978</u>	<u>76,507</u>
Zoning Board of Appeals:						
Salary and wages	132,545	134,545	134,206	-	134,206	339
Specific departmental expenses	600	600	-	-	-	600
Other expenses	8,461	8,461	5,004	-	5,004	3,457
	<u>141,606</u>	<u>143,606</u>	<u>139,210</u>	<u>-</u>	<u>139,210</u>	<u>4,396</u>
Facilities Maintenance:						
Salary and wages	723,457	723,457	657,423	-	657,423	66,034
Specific departmental expenses	111,035	111,035	102,671	998	103,669	7,366
Capital expenses	101,000	101,000	64,363	16,308	80,671	20,329
Other expenses	158,619	158,619	134,069	17	134,086	24,533
Article expenses	686,897	686,897	125,807	561,090	686,897	-
	<u>1,781,008</u>	<u>1,781,008</u>	<u>1,084,333</u>	<u>578,413</u>	<u>1,662,746</u>	<u>118,262</u>
Court Judgments:						
Specific departmental expenses	500	500	-	-	-	500
	<u>500</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Town Insurance:						
Other expenses	1,724,538	1,724,538	1,701,447	-	1,701,447	23,091
	<u>1,724,538</u>	<u>1,724,538</u>	<u>1,701,447</u>	<u>-</u>	<u>1,701,447</u>	<u>23,091</u>
<i>Total General Government</i>	<u>12,137,970</u>	<u>12,458,550</u>	<u>8,409,295</u>	<u>2,768,088</u>	<u>11,177,383</u>	<u>1,281,167</u>

TOWN OF FALMOUTH, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<i>Public Safety:</i>						
Police Department:						
Salary and wages	6,195,545	6,195,545	5,884,721	2,854	5,887,575	307,970
Specific departmental expenses	18,153	18,153	2,866	-	2,866	15,287
Capital expenses	125,000	125,000	121,193	-	121,193	3,807
Other expenses	503,013	503,013	415,919	60,229	476,148	26,865
Article expenses	412,264	532,264	350,042	170,511	520,553	11,711
	<u>7,253,975</u>	<u>7,373,975</u>	<u>6,774,741</u>	<u>233,594</u>	<u>7,008,335</u>	<u>365,640</u>
Fire Department:						
Salary and wages	6,943,612	7,843,612	7,576,885	-	7,576,885	266,727
Specific departmental expenses	84,027	84,027	82,709	-	82,709	1,318
Other expenses	757,345	757,345	717,880	29,685	747,565	9,780
Article expenses	2,765,760	3,825,760	1,613,868	1,240,196	2,854,064	971,696
	<u>10,550,744</u>	<u>12,510,744</u>	<u>9,991,342</u>	<u>1,269,881</u>	<u>11,261,223</u>	<u>1,249,521</u>
Building Department:						
Salary and wages	694,228	694,228	667,150	-	667,150	27,078
Other expenses	42,450	42,450	26,079	9,900	35,979	6,471
	<u>736,678</u>	<u>736,678</u>	<u>693,229</u>	<u>9,900</u>	<u>703,129</u>	<u>33,549</u>
Consolidated Communication Department:						
Salary and wages	643,693	650,693	650,174	-	650,174	519
Other expenses	86,972	86,972	74,065	-	74,065	12,907
	<u>730,665</u>	<u>737,665</u>	<u>724,239</u>	<u>-</u>	<u>724,239</u>	<u>13,426</u>
Marine and Environmental Services:						
Salary and wages	810,975	810,975	686,304	-	686,304	124,671
Specific departmental expenses	67,000	67,000	66,483	183	66,666	334
Other expenses	188,348	188,348	155,908	809	156,717	31,631
Article expenses	733,310	861,010	187,181	673,829	861,010	-
	<u>1,799,633</u>	<u>1,927,333</u>	<u>1,095,876</u>	<u>674,821</u>	<u>1,770,697</u>	<u>156,636</u>
<i>Total Public Safety</i>	<u>21,071,695</u>	<u>23,286,395</u>	<u>19,279,427</u>	<u>2,188,196</u>	<u>21,467,623</u>	<u>1,818,772</u>
<i>Education:</i>						
School Department:						
Salary and other expenses	54,521,124	54,521,124	50,229,642	3,874,527	54,104,169	416,955
Article expenses	1,414,397	2,439,397	985,374	1,435,226	2,420,600	18,797
	<u>55,935,521</u>	<u>56,960,521</u>	<u>51,215,016</u>	<u>5,309,753</u>	<u>56,524,769</u>	<u>435,752</u>
Upper Cape Vocational School:						
Other expenses	3,177,330	3,177,330	3,177,330	-	3,177,330	-
	<u>3,177,330</u>	<u>3,177,330</u>	<u>3,177,330</u>	<u>-</u>	<u>3,177,330</u>	<u>-</u>
<i>Total Education</i>	<u>59,112,851</u>	<u>60,137,851</u>	<u>54,392,346</u>	<u>5,309,753</u>	<u>59,702,099</u>	<u>435,752</u>
<i>Public Works:</i>						
Admin/Engineering:						
Salary and wages	793,765	793,765	651,151	-	651,151	142,614
Specific departmental expenses	1,700	1,700	-	-	-	1,700
Other expenses	102,587	102,587	54,766	15,963	70,729	31,858
Article expenses	1,116,997	1,216,997	451,153	764,028	1,215,181	1,816
	<u>2,015,049</u>	<u>2,115,049</u>	<u>1,157,070</u>	<u>779,991</u>	<u>1,937,061</u>	<u>177,988</u>

(continued)

TOWN OF FALMOUTH, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Highway:						
Salary and wages	1,152,500	1,152,500	1,002,128	-	1,002,128	150,372
Specific departmental expenses	65,000	65,000	63,822	-	63,822	1,178
Other expenses	271,090	271,090	249,964	2,640	252,604	18,486
Article expenses	1,636,085	2,116,085	1,408,031	706,939	2,114,970	1,115
	<u>3,124,675</u>	<u>3,604,675</u>	<u>2,723,945</u>	<u>709,579</u>	<u>3,433,524</u>	<u>171,151</u>
Snow and Ice Control:						
Salary and wages	180,000	180,000	93,852	-	93,852	86,148
Specific departmental expenses	16,500	16,500	-	-	-	16,500
Other expenses	178,500	328,500	320,664	-	320,664	7,836
	<u>375,000</u>	<u>525,000</u>	<u>414,516</u>	<u>-</u>	<u>414,516</u>	<u>110,484</u>
Street Lighting:						
Other expenses	109,000	109,000	65,804	2,163	67,967	41,033
	<u>109,000</u>	<u>109,000</u>	<u>65,804</u>	<u>2,163</u>	<u>67,967</u>	<u>41,033</u>
Vehicle Gasoline:						
Other expenses	335,000	335,000	188,379	-	188,379	146,621
	<u>335,000</u>	<u>335,000</u>	<u>188,379</u>	<u>-</u>	<u>188,379</u>	<u>146,621</u>
Fleet Services:						
Salary and wages	252,261	252,261	241,079	-	241,079	11,182
Other expenses	242,495	242,495	232,612	118	232,730	9,765
Article expenses	566,000	997,000	559,081	437,835	996,916	84
	<u>1,060,756</u>	<u>1,491,756</u>	<u>1,032,772</u>	<u>437,953</u>	<u>1,470,725</u>	<u>21,031</u>
Waste Management Facility:						
Salary and wages	142,595	162,595	156,385	-	156,385	6,210
Other expenses	198,476	198,476	137,725	12,387	150,112	48,364
	<u>341,071</u>	<u>361,071</u>	<u>294,110</u>	<u>12,387</u>	<u>306,497</u>	<u>54,574</u>
Solid Waste Collection:						
Specific departmental expenses	3,663,000	3,863,000	3,690,146	-	3,690,146	172,854
	<u>3,663,000</u>	<u>3,863,000</u>	<u>3,690,146</u>	<u>-</u>	<u>3,690,146</u>	<u>172,854</u>
Wastewater Utilities:						
Salary and wages	649,903	649,903	576,351	-	576,351	73,552
Other expenses	1,010,560	1,010,560	959,310	18,691	978,001	32,559
Article expenses	570,569	1,340,569	293,804	1,046,765	1,340,569	-
	<u>2,231,032</u>	<u>3,001,032</u>	<u>1,829,465</u>	<u>1,065,456</u>	<u>2,894,921</u>	<u>106,111</u>
Water Utilities:						
Salary and wages	1,357,452	1,357,452	1,252,037	-	1,252,037	105,415
Specific departmental expenses	443,498	443,498	411,662	24,739	436,401	7,097
Other expenses	1,508,115	1,508,115	1,446,697	31,121	1,477,818	30,297
Article expenses	868,220	988,220	792,797	195,411	988,208	12
	<u>4,177,285</u>	<u>4,297,285</u>	<u>3,903,193</u>	<u>251,271</u>	<u>4,154,464</u>	<u>142,821</u>
Renewable Energy:						
Other expenses	41,001	41,001	25,752	108	25,860	15,141
	<u>41,001</u>	<u>41,001</u>	<u>25,752</u>	<u>108</u>	<u>25,860</u>	<u>15,141</u>
Parks:						
Salary and wages	930,022	930,022	850,703	-	850,703	79,319
Specific departmental expenses	16,900	16,900	13,315	-	13,315	3,585
Other expenses	305,667	305,667	249,442	1,443	250,885	54,782
Article expenses	302,753	377,753	167,677	210,076	377,753	-
	<u>1,555,342</u>	<u>1,630,342</u>	<u>1,281,137</u>	<u>211,519</u>	<u>1,492,656</u>	<u>137,686</u>
<i>Total Public Works</i>	<u>19,028,211</u>	<u>21,374,211</u>	<u>16,606,289</u>	<u>3,470,427</u>	<u>20,076,716</u>	<u>1,297,495</u>

