

TOWN OF FREEPORT, MAINE

Annual Financial Report

**For the Year Ended
June 30, 2024**

TOWN OF FREEPORT, MAINE
Annual Financial Report
For the Year Ended June 30, 2024

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TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2024

As the management of the Town of Freeport, Maine, we are pleased to provide this Management's Discussion and Analysis as part of our annual financial statements. We offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town of Freeport for the year ended June 30, 2024. It is the belief of management that all the information contained herein is accurate in all material respects and reflects fairly the financial position and operations of the Town. This Management's Discussion and Analysis is designed to offer further explanation of the information contained herein. We encourage readers to consider the information that we have furnished in the Town's basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

The governmental activities assets and deferred outflows of resources of the Town of Freeport exceeded its liabilities and deferred inflows of resources as of June 30, 2024 by \$45,429,447 (net position). Of this amount, \$21,239,937 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

The Town of Freeport's governmental funds reported combined fund balances of \$28,970,253 (Statement 4) which is an increase of \$1,507,496 from FY 2023.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,601,823.

The Town of Freeport's total outstanding long-term debt decreased by \$63,400 during the course of the fiscal year; the June 30, 2024 outstanding debt totaled \$507,200.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Freeport's basic financial statements. The Town's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The table of contents in the front section of the audit provides the specific pages where the various statements and exhibits can be found.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Freeport's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between these reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town of Freeport 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*).

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Management's Discussion and Analysis
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The Town currently does not report any activities as a business-type activity. The governmental activities of the Town include general government, public safety, public works, education, and community services.

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

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

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

ENTITY-WIDE CONDENSED PRESENTATION OF NET POSITION

Net position will serve as a useful indicator of a government's financial position. The following information is condensed from Statement 1, Statement of Net Position for Fiscal Year 2024. It distinguishes between capital and other assets, includes the Town's general liabilities and long-term debt obligations, and shows the Town's net position by restricted and unrestricted amounts.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2024

This information is for the Town's Governmental Activities as of June 30:

	Governmental Activities	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 19,734,275	17,431,027
Investments	9,654,400	10,680,755
Receivables	3,096,945	2,640,472
Inventory	21,988	14,212
Capital assets, net	21,384,913	21,388,028
Total assets	53,892,521	52,154,494
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to OPEB	256,950	139,961
Deferred outflows of resources related to pensions	842,092	1,079,530
Total deferred outflows of resources	1,099,042	1,219,491
LIABILITIES		
Current liabilities	1,125,483	1,353,485
Noncurrent liabilities	5,726,797	5,064,798
Total liabilities	6,852,280	6,418,283
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to OPEB	244,683	59,512
Deferred inflows of resources related to pensions	329,837	607,748
Deferred inflows of resources related to pensions	2,135,316	1,649,137
Total deferred inflows of resources	2,709,836	2,316,397
NET POSITION		
Net investment in capital assets	19,508,646	20,817,428
Restricted	4,680,864	4,467,234
Unrestricted	21,239,937	19,354,643
Total net position	\$45,429,447	44,639,305

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2024

A large portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding and adding back any unspent bond proceeds. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be expended. The remaining unrestricted balance of net position may be used to meet the government's ongoing obligations to its citizens and creditors.

ENTITY-WIDE CONDENSED PRESENTATION OF CHANGES IN NET POSITION

Our next analysis focuses on changes in net position of the Town's governmental activities. Governmental activities increased the Town of Freeport's net position by \$1,383,922 during the year ended June 30, 2024. Business-type activities were discontinued during the year ended June 30, 2023 and absorbed in governmental activities.

It should be noted that this presentation is prepared on an entity-wide condensed net position presentation and not prepared on a basis consistent with the budget. A detailed budgetary presentation can be found in the basic financial statements in Exhibit A-2.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2024

	Governmental Activities		Business-type Activities	Total	
	2024	2023	2023	2024	2023
Program revenues:					
Charges for services	\$ 2,097,558	2,031,660	62,118	2,097,558	2,093,778
Operating grants and contributions	474,984	482,461	-	474,984	482,461
General revenues:					
Property taxes	31,491,925	29,793,455	-	31,491,925	29,793,455
Motor vehicle excise taxes	2,523,203	2,395,302	-	2,523,203	2,395,302
Interest and lien costs	47,282	34,289	-	47,282	34,289
State revenue sharing	1,246,267	1,264,703	-	1,246,267	1,264,703
Homestead exemption	516,948	580,524	-	516,948	580,524
BETE reimbursements	517,504	536,045	-	517,504	536,045
Other state aid	138,799	108,973	-	138,799	108,973
Investment earnings/(loss)	1,640,749	772,220	-	1,640,749	772,220
Miscellaneous revenues	79,176	146,881	-	79,176	146,881
Total revenues	40,949,325	38,443,803	62,118	40,949,325	38,505,921
Program expenses:					
General government	4,551,061	3,880,459	-	4,551,061	3,880,459
Public safety	5,406,157	4,834,460	-	5,406,157	4,834,460
Public works	3,648,815	3,304,159	-	3,648,815	3,304,159
Community services	1,832,600	1,791,067	-	1,832,600	1,791,067
Community development	1,486,665	1,437,005	-	1,486,665	1,437,005
Education	21,239,560	20,513,344	-	21,239,560	20,513,344
Unclassified	1,393,707	1,143,278	-	1,393,707	1,143,278
Interest on debt	6,838	6,124	-	6,838	6,124
Nonemergency transportation	-	-	28,450	-	28,450
Total expenses	39,565,403	36,909,896	28,450	39,565,403	36,938,346
Change in net position	1,383,922	1,533,907	33,668	1,383,922	1,567,575
Net position - beginning	44,045,525	43,105,398	(33,668)	44,045,525	43,071,730
Net position - ending	\$45,429,447	44,639,305	-	45,429,447	44,639,305

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2024

ANALYSIS OF TOWN POSITION AND OPERATIONS – GOVERNMENTAL FUNDS BUDGETARY BASIS

In Freeport, the Town maintains its unassigned General Fund balance (the equivalent of a savings account) to \$5.6 million. The Town Council established a figure of approximately \$4.8 million (one and-one-half months of the annual budgets for the Town, RSU #5 Town portion, and County tax) as a minimum level of fund balance to maintain. The Town Council budgeted to use \$675,000 to offset taxes in the FY 2025 budget; that is an assigned fund balance. Under the Town's fund balance policy, amounts in excess of one and one-half months of the annual budget can be used to set aside additional reserves for capital needs, used to reduce property taxes for subsequent years' budgets or be used for immediate operational or capital needs. The Town Council also established a Tax Rate Stabilization Account of \$1 million. No additional funding was provided during FY 2024 and the account remained at \$1 million at June 30, 2024. In Statement No. 54, the Governmental Accounting Standards Board (GASB) required Stabilization funds to be used only in situations meeting two criteria: specific and non-routine. The Council defined the need to use the stabilization fund in Freeport as a five percent increase in the combined budgets of the Town, RSU (Town portion) and County tax (Town portion) or a five percent increase in the Town's overall mil rate. In these cases, up to fifty (50) percent of the Tax Rate Stabilization Account may be used annually to offset the property tax rate.

On a budgetary basis, the Town's General Fund operations showed budgeted revenues over expenditures of \$1,051,293 before other financing sources and uses (transfers from and to other funds in this case). After transfers in-and-out of other funds, the General Fund showed a \$878,945 increase in fund balance. As of June 30, 2