TOWN OF FALMOUTH, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<i>Health and Human Services:</i>						
Health Inspection:						
Salary and wages	295,010	295,010	270,086	-	270,086	24,924
Specific departmental expenses	70,759	70,759	48,509	12,521	61,030	9,729
Other expenses	19,350	19,350	13,577	282	13,859	5,491
	<u>385,119</u>	<u>385,119</u>	<u>332,172</u>	<u>12,803</u>	<u>344,975</u>	<u>40,144</u>
Clinics and Nurses:						
Specific departmental expenses	45,980	45,980	12,092	-	12,092	33,888
	<u>45,980</u>	<u>45,980</u>	<u>12,092</u>	<u>-</u>	<u>12,092</u>	<u>33,888</u>
Council on Aging:						
Salary and wages	409,177	409,177	281,463	-	281,463	127,714
Other expenses	139,741	139,741	55,021	-	55,021	84,720
Article expenses	89,461	89,461	365	89,096	89,461	-
	<u>638,379</u>	<u>638,379</u>	<u>336,849</u>	<u>89,096</u>	<u>425,945</u>	<u>212,434</u>
Veterans Services:						
Salary and wages	139,018	139,518	139,264	-	139,264	254
Specific departmental expenses	453,000	453,000	402,311	-	402,311	50,689
Other expenses	6,950	6,950	5,651	-	5,651	1,299
	<u>598,968</u>	<u>599,468</u>	<u>547,226</u>	<u>-</u>	<u>547,226</u>	<u>52,242</u>
Commission on Disabilities:						
Other expenses	250	250	-	-	-	250
	<u>250</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250</u>
Human Services:						
Salary and wages	379,790	379,790	379,602	-	379,602	188
Specific departmental expenses	95,000	95,000	90,789	-	90,789	4,211
Other expenses	42,009	42,009	35,148	-	35,148	6,861
	<u>516,799</u>	<u>516,799</u>	<u>505,539</u>	<u>-</u>	<u>505,539</u>	<u>11,260</u>
<i>Total Health and Human Services</i>	<u>2,185,495</u>	<u>2,185,995</u>	<u>1,733,878</u>	<u>101,899</u>	<u>1,835,777</u>	<u>350,218</u>
<i>Culture and Recreation:</i>						
Falmouth Public Library:						
Salary and wages	1,610,350	1,610,350	1,527,009	-	1,527,009	83,341
Specific departmental expenses	306,242	306,242	306,242	-	306,242	-
Other expenses	222,340	222,340	198,394	-	198,394	23,946
Article expenses	59,583	77,583	285	77,298	77,583	-
	<u>2,198,515</u>	<u>2,216,515</u>	<u>2,031,930</u>	<u>77,298</u>	<u>2,109,228</u>	<u>107,287</u>
Recreation:						
Salary and wages	384,551	384,551	307,380	-	307,380	77,171
Specific departmental expenses	104,091	104,091	46,924	108	47,032	57,059
Other expenses	83,085	83,085	42,102	739	42,841	40,244
Article expenses	174,849	174,849	17,586	150,000	167,586	7,263
	<u>746,576</u>	<u>746,576</u>	<u>413,992</u>	<u>150,847</u>	<u>564,839</u>	<u>181,737</u>
Beach Department:						
Salary and wages	696,931	696,931	657,993	-	657,993	38,938
Capital expenses	25,000	25,000	7,530	-	7,530	17,470
Other expenses	52,716	52,716	42,250	3,726	45,976	6,740
Article expenses	28,543	28,543	9,828	18,534	28,362	181
	<u>803,190</u>	<u>803,190</u>	<u>717,601</u>	<u>22,260</u>	<u>739,861</u>	<u>63,329</u>
Bikeways Committee:						
Other expenses	2,013	2,013	163	1,625	1,788	225
	<u>2,013</u>	<u>2,013</u>	<u>163</u>	<u>1,625</u>	<u>1,788</u>	<u>225</u>
<i>Total Culture and Recreation</i>	<u>3,750,294</u>	<u>3,768,294</u>	<u>3,163,686</u>	<u>252,030</u>	<u>3,415,716</u>	<u>352,578</u>

(continued)

TOWN OF FALMOUTH, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<i>State and County Assessments:</i>						
County assessments	484,823	484,823	484,823	-	484,823	-
Cape Cod Commission	519,796	519,796	519,796	-	519,796	-
State assessments and charges	449,757	449,757	449,757	-	449,757	-
Transportation authorities assessments	192,760	192,760	192,760	-	192,760	-
Annual charges against receipts	4,273	4,273	558	-	558	3,715
Tuition assessments	2,587,428	2,587,428	2,658,521	-	2,658,521	(71,093)
<i>Total State and County Assessments</i>	<u>4,238,837</u>	<u>4,238,837</u>	<u>4,306,215</u>	<u>-</u>	<u>4,306,215</u>	<u>(67,378)</u>
<i>Pension and Fringe Benefits:</i>						
Retirement:						
Non-contributory pension	17,000	17,000	16,844	-	16,844	156
Contributory pension	8,955,150	8,955,150	8,953,163	-	8,953,163	1,987
	<u>8,972,150</u>	<u>8,972,150</u>	<u>8,970,007</u>	<u>-</u>	<u>8,970,007</u>	<u>2,143</u>
Unemployment:						
Other expenses	314,154	474,154	319,408	-	319,408	154,746
	<u>314,154</u>	<u>474,154</u>	<u>319,408</u>	<u>-</u>	<u>319,408</u>	<u>154,746</u>
Health Insurance:						
Other expenses	15,085,305	14,365,305	13,966,736	-	13,966,736	398,569
	<u>15,085,305</u>	<u>14,365,305</u>	<u>13,966,736</u>	<u>-</u>	<u>13,966,736</u>	<u>398,569</u>
Life Insurance:						
Other expenses	9,232	9,232	4,963	-	4,963	4,269
	<u>9,232</u>	<u>9,232</u>	<u>4,963</u>	<u>-</u>	<u>4,963</u>	<u>4,269</u>
Medicare Insurance:						
Specific departmental expenses	900,000	995,000	994,743	-	994,743	257
	<u>900,000</u>	<u>995,000</u>	<u>994,743</u>	<u>-</u>	<u>994,743</u>	<u>257</u>
Other Employee Benefits:						
Specific departmental expenses	218,894	218,894	170,393	94	170,487	48,407
	<u>218,894</u>	<u>218,894</u>	<u>170,393</u>	<u>94</u>	<u>170,487</u>	<u>48,407</u>
<i>Total Pension and Fringe Benefits</i>	<u>25,499,735</u>	<u>25,034,735</u>	<u>24,426,250</u>	<u>94</u>	<u>24,426,344</u>	<u>608,391</u>
<i>Debt Service:</i>						
Long Term Excluded Debt:						
Principal payments	8,346,104	8,346,104	8,346,104	-	8,346,104	-
Interest payments	2,873,798	2,873,798	2,873,796	-	2,873,796	2
	<u>11,219,902</u>	<u>11,219,902</u>	<u>11,219,900</u>	<u>-</u>	<u>11,219,900</u>	<u>2</u>
Long Term Non-Excluded Debt:						
Principal payments	3,381,794	3,381,794	3,381,794	-	3,381,794	-
Interest payments	1,054,593	1,054,593	1,054,593	-	1,054,593	-
	<u>4,436,387</u>	<u>4,436,387</u>	<u>4,436,387</u>	<u>-</u>	<u>4,436,387</u>	<u>-</u>
<i>Total Debt Service</i>	<u>15,656,289</u>	<u>15,656,289</u>	<u>15,656,287</u>	<u>-</u>	<u>15,656,287</u>	<u>2</u>
Total Expenditures	<u>162,681,377</u>	<u>168,141,157</u>	<u>147,973,673</u>	<u>14,090,487</u>	<u>162,064,160</u>	<u>6,076,997</u>

TOWN OF FALMOUTH, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Other Financing Sources (Uses)						
Transfers in	4,031,324	4,901,324	4,901,324		4,901,324	-
Transfers out	(97,414)	(2,672,414)	(2,672,414)		(2,672,414)	-
Total Other Financing Sources (Uses)	<u>3,933,910</u>	<u>2,228,910</u>	<u>2,228,910</u>		<u>\$ 2,228,910</u>	<u>-</u>
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance</i>	<u>(18,536,948)</u>	<u>(25,701,728)</u>	<u>\$ 4,333,128</u>			<u>\$ 15,944,369</u>
Other Budgetary Items						
Use of unassigned fund balance (free cash)	\$ 584,000	\$ 7,748,780				
Prior year encumbrances	17,852,834	17,852,834				
Other items	<u>100,114</u>	<u>100,114</u>				
Total Other Budgetary Items	<u>18,536,948</u>	<u>25,701,728</u>				
Net budget and actual	<u>\$ -</u>	<u>\$ -</u>				

(Concluded)

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

The notes to the required supplementary information are and integral part of this statement.

TOWN OF FALMOUTH, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2021

I. Pension Plan

Pension Contributions – The Town has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method. The pension appropriations are established by the Public Employee Retirement Administration Commission (PERAC) based on a funding schedule approved by the System.

Changes in Assumptions – The system adopted a decrease in the assumed investment rate of return, or discount rate, from 7.50% to 7.25%.

II. Other Postemployment Benefit Plan

The Town administers a single employer defined benefit healthcare plan that provides health, dental and life insurance benefits (other postemployment benefits) to retirees and their dependents/beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B. The Town is not required to fully fund the actuarially determined contribution. Methods and assumptions used to determine contribution rates are as follows:

Investment rate of return	6.5%, net of OPEB plan investment expense, including inflation
Municipal bond rate	2.16% as of June 30, 2021
Discount rate	2.16% as of June 30, 2021
Inflation	3.25%
Health care trend rate	6.75% decreasing to 4.5% at a rate of 0.25% per year
Salary increases	3.25%
Pre-retirement mortality	Non-teachers: RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017 Teachers: RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2020
Post-retirement mortality	Non-teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017 Teachers: RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2020
Disabled mortality	Non-teachers: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017 Teachers: RP-2014 White Collar Healthy Annuitant Mortality Table set forward four years projected generationally with Scale BB2D from 2020
Actuarial cost method	Individual entry age normal - level percentage of payroll

Changes in Assumptions – The only key change in assumptions from the prior year was the decrease of this discount rate from 2.21% to 2.16%.

III. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund. Financial orders are initiated by department heads, recommended by the Finance Committee and approved by the taxpayers at the Town’s annual meeting in May. Expenditures may legally exceed appropriations at the department level. Department heads may transfer, without Town meeting approval, appropriation balances from one expenditure account to another within their department or budget. The Town meeting however must approve any transfer of unencumbered appropriation balances between departments or agencies. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unassigned fund balance. The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at Town Meeting. Budgetary control is exercised through the Town’s accounting system.

The Town Meeting increased the original budget by \$8.0 million for capital improvements (\$5.8 million), public safety overtime (\$0.9 million), pandemic response (\$0.5 million) and various other non-capital improvements (\$0.8 million).

Budgetary-to-GAAP Reconciliation – The Town’s General Fund is prepared on a basis of accounting other than GAAP to conform to the Uniform Municipal Accounting System basis of accounting as prescribed by the Massachusetts Department of Revenue.

A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2021, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenue on a budgetary basis			\$ 150,077,891
MTRS on-behalf pension payments	\$ 14,352,884	\$ -	14,352,884
Revenue recognition differences	(946,693)	-	(946,693)
Stabilization investment income	-	1,143,480	1,143,480
Workers' compensation investment income	-	33,565	33,565
MCWT debt subsidy recognition	476,097	-	476,097
Water revenues	-	(6,524,324)	(6,524,324)
Revenue on a GAAP basis	<u>\$ 13,882,288</u>	<u>\$ (5,347,279)</u>	<u>\$ 158,612,900</u>
Expenditures on a budgetary basis			\$ 147,973,673
MTRS on-behalf pension payments	\$ 14,352,884	\$ -	14,352,884
Expenditure recognition differences	(267,409)	61,137	(206,272)
MCWT debt subsidy recognition	476,097	-	476,097
Water expenditures	-	(8,310,306)	(8,310,306)
Expenditures on a GAAP basis	<u>\$ 14,561,572</u>	<u>\$ (8,249,169)</u>	<u>\$ 154,286,076</u>

	Basis of Accounting Differences	Fund Perspective Differences	Total
Other financing sources (uses) on a budgetary basis			\$ 2,228,910
Stabilization fund transfers	\$ -	\$ (2,099,700)	(2,099,700)
Debt premium fund transfers	-	(16,095)	(16,095)
Water surplus (deficit) activity transfer	-	(1,132,720)	(1,132,720)
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ (3,248,515)</u>	<u>\$ (1,019,605)</u>

Excess of Expenditures Over Appropriations – During fiscal year 2021, expenditures exceeded appropriations for state and county charges by \$67,378 which were funded with available funds.

Combining Statements

Nonmajor Governmental Fund

Special Revenue Funds –

Special revenue funds are used to account for certain revenue generating activities that are legally and/or programmatically restricted to expenditures for a specific purpose. From the Town's financial ledgers, these activities can be distinctly categorized into the following groupings:

Town Federal Grants – This fund accounts for non-school grant programs received either directly from federal or indirectly through pass-through entities.

School Federal Grants – This fund accounts for educational-based grant programs received either directly from federal agencies or indirectly through pass-through entities.

Town State Grants – This fund accounts for non-school grant programs received directly from State agencies.

School State Grants – This fund accounts for educational-based grant programs received directly from State agencies.

School Lunch Fund – This segregated revolving fund accounts for the activities of the child nutrition programs; amounts collected from services include federal and state meal reimbursements and meal charges.

Town Revolving Funds – This fund accounts for the non-school related activity within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and other applicable statutes.

School Revolving Funds – This fund accounts for educational-based activities within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71.

Donations – This fund accounts for donated monies which relate to all Town activities.

Other Municipal Funds – This fund accounts for miscellaneous other monies that are not specifically categorized in any of the previous accounts.

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 governmental programs.

Cemetery Trust Funds – This fund accounts for contributions earmarked for the perpetual care and maintenance of cemetery facilities and property.

Affordable Housing Trust – Created under the provisions of Massachusetts General Laws Chapter 44, Section 55C, this Trust provides for the creation and preservation of affordable housing.

Conservation Trust – This fund accounts for contributions earmarked for the preservation of conservation in the Town.

Other Trust Funds – This fund accounts for all contributions including: gifts, donations, and bequests for which only earnings on the original trust corpus may be expended to benefit government approved programs, other than those associated with cemetery and library activities.

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2021

	Special Revenue Funds			
	Town Federal Grants	School Federal Grants	Town State Grants	School State Grants
Assets:				
Cash and short-term investments	\$ 1,423,869	\$ 612,324	\$ 581,441	\$ 287,339
Investments	-	-	-	-
Receivables, net of allowance for uncollectibles				
Departmental and other	-	-	-	-
Intergovernmental	491,660	-	49,498	-
Total Assets	<u>1,915,529</u>	<u>612,324</u>	<u>630,939</u>	<u>287,339</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,915,529</u>	<u>\$ 612,324</u>	<u>\$ 630,939</u>	<u>\$ 287,339</u>
Liabilities:				
Warrants and accounts payable	\$ 9,104	\$ 11,363	\$ 8,742	\$ 17,160
Unearned revenue	1,621,996	-	-	-
Total Liabilities	<u>1,631,100</u>	<u>11,363</u>	<u>8,742</u>	<u>17,160</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	284,429	600,961	622,197	270,179
Total Fund Balances	<u>284,429</u>	<u>600,961</u>	<u>622,197</u>	<u>270,179</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,915,529</u>	<u>\$ 612,324</u>	<u>\$ 630,939</u>	<u>\$ 287,339</u>

School Lunch Fund	Town Revolving Funds	School Revolving Funds	Donation Funds	Other Municipal Funds	Sub-total Special Revenue Funds
\$ 294,978	\$ 222,793	\$ 3,561,200	\$ 884,275	\$ 343,513	\$ 8,211,732
-	-	-	-	-	-
-	63,424	-	-	-	63,424
63,550	-	185,932	-	-	790,640
358,528	286,217	3,747,132	884,275	343,513	9,065,796
-	-	-	-	-	-
\$ 358,528	\$ 286,217	\$ 3,747,132	\$ 884,275	\$ 343,513	\$ 9,065,796
\$ 11,870	\$ 1,227	\$ 29,041	\$ 576	\$ -	\$ 89,083
-	-	-	-	-	1,621,996
11,870	1,227	29,041	576	-	1,711,079
-	-	-	-	-	-
-	-	-	-	-	-
346,658	284,990	3,718,091	883,699	343,513	7,354,717
346,658	284,990	3,718,091	883,699	343,513	7,354,717
\$ 358,528	\$ 286,217	\$ 3,747,132	\$ 884,275	\$ 343,513	\$ 9,065,796

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2021

	Permanent Funds			
	Cemetery Funds	Affordable Housing Trust	Conservation Trust	Other Trust Funds
Assets:				
Cash and short-term investments	\$ -	\$ 223,460	\$ -	\$ -
Investments	155,458	2,348,856	318,200	80,904
Receivables, net of allowance for uncollectibles				
Departmental and other	-	-	-	-
Intergovernmental	-	-	-	-
Total Assets	<u>155,458</u>	<u>2,572,316</u>	<u>318,200</u>	<u>80,904</u>
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 155,458</u>	<u>\$ 2,572,316</u>	<u>\$ 318,200</u>	<u>\$ 80,904</u>
Liabilities:				
Warrants and accounts payable	\$ -	\$ 223,460	\$ -	\$ -
Unearned revenue	-	-	-	-
Total Liabilities	-	223,460	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	25,000
Restricted	155,458	2,348,856	318,200	55,904
Total Fund Balances	<u>155,458</u>	<u>2,348,856</u>	<u>318,200</u>	<u>80,904</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 155,458</u>	<u>\$ 2,572,316</u>	<u>\$ 318,200</u>	<u>\$ 80,904</u>

<u>Sub-total Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 223,460	\$ 8,435,192
2,903,418	2,903,418
-	63,424
-	790,640
<u>3,126,878</u>	<u>12,192,674</u>
-	-
<u>\$ 3,126,878</u>	<u>\$ 12,192,674</u>
\$ 223,460	\$ 312,543
-	1,621,996
<u>223,460</u>	<u>1,934,539</u>
-	-
25,000	25,000
<u>2,878,418</u>	<u>10,233,135</u>
<u>2,903,418</u>	<u>10,258,135</u>
<u>\$ 3,126,878</u>	<u>\$ 12,192,674</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Special Revenue Funds			
	Town Federal Grants	School Federal Grants	Town State Grants	School State Grants
Revenues:				
Intergovernmental	\$ 2,059,778	\$ 3,810,022	\$ 736,834	\$ 521,305
Departmental and other	-	-	-	-
Investment income	-	-	-	-
Contributions and donations	112	-	-	-
Total Revenues	<u>2,059,890</u>	<u>3,810,022</u>	<u>736,834</u>	<u>521,305</u>
Expenditures:				
General government	1,899,169	-	38,632	-
Public safety	247,259	-	888,718	-
Education	-	3,352,354	-	555,694
Public works	-	-	(12,782)	-
Health and human services	-	-	121,894	-
Culture and recreation	148,958	-	110,861	-
Total Expenditures	<u>2,295,386</u>	<u>3,352,354</u>	<u>1,147,323</u>	<u>555,694</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(235,496)	457,668	(410,489)	(34,389)
Other Financing Sources (Uses):				
Transfers in	500,000	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	264,504	457,668	(410,489)	(34,389)
Fund Balances - Beginning of Year, as restated	<u>19,925</u>	<u>143,293</u>	<u>1,032,686</u>	<u>304,568</u>
Fund Balances - End of Year	<u>\$ 284,429</u>	<u>\$ 600,961</u>	<u>\$ 622,197</u>	<u>\$ 270,179</u>

School Lunch Fund	Town Revolving Funds	School Revolving Funds	Donation Funds	Other Municipal Funds	Sub-total Special Revenue Funds
\$ 453,100	\$ -	\$ 1,925,437	\$ -	\$ -	\$ 9,506,476
10,512	830,073	253,652	-	13,539	1,107,776
-	-	-	-	-	-
-	81	5,513	135,108	-	140,814
<u>463,612</u>	<u>830,154</u>	<u>2,184,602</u>	<u>135,108</u>	<u>13,539</u>	<u>10,755,066</u>
-	14,678	-	87,443	-	2,039,922
-	766,152	-	2,061	-	1,904,190
637,841	-	1,513,475	1,878	-	6,061,242
-	51,115	-	-	-	38,333
-	-	-	1,249	-	123,143
-	16,310	-	1,343	-	277,472
<u>637,841</u>	<u>848,255</u>	<u>1,513,475</u>	<u>93,974</u>	<u>-</u>	<u>10,444,302</u>
(174,229)	(18,101)	671,127	41,134	13,539	310,764
-	-	-	-	-	500,000
-	-	-	-	-	-
-	-	-	-	-	500,000
(174,229)	(18,101)	671,127	41,134	13,539	810,764
<u>520,887</u>	<u>303,091</u>	<u>3,046,964</u>	<u>842,565</u>	<u>329,974</u>	<u>6,543,953</u>
<u>\$ 346,658</u>	<u>\$ 284,990</u>	<u>\$ 3,718,091</u>	<u>\$ 883,699</u>	<u>\$ 343,513</u>	<u>\$ 7,354,717</u>

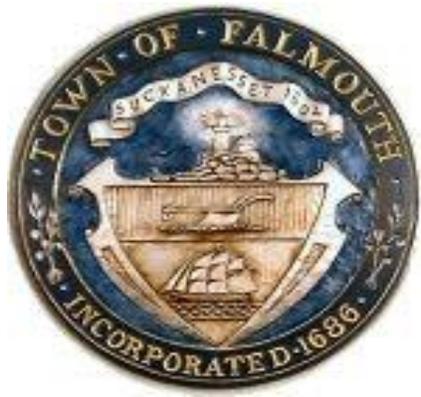
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NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Permanent Funds			
	Cemetery Funds	Affordable Housing Trust	Conservation Trust	Other Trust Funds
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Departmental and other	-	-	-	-
Investment income	10,644	216,751	21,438	5,737
Contributions and donations	-	-	-	5,318
Total Revenues	<u>10,644</u>	<u>216,751</u>	<u>21,438</u>	<u>11,055</u>
Expenditures:				
General government	-	-	-	15,051
Public safety	-	-	-	-
Education	-	-	-	-
Public works	-	-	-	-
Health and human services	4,345	1,073,177	-	-
Culture and recreation	-	-	-	-
Total Expenditures	<u>4,345</u>	<u>1,073,177</u>	<u>-</u>	<u>15,051</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,299	(856,426)	21,438	(3,996)
Other Financing Sources (Uses):				
Transfers in	-	1,530,583	-	-
Transfers out	-	(173,065)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,357,518</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	6,299	501,092	21,438	(3,996)
Fund Balances - Beginning of Year, as restated	<u>149,159</u>	<u>1,847,764</u>	<u>296,762</u>	<u>84,900</u>
Fund Balances - End of Year	<u>\$ 155,458</u>	<u>\$ 2,348,856</u>	<u>\$ 318,200</u>	<u>\$ 80,904</u>

	Total	
Sub-total Permanent Funds	Nonmajor Governmental Funds	
\$ -	\$ 9,506,476	
-	1,107,776	
254,570	254,570	
5,318	146,132	
<u>259,888</u>	<u>11,014,954</u>	
15,051	2,054,973	
-	1,904,190	
-	6,061,242	
-	38,333	
1,077,522	1,200,665	
-	277,472	
<u>1,092,573</u>	<u>11,536,875</u>	
(832,685)	(521,921)	
1,530,583	2,030,583	
(173,065)	(173,065)	
<u>1,357,518</u>	<u>1,857,518</u>	
524,833	1,335,597	
<u>2,378,585</u>	<u>8,922,538</u>	
<u>\$ 2,903,418</u>	<u>\$ 10,258,135</u>	
	(Concluded)	

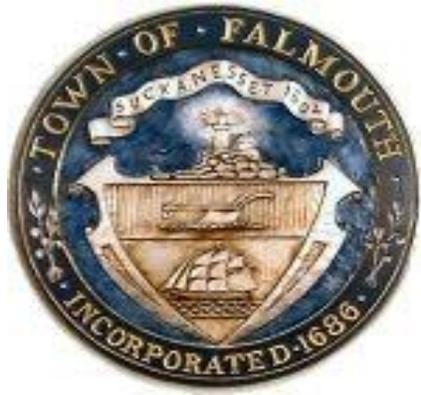


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STATISTICAL SECTION



Above is a remote environmental monitoring unit “REMUS”. These are used at the Woods Hole Oceanographic Institute and are designed for use as platforms for a wide variety of instruments at a range of ocean depths. REMUS are particularly well suited for surveying and mapping and operate with a simple lap top computer.



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Statistical Section

This part of the annual comprehensive financial report presents information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

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.

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.

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.

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year.



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NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2012	2013 (1)	2014	2015 (2)	2016	2017	2018 (3)	2019	2020 (3)	2021
Governmental activities:										
Net investment in capital assets.....	\$ 144,280,809	\$ 155,546,100	\$ 163,497,623	\$ 165,150,084	\$ 176,245,491	\$ 177,614,636	\$ 186,811,470	\$ 195,917,472	\$ 212,130,408	\$ 222,664,569
Restricted.....	15,568,624	33,525,647	32,728,890	32,735,154	31,226,719	29,509,733	44,740,958	43,898,903	40,993,285	38,989,027
Unrestricted.....	<u>(3,792,371)</u>	<u>155,627</u>	<u>1,019,477</u>	<u>(51,201,695)</u>	<u>(52,217,343)</u>	<u>(52,593,987)</u>	<u>(134,251,060)</u>	<u>(143,995,689)</u>	<u>(169,317,155)</u>	<u>(169,953,621)</u>
Total governmental activities net position.....	<u>\$ 156,057,062</u>	<u>\$ 189,227,374</u>	<u>\$ 197,245,990</u>	<u>\$ 146,683,543</u>	<u>\$ 155,254,867</u>	<u>\$ 154,530,382</u>	<u>\$ 97,301,368</u>	<u>\$ 95,820,686</u>	<u>\$ 83,806,538</u>	<u>\$ 91,699,975</u>
Business-type activities:										
Net investment in capital assets.....	\$ 80,862,158	\$ 52,901,489	\$ 52,060,305	\$ 53,809,467	\$ 57,809,742	\$ 56,579,087	\$ 57,486,346	\$ 63,052,501	\$ 63,240,739	\$ 64,735,526
Restricted.....	-	-	-	-	-	-	-	-	-	-
Unrestricted.....	<u>3,986,890</u>	<u>1,684,057</u>	<u>1,478,901</u>	<u>(637,681)</u>	<u>(2,307,741)</u>	<u>(294,471)</u>	<u>(1,918,595)</u>	<u>(2,529,313)</u>	<u>(1,424,260)</u>	<u>(3,549,633)</u>
Total business-type activities net position.....	<u>\$ 84,849,048</u>	<u>\$ 54,585,546</u>	<u>\$ 53,539,206</u>	<u>\$ 53,171,786</u>	<u>\$ 55,502,001</u>	<u>\$ 56,284,616</u>	<u>\$ 55,567,751</u>	<u>\$ 60,523,188</u>	<u>\$ 61,816,479</u>	<u>\$ 61,185,893</u>
Primary government:										
Net investment in capital assets.....	\$ 225,142,967	\$ 208,447,589	\$ 215,557,928	\$ 218,959,551	\$ 234,055,233	\$ 234,193,723	\$ 244,297,816	\$ 258,969,973	\$ 275,371,147	\$ 287,400,095
Restricted.....	15,568,624	33,525,647	32,728,890	32,735,154	31,226,719	29,509,733	44,740,958	43,898,903	40,993,285	38,989,027
Unrestricted.....	<u>194,519</u>	<u>1,839,684</u>	<u>2,498,378</u>	<u>(51,839,376)</u>	<u>(54,525,084)</u>	<u>(52,888,458)</u>	<u>(136,169,655)</u>	<u>(146,525,002)</u>	<u>(170,741,415)</u>	<u>(173,503,254)</u>
Total primary government net position.....	<u>\$ 240,906,110</u>	<u>\$ 243,812,920</u>	<u>\$ 250,785,196</u>	<u>\$ 199,855,329</u>	<u>\$ 210,756,868</u>	<u>\$ 210,814,998</u>	<u>\$ 152,869,119</u>	<u>\$ 156,343,874</u>	<u>\$ 145,623,017</u>	<u>\$ 152,885,868</u>

(1) The Town reclassified its Sewer, Golf Course and Harbormaster and Waterways activities from the business-type activities to the governmental activities. This resulted in a prior period restatement increasing governmental activities beginning net position and reducing business-type activities beginning net position by \$29,345,366, as of July 1, 2012.

(2) Unrestricted governmental and business-type activities were restated for the net pension liability.

(3) Unrestricted governmental and business-type activities were restated for the net OPEB liability.

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2012	2013 (1)	2014	2015	2016	2017	2018	2019	2020	2021
Expenses -										
Governmental activities:										
General government.....	\$ 11,418,924	\$ 11,390,720	\$ 10,641,274	\$ 10,301,494	\$ 11,462,941	\$ 19,773,863	\$ 11,820,927	\$ 15,246,101	\$ 12,920,940	\$ 14,857,557
Public safety.....	20,792,285	20,523,925	22,737,460	20,732,257	22,825,200	22,810,827	23,870,579	28,338,433	29,281,207	28,537,068
Education.....	72,055,697	72,805,060	74,538,906	70,537,645	74,932,839	78,308,426	78,668,134	81,536,717	90,350,751	92,488,969
Public works.....	10,626,495	13,649,198	13,796,034	15,631,092	14,355,349	14,660,542	15,199,826	16,580,231	17,324,213	16,292,029
Health and human services.....	1,937,502	2,046,004	2,140,234	3,217,921	3,348,856	3,286,793	2,911,949	2,807,955	4,825,910	4,111,921
Culture and recreation.....	5,336,969	5,219,806	4,619,398	5,017,085	5,060,356	5,139,478	5,540,743	6,089,325	6,085,455	5,255,242
Interest expense.....	3,981,806	4,593,289	4,193,741	3,993,134	3,612,355	3,444,397	3,143,954	2,816,838	3,002,258	2,173,503
Community development.....	1,860,257	510,508	400,016	506,772	1,500,974	1,739,406	303,282	551,127	1,546,127	426,216
Total government activities expenses.....	<u>128,009,935</u>	<u>130,738,510</u>	<u>133,067,063</u>	<u>129,937,400</u>	<u>137,098,870</u>	<u>149,163,732</u>	<u>141,459,394</u>	<u>153,966,727</u>	<u>165,336,861</u>	<u>164,142,505</u>
Business-type activities:										
Water.....	8,659,108	4,205,084	4,501,590	5,423,941	5,262,307	6,112,808	6,523,023	7,525,174	8,214,702	8,310,687
Golf course.....	901,787	-	-	-	-	-	-	-	-	-
Harbormaster and waterways.....	823,778	-	-	-	-	-	-	-	-	-
Total business-type activities expenses.....	<u>10,384,673</u>	<u>4,205,084</u>	<u>4,501,590</u>	<u>5,423,941</u>	<u>5,262,307</u>	<u>6,112,808</u>	<u>6,523,023</u>	<u>7,525,174</u>	<u>8,214,702</u>	<u>8,310,687</u>
Total primary government expenses.....	<u>\$ 138,394,608</u>	<u>\$ 134,943,594</u>	<u>\$ 137,568,653</u>	<u>\$ 135,361,341</u>	<u>\$ 142,361,177</u>	<u>\$ 155,276,540</u>	<u>\$ 147,982,417</u>	<u>\$ 161,491,901</u>	<u>\$ 173,551,563</u>	<u>\$ 172,453,192</u>
Program Revenues -										
Governmental activities:										
Charges for services:										
General government.....	\$ 1,575,032	\$ 1,379,373	\$ 1,964,321	\$ 2,438,643	\$ 1,758,955	\$ 1,323,350	\$ 1,718,710	\$ 2,129,645	\$ 1,994,735	\$ 1,869,636
Public safety.....	2,504,566	3,683,305	4,341,677	4,303,971	4,423,791	4,899,474	5,607,636	5,477,552	5,884,722	6,995,803
Education.....	1,876,307	1,607,491	1,634,502	1,486,248	1,551,504	1,533,283	1,274,973	1,721,817	771,944	291,712
Public works.....	1,181,632	1,757,322	1,779,913	1,753,055	1,319,977	1,559,807	1,778,774	1,972,319	2,368,431	2,654,161
Health and human services.....	106,930	109,490	120,266	112,970	108,510	126,900	141,775	177,909	162,740	179,540
Culture and recreation.....	1,036,320	1,404,386	1,583,277	1,531,051	1,574,057	1,728,584	1,583,136	1,765,707	1,688,780	1,903,489
Operating grants and contributions.....	24,102,519	23,988,487	24,511,821	18,310,318	21,664,218	23,132,970	23,271,332	24,195,111	26,252,473	31,715,100
Capital grants and contributions.....	2,632,114	3,047,080	3,783,806	2,383,721	4,581,385	3,071,927	25,072,885	2,860,500	6,401,056	3,702,214
Total government activities program revenues.....	<u>35,015,420</u>	<u>36,976,934</u>	<u>39,719,583</u>	<u>32,319,977</u>	<u>36,982,397</u>	<u>37,376,295</u>	<u>60,449,221</u>	<u>40,300,560</u>	<u>45,524,881</u>	<u>49,311,655</u>
Business-type activities:										
Charges for services.....	8,368,659	6,190,729	6,040,044	6,469,282	6,678,829	7,720,631	7,086,150	6,857,045	6,651,037	6,496,361
Operating grants and contributions.....	211,780	-	-	-	-	-	-	-	-	-
Capital grants and contributions.....	-	-	-	-	3,153,120	383,112	39,385	35,086	33,542	5,272
Total business-type activities program revenues.....	<u>8,580,439</u>	<u>6,190,729</u>	<u>6,040,044</u>	<u>6,469,282</u>	<u>9,831,949</u>	<u>8,103,743</u>	<u>7,125,535</u>	<u>6,892,131</u>	<u>6,684,579</u>	<u>6,501,633</u>
Total primary government program revenues.....	<u>\$ 43,595,859</u>	<u>\$ 43,167,663</u>	<u>\$ 45,759,627</u>	<u>\$ 38,789,259</u>	<u>\$ 46,814,346</u>	<u>\$ 45,480,038</u>	<u>\$ 67,574,756</u>	<u>\$ 47,192,691</u>	<u>\$ 52,209,460</u>	<u>\$ 55,813,288</u>
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (92,994,515)	\$ (93,761,576)	\$ (93,347,480)	\$ (97,617,423)	\$ (100,116,473)	\$ (111,787,437)	\$ (81,010,173)	\$ (113,666,167)	\$ (119,811,980)	\$ (114,830,850)
Business-type activities.....	(1,804,234)	1,985,645	1,538,454	1,045,341	4,569,642	1,990,935	602,512	(633,043)	(1,530,123)	(1,809,054)
Total primary government net (expense)/program revenue.....	<u>\$ (94,798,749)</u>	<u>\$ (91,775,931)</u>	<u>\$ (91,809,026)</u>	<u>\$ (96,572,082)</u>	<u>\$ (95,546,831)</u>	<u>\$ (109,796,502)</u>	<u>\$ (80,407,661)</u>	<u>\$ (114,299,210)</u>	<u>\$ (121,342,103)</u>	<u>\$ (116,639,904)</u>

(1) In fiscal year 2013, the Town reclassified its Sewer, Golf Course and Harbormaster and Waterways activities from the business-type activities to the governmental activities.

(continued)

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2013 (1)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Revenues and other Changes in Net Position -										
Governmental activities:										
Real estate and personal property taxes,										
net of tax refunds payable.....	\$ 84,656,305	\$ 87,858,991	\$ 90,092,828	\$ 92,751,993	\$ 96,257,765	\$ 99,217,665	\$ 102,520,551	\$ 105,905,904	\$ 109,628,166	\$ 114,403,455
Motor vehicle and other excise taxes.....	5,686,495	6,025,371	6,171,230	6,533,319	7,077,239	7,296,890	7,497,678	7,217,497	7,760,411	8,648,237
Penalties and interest on taxes.....	495,965	669,442	630,497	869,751	938,734	731,749	621,244	636,734	765,150	870,021
Grants and contributions not restricted to specific programs.....	1,089,040	1,172,720	1,196,109	1,233,630	1,302,904	2,072,280	2,123,564	2,172,038	1,651,911	1,945,401
Unrestricted investment income.....	710,854	452,940	690,638	303,354	837,876	523,711	71,512	1,808,183	1,227,157	1,565,795
Transfers.....	(465,590)	2,903,781	2,584,794	(969,071)	2,273,279	1,220,657	(356,817)	(5,554,871)	(2,921,077)	(1,132,720)
Total governmental activities.....	92,173,069	99,083,245	101,366,096	100,722,976	108,687,797	111,062,952	112,477,732	112,185,485	118,111,718	126,300,189
Business-type activities:										
Unrestricted investment income.....	-	-	-	9,168	33,852	12,337	(6,033)	33,609	14,748	45,748
Transfers.....	465,590	(2,903,781)	(2,584,794)	969,071	(2,273,279)	(1,220,657)	356,817	5,554,871	2,921,077	1,132,720
Total business-type activities.....	465,590	(2,903,781)	(2,584,794)	978,239	(2,239,427)	(1,208,320)	350,784	5,588,480	2,935,825	1,178,468
Total primary government general revenues and other changes in net position.....	\$ 92,638,659	\$ 96,179,464	\$ 98,781,302	\$ 101,701,215	\$ 106,448,370	\$ 109,854,632	\$ 112,828,516	\$ 117,773,965	\$ 121,047,543	\$ 127,478,657
Changes in Net Position										
Governmental activities.....	\$ (821,446)	\$ 5,321,669	\$ 8,018,616	\$ 3,105,553	\$ 8,571,324	\$ (724,485)	\$ 31,467,559	\$ (1,480,682)	\$ (1,700,262)	\$ 11,469,339
Business-type activities.....	(1,338,644)	(918,136)	(1,046,340)	2,023,580	2,330,215	782,615	953,296	4,955,437	1,405,702	(630,586)
Total primary government changes in net position.....	\$ (2,160,090)	\$ 4,403,533	\$ 6,972,276	\$ 5,129,133	\$ 10,901,539	\$ 58,130	\$ 32,420,855	\$ 3,474,755	\$ (294,560)	\$ 10,838,753

(concluded)

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund:										
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	1,239,725	1,185,116	984,742	1,125,122	1,208,751	1,115,435	872,359	900,235	729,687	686,020
Committed.....	2,142,426	3,534,511	5,040,876	7,768,355	9,077,570	8,045,314	10,936,681	12,152,907	12,336,381	9,725,266
Assigned.....	444,267	990,687	2,288,500	1,074,035	761,367	1,459,796	1,129,906	1,307,788	1,222,125	1,988,071
Unassigned.....	<u>7,909,172</u>	<u>12,124,497</u>	<u>16,497,937</u>	<u>20,397,223</u>	<u>25,304,234</u>	<u>30,774,762</u>	<u>32,789,666</u>	<u>30,216,724</u>	<u>29,527,652</u>	<u>34,723,707</u>
Total general fund.....	<u>\$ 11,735,590</u>	<u>\$ 17,834,811</u>	<u>\$ 24,812,055</u>	<u>\$ 30,364,735</u>	<u>\$ 36,351,922</u>	<u>\$ 41,395,307</u>	<u>\$ 45,728,612</u>	<u>\$ 44,577,654</u>	<u>\$ 43,815,845</u>	<u>\$ 47,123,064</u>
All Other Governmental Funds:										
Nonspendable.....	\$ 175,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Restricted.....	15,994,844	17,909,959	19,744,510	20,671,283	20,892,447	30,710,789	30,392,226	25,701,966	31,343,343	33,042,061
Unassigned.....	<u>-</u>	<u>(237,619)</u>	<u>(1,168,247)</u>	<u>(1,580,820)</u>	<u>(6,423,618)</u>	<u>-</u>	<u>-</u>	<u>(6,985,440)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds.....	<u>\$ 16,169,844</u>	<u>\$ 17,697,340</u>	<u>\$ 18,601,263</u>	<u>\$ 19,115,463</u>	<u>\$ 14,493,829</u>	<u>\$ 30,735,789</u>	<u>\$ 30,417,226</u>	<u>\$ 18,741,526</u>	<u>\$ 31,368,343</u>	<u>\$ 33,067,061</u>

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2012	2013 (1)	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 83,902,790	\$ 87,516,351	\$ 90,338,338	\$ 93,207,932	\$ 96,483,363	\$ 99,341,261	\$ 102,678,006	\$ 105,641,420	\$ 109,060,137	\$ 114,726,105
Intergovernmental.....	28,264,776	29,442,086	30,501,985	22,552,993	28,309,281	29,494,958	29,340,010	28,939,936	34,963,020	36,630,213
Motor vehicle and boat excise.....	5,432,960	5,693,657	6,226,730	6,537,926	7,111,477	7,182,338	7,567,368	7,578,503	7,748,576	8,763,557
Licenses and permits.....	1,346,154	1,326,924	1,584,592	1,533,147	1,586,794	1,599,548	1,902,911	1,838,477	2,116,063	2,371,118
Departmental and other.....	6,953,249	7,092,173	5,027,671	5,370,356	4,476,309	4,103,869	4,307,193	5,887,826	4,287,485	4,655,874
User charges.....	-	1,252,472	4,432,147	4,454,984	4,368,924	4,981,417	5,468,989	5,692,621	6,277,380	6,418,657
Special assessments.....	-	537,047	614,815	676,290	595,922	574,957	2,673,785	1,267,535	1,231,949	1,370,735
Penalties and interest on taxes.....	495,965	669,442	630,497	869,751	938,734	731,749	621,244	636,734	765,150	870,021
Fines and forfeitures.....	180,815	167,681	200,551	182,135	149,664	173,772	216,884	194,492	181,661	161,480
Investment income.....	710,854	452,940	690,638	303,354	837,876	523,711	71,512	1,808,183	1,227,157	1,565,795
Contributions.....	389,347	51,477	170,668	188,013	124,845	130,466	93,293	154,442	455,883	146,132
Total Revenue.....	127,676,910	134,202,250	140,418,632	135,876,881	144,983,189	148,838,046	154,941,195	159,640,169	168,314,461	177,679,687
Expenditures:										
General government.....	7,124,797	7,323,139	6,440,941	7,157,171	7,903,574	8,568,812	8,413,665	10,067,363	7,680,786	10,446,266
Public safety.....	12,245,128	12,351,239	14,008,485	13,819,385	14,328,228	13,275,575	15,032,777	15,808,560	16,510,163	18,908,407
Education.....	48,799,262	49,585,452	50,369,634	50,703,445	52,834,990	52,907,941	53,841,918	55,450,860	55,407,467	58,366,609
Public works.....	7,225,393	8,824,072	9,477,696	11,735,478	10,112,969	9,755,016	10,171,488	9,810,067	10,317,173	9,925,912
Health and human services.....	1,375,662	1,540,919	1,594,344	2,018,716	2,018,065	1,888,921	1,570,920	1,662,623	3,548,256	2,924,539
Culture and recreation.....	3,179,105	2,885,551	2,172,736	2,884,538	2,673,272	2,581,246	3,130,854	2,987,595	2,990,124	2,726,286
Pension and fringe benefits.....	28,626,931	28,561,412	30,123,813	22,724,129	25,802,885	29,928,369	31,480,427	32,375,846	36,189,561	38,204,679
Community development.....	1,860,257	510,508	400,016	506,772	1,500,974	1,739,406	303,282	551,127	1,546,127	426,216
State and county charges.....	2,254,336	2,498,313	2,665,805	2,769,084	2,668,658	2,852,594	3,094,656	3,632,780	4,088,464	4,306,215
Capital outlay and other.....	1,461,500	3,188,075	4,811,266	6,720,713	29,025,155	22,711,719	9,800,626	16,107,831	17,581,706	12,839,901
Debt service:										
Principal.....	6,765,256	8,809,879	8,801,551	8,324,354	8,710,279	8,906,961	10,184,535	15,568,683	9,606,092	9,511,377
Interest.....	3,983,736	4,570,789	4,255,972	3,975,218	3,737,405	3,684,898	3,544,488	2,888,621	2,796,775	3,065,100
Total Expenditures.....	124,901,363	130,649,348	135,122,259	133,339,003	161,316,454	158,801,458	150,569,636	166,911,956	168,262,694	171,651,507
Excess of revenues over (under) expenditures.....	2,775,547	3,552,902	5,296,373	2,537,878	(16,333,265)	(9,963,412)	4,371,559	(7,271,787)	51,767	6,028,180
Other Financing Sources (Uses):										
Issuances from bonds and notes.....	4,509,000	-	-	3,975,000	15,425,539	29,684,482	-	-	14,410,000	-
Issuances from refunding bonds.....	5,430,800	-	-	21,441,445	-	3,025,000	-	-	8,770,410	-
Premiums from debt issuances.....	632,381	-	-	1,263,542	-	594,773	-	-	3,463,041	-
Payments to refunded bond escrow agent.....	(6,063,181)	-	-	(22,181,914)	-	(3,276,155)	-	-	(11,909,133)	-
Transfers in.....	2,759,432	7,363,968	8,632,799	6,062,887	9,815,137	7,620,345	3,955,743	5,002,042	6,192,853	7,161,591
Transfers out.....	(3,225,022)	(4,460,187)	(6,048,005)	(7,031,958)	(7,541,858)	(6,399,688)	(4,312,560)	(10,556,913)	(9,113,930)	(8,294,311)
Total other financing sources (uses).....	4,043,410	2,903,781	2,584,794	3,529,002	17,698,818	31,248,757	(356,817)	(5,554,871)	11,813,241	(1,132,720)
Net change in fund balance.....	\$ 6,818,957	\$ 6,456,683	\$ 7,881,167	\$ 6,066,880	\$ 1,365,553	\$ 21,285,345	\$ 4,014,742	\$ (12,826,658)	\$ 11,865,008	\$ 4,895,460
Debt service as a percentage of noncapital expenditures.....	8.71%	10.50%	10.02%	9.71%	9.41%	9.25%	9.75%	12.24%	8.23%	7.92%

(1) In fiscal year 2013, the Town reclassified its Sewer, Golf Course and Harbormaster and Waterways activities from the business-type activities to the governmental activities.

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASSIFICATION AND TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value							State Equalized Value	Ratio of Assessed to Equalized Value	Tax Rates	
	Residential Value	Open Space Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Total Town Value			Residential Tax Rate	Commercial Tax Rate
2012	\$ 9,758,565,141	\$ 3,314,900	\$ 568,619,409	\$ 70,768,200	\$ 178,594,045	\$ 817,981,654	\$ 10,579,861,695	\$ 12,168,109,600	86.95%	7.78	7.78
2013	9,783,235,733	3,289,200	574,980,651	72,537,600	180,898,159	828,416,410	10,614,941,343	11,476,687,700	92.49%	8.04	8.04
2014	9,926,397,342	3,248,800	578,777,042	73,842,400	178,513,638	831,133,080	10,760,779,222	11,476,687,700	93.76%	8.15	8.15
2015	10,163,699,470	3,425,200	605,660,141	79,392,800	193,320,043	878,372,984	11,045,497,654	11,548,755,700	95.64%	8.19	8.19
2016	10,268,959,256	3,232,100	604,755,692	77,683,600	239,818,381	922,257,673	11,194,449,029	11,548,755,700	96.93%	8.37	8.37
2017	10,384,849,550	3,251,100	607,421,068	80,184,800	244,381,580	931,987,448	11,320,088,098	11,892,819,800	95.18%	8.53	8.53
2018	10,660,098,706	3,331,200	631,222,433	87,507,900	236,231,350	954,961,683	11,618,391,589	11,892,819,800	97.69%	8.60	8.60
2019	11,070,546,608	3,416,600	646,700,900	92,135,700	237,702,590	976,539,190	12,050,502,398	12,342,275,400	97.64%	8.56	8.56
2020	11,418,879,547	3,776,900	662,261,694	94,223,900	243,506,810	999,992,404	12,422,648,851	12,342,275,400	100.65%	8.59	8.59
2021	12,101,498,842	3,896,100	666,341,556	96,533,500	242,757,370	1,005,632,426	13,111,027,368	13,186,717,700	99.43%	8.50	8.50

Source: Official Statements, State Division of Local Services

Note: All property in the Commonwealth of Massachusetts is assessed at 100% of full and fair cash value. The State estimates this "equalized valuation" for all municipalities every two years. Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2% of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2%, subject to an exception for property added to the tax rolls and for certain valuation increases. This secondary limit may be exceeded in any fiscal year by majority approval of the voters, however, it cannot exceed the primary limitation.

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy			Collections				Percent of Total Tax Collections to Net Tax Levy
	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	
2012	\$ 82,311,324	\$ 709,295	\$ 81,602,029	\$ 81,602,026	100.00%	\$ -	\$ 81,602,026	100.00%
2013	85,344,128	695,223	84,648,905	81,815,349	96.65%	2,833,556	84,648,905	100.00%
2014	87,700,357	747,450	86,952,907	84,244,565	96.89%	2,708,342	86,952,907	100.00%
2015	90,462,626	788,916	89,673,710	87,309,039	97.36%	2,364,671	89,673,710	100.00%
2016	93,697,538	636,256	93,061,282	91,510,034	98.33%	1,365,528	92,875,562	99.80%
2017	96,560,351	689,371	95,870,980	94,710,332	98.79%	1,160,648	95,870,980	100.00%
2018	99,918,168	510,763	99,407,405	98,420,117	99.01%	776,926	99,197,043	99.79%
2019	103,152,301	553,721	102,598,580	101,440,963	98.87%	945,870	102,386,833	99.79%
2020	106,710,554	423,826	106,286,728	103,687,929	97.55%	2,019,692	105,707,621	99.46%
2021	111,443,733	368,240	111,075,493	109,718,521	98.78%	-	109,718,521	98.78%

Source: Accounting Records and Official Statements

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities		Total Outstanding Debt	Personal Income	Percentage of Personal Income	U.S Census Population	Debt Per Capita
	General Obligation Bonds (1)	Direct Placements	General Obligation Bonds (1)	Direct Placements					
2012	\$ 89,092,700	\$ 7,312,333	\$ 22,883,300	\$ 15,286,516	\$ 134,574,849	\$ 1,208,709,354	11.1%	31,531	\$ 4,268
2013	95,030,500	21,192,704	8,569,500	91,874 (2)	124,884,578	1,208,709,354	10.3%	31,531	3,961
2014	87,566,600	19,855,053	7,698,400	87,291	115,207,344	1,208,709,354	9.5%	31,531	3,654
2015	86,321,987	18,484,699	11,072,438	82,615	115,961,739	1,208,709,354	9.6%	31,531	3,678
2016	78,817,277	32,504,754	9,995,351	16,204,052	137,521,434	1,208,709,354	11.4%	31,531	4,361
2017	80,883,428	51,430,925	9,008,881	30,867,537	172,190,771	1,208,709,354	14.2%	31,531	5,461
2018	73,113,796	48,771,390	7,978,777	36,857,368	166,721,331	1,208,709,354	13.8%	31,531	5,288
2019	65,218,589	40,899,707	6,949,828	35,538,113	148,606,237	1,208,709,354	12.3%	31,531	4,713
2020	72,955,558	38,358,615	9,070,254	33,895,668	154,280,095	1,208,709,354	12.8%	31,531	4,893
2021	65,312,908	35,775,648	8,126,922	32,217,535	141,433,013	1,208,709,354	11.7%	31,531	4,486

Source: U. S. Census, State Division of Local Services

(1) Presented net of original issuance discounts and premiums.

(2) The Town reclassified its Sewer, Golf Course and Harbormaster and Waterways activities from the business-type activities to the governmental activities in fiscal year 2013.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available (2)	Total	Assessed Value	Percentage of Assessed Value	U.S Census Population	Debt Per Capita
2012	\$ 111,976,000	\$ (15,607,264)	\$ 96,368,736	\$ 10,579,861,695	0.91%	31,531	\$ 3,056
2013	103,600,000	(13,228,618)	90,371,382	10,614,941,343	0.85%	31,531	2,866
2014	95,265,000	(11,906,335)	83,358,665	10,760,779,222	0.77%	31,531	2,644
2015	97,394,425	(11,449,923)	85,944,502	11,045,497,654	0.78%	31,531	2,726
2016	88,812,628	(10,260,358)	78,552,270	11,194,449,029	0.70%	31,531	2,491
2017	89,892,309	(8,651,416)	81,240,893	11,320,088,098	0.72%	31,531	2,577
2018	81,092,573	(30,884,116)	50,208,457	11,618,391,589	0.43%	31,531	1,592
2019	72,168,417	(29,666,164)	42,502,253	12,050,502,398	0.35%	31,531	1,348
2020	82,025,812	(26,593,574)	55,432,238	12,422,648,851	0.45%	31,531	1,758
2021	73,439,830	(22,388,225)	51,051,605	13,111,027,368	0.39%	31,531	1,619

Source: U. S. Census, State Division of Local Services

- (1) General obligation bonds consist of debt of both governmental and business-type activities, net of original issuance discounts and premiums.
- (2) These are restricted resources from the Massachusetts School Building Authority for debt principal on school construction, future principal subsidies on long-term debt issued with the Massachusetts Clean Water Trust and amounts restricted by Massachusetts General Law for debt service.

COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

	2012	2013 (1)	2014	2015	2016	2017	2018	2019	2020	2021
Equalized Valuation.....	\$ 12,168,109,600	\$ 11,476,687,700	\$ 11,476,687,700	\$ 11,548,755,700	\$ 11,548,755,700	\$ 11,892,819,800	\$ 11,892,819,800	\$ 12,342,275,400	\$ 12,342,275,400	\$ 13,186,717,700
Debt Limit.....	608,405,480	573,834,385	573,834,385	577,437,785	577,437,785	594,640,990	594,640,990	617,113,770	617,113,770	659,335,885
Outstanding long-term debt.....	134,574,849	124,884,578	115,207,344	115,961,739	137,521,434	172,190,771	166,721,331	148,606,237	154,280,095	141,433,013
Authorized and unissued debt.....	7,147,750	13,522,250	102,542,384	40,970,404	17,670,404	22,011,504	25,411,504	12,821,734	9,721,734	14,297,162
Debt not applicable to debt limit.....	(32,023,039)	(30,033,662)	(28,062,718)	(30,437,916)	(59,813,748)	(91,385,312)	(86,476,081)	(89,401,483)	(90,581,865)	(85,235,466)
Legal debt margin.....	<u>\$ 498,705,920</u>	<u>\$ 465,461,219</u>	<u>\$ 384,147,375</u>	<u>\$ 450,943,558</u>	<u>\$ 482,059,695</u>	<u>\$ 491,824,027</u>	<u>\$ 488,984,236</u>	<u>\$ 545,087,282</u>	<u>\$ 543,693,806</u>	<u>\$ 588,841,176</u>
Total debt applicable to the limit as a percentage of debt limit.....	18.03%	18.89%	33.06%	21.91%	16.52%	17.29%	17.77%	11.67%	11.90%	10.69%

Source: State Division of Local Services, Accounting Records

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2021

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Barnstable County.....	\$ 21,087,101 (a)	21.90% (b)	\$ 4,618,075
Subtotal, overlapping debt.....			4,618,075
Town direct debt.....			<u>101,088,556</u>
Total direct and overlapping debt.....			<u><u>\$ 105,706,631</u></u>

(a) Debt outstanding as of June 30, 2020.

(b) Based on the 2010 equalized valuations of Town's in the County.

Source: Official Statements, Accounting Records

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2012	31,531	\$ 1,208,709,354	\$ 38,334	50.8	3,558	7.00%
2013	31,531	1,208,709,354	38,334	50.8	3,554	6.60%
2014	31,531	1,208,709,354	38,334	50.8	3,554	7.00%
2015	31,531	1,208,709,354	38,334	50.8	3,547	5.40%
2016	31,531	1,208,709,354	38,334	50.8	3,515	4.20%
2017	31,531	1,208,709,354	38,334	50.8	3,414	3.70%
2018	31,531	1,208,709,354	38,334	50.8	3,423	3.20%
2019	31,531	1,208,709,354	38,334	50.8	3,351	3.60%
2020	31,531	1,208,709,354	38,334	50.8	3,050	10.10%
2021	31,531	1,208,709,354	38,334	50.8	3,090	N/A

Source: U. S. Census, Division of Local Services, Massachusetts
Department of Elementary and Secondary Education

PRINCIPAL EMPLOYERS (EXCLUDING TOWN)

CURRENT YEAR AND NINE YEARS AGO

Employer	Nature of Business	2021			2012		
		Approximate Number of Employees	Rank	Percentage of Total Town Employment	Approximate Number of Employees	Rank	Percentage of Total Town Employment
Woods Hole Oceanographic Institute	Oceanographic Research	3,000	1	20.36%	1,396	2	9.88%
Joint Base Cape Cod (1)	Military Base	1,833	2	12.44%	1,849	1	13.09%
Woods Hole, Martha's Vineyard and Nantucket Steamship Authority	Ferry Service	750	3	5.09%	501	4	3.55%
Falmouth Hospital	General Hospital	750	3	5.09%	800	3	5.66%
Sea Crest Hotel & Motor Inn.	Convention Motel	350	5	2.37%	300	5	2.12%
Marine Biological Laboratory	Biological Research	350	5	2.37%	278	6	1.97%
Wal-Mart	Retail	350	5	2.37%	220	7	1.56%
Windfall Market	Restaurant/Inn	350	5	2.37%			0.00%
JML Care Center Rehabilitation	Rehabilitation	350	5	2.37%			0.00%
United States Geological Survey	Oceanographic Research	175	10	1.19%	100	10	0.71%
National Marine Fisheries	Marine Research				220	7	1.56%
Coonamessett Inn	Restaurant/Inn				200	9	1.42%
	Totals	<u>8,258</u>		<u>56.03%</u>	<u>5,864</u>		<u>41.51%</u>

(1) The joint base is partially located in Falmouth and each of the towns of Mashpee, Bourne and Sandwich. Represents full-time positions only. The number of reserve personnel reporting on weekends ranges from 0 to 3,000. Approximately 80% of the full-time employees live on base and the balance are residents of Falmouth or the surrounding towns.

Source: Town records and Official Statements

FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government.....	40	39	40	39	39	39	36	38	38	38
Public safety.....	150	153	151	151	151	162	152	152	166	166
Education.....	563	563	563	563	563	563	564	564	564	564
Public works.....	66	68	70	70	70	71	71	74	74	74
Health and human services.....	19	19	20	20	20	19	21	23	24	24
Culture and recreation.....	60	61	60	60	60	60	62	63	66	66
Sub-total governmental activities	898	903	904	903	903	914	906	914	932	932
Water.....	18	18	18	18	18	19	20	22	22	22
Sub-total business-type activities	18	18	18	18	18	19	20	22	22	22
Total Town employees.....	<u>916</u>	<u>921</u>	<u>922</u>	<u>921</u>	<u>921</u>	<u>933</u>	<u>926</u>	<u>936</u>	<u>954</u>	<u>954</u>

Source: Town personnel records

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
Town Clerk										
Registered voters.....	24,619	24,158	24,396	23,694	24,234	24,569	24,572	24,947	26,344	26,888
Public Safety:										
Police										
Criminal offenses										
Arrests.....	584	453	496	618	553	560	471	380	271	260
Reported crimes.....	4,797	3,970	3,804	3,741	3,876	4,350	3,835	3,042	2,489	2,735
Motor vehicle responses.....	35	27	28	18	26	29	30	19	17	16
Incident reports.....	3,288	3,115	2,911	3,160	3,318	3,167	2,954	2,672	2,489	2,571
Citations issued.....	2,216	1,459	1,667	1,462	1,494	1,428	1,433	1,280	1,300	1,335
Fire										
Incidents										
Fires.....	1,418	1,341	1,397	1,451	1,397	1,361	1,737	1,836	1,840	2,089
Non-fire incidents.....	4,627	4,607	4,939	5,078	5,569	6,138	6,348	6,041	6,043	5,654
Total fire calls.....	<u>6,045</u>	<u>5,948</u>	<u>6,336</u>	<u>6,529</u>	<u>6,966</u>	<u>7,499</u>	<u>8,085</u>	<u>7,877</u>	<u>7,883</u>	<u>7,743</u>
Inspectional Services										
Number of building permits.....	6,291	6,443	6,546	7,657	N/A	7,122	7,679	7,683	7,239	8,097
Education:										
Number of students.....	3,558	3,554	3,554	3,547	3,515	3,414	3,423	3,351	3,050	3,090
Public Works:										
Landfill										
Solid waste tonnage.....	10,987	11,398	10,988	10,478	9,935	10,898	11,127	11,965	12,560	13,970
Health and Human Services:										
Board of Health										
Inspections										
Food establishments.....	445	441	446	438	N/A	N/A	N/A	733	346	176
Other.....	614	611	586	543	N/A	N/A	N/A	1,253	1,233	1,059
Total inspections.....	<u>1,059</u>	<u>1,052</u>	<u>1,032</u>	<u>981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,986</u>	<u>1,579</u>	<u>1,235</u>

N/A - Information not available

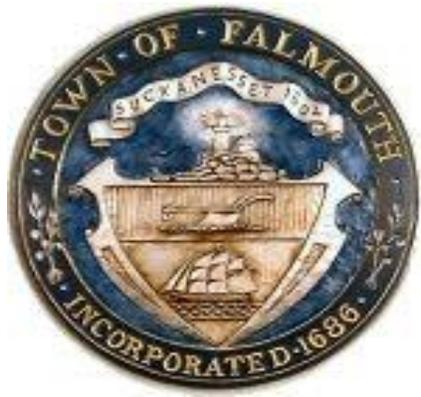
Source: Various Town Departments, State websites and annual Town Report.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
Number of buildings.....	42	42	42	42	42	42	42	43	43	43
Public Safety:										
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	5	5	5	5	5	5	5	5	5	5
Education:										
Number of elementary schools.....	4	4	4	4	4	4	4	4	4	4
Number of middle schools.....	2	2	2	2	2	2	2	2	2	2
Number of high schools.....	2	2	2	2	2	2	2	2	2	2
Public Works:										
Road miles.....	425	425	425	425	425	430	430	430	430	430
Water main miles.....	383	383	383	383	383	383	383	383	383	383
Sewer main miles.....	21	21	21	21	21	37	37	37	37	37
Culture and Recreation:										
Number of public parks.....	24	24	24	24	24	24	24	24	24	24
Number of libraries.....	5	5	5	5	5	5	5	5	5	5
Number of beaches.....	12	12	12	12	12	12	12	12	12	12

Source: Various Town Departments and State websites.



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Seated above, at the Select Board's annual strategic planning retreat, from left to right, Select Board members Doug Brown and Megan English-Braga, Town Manager, Julian M. Suso, Director of Finance, Jennifer Mullen, Assistant Town Manager, Peter Johnson-Staub, and Select Board Members, Onjale Scott Price, Nancy Taylor, and Sam Patterson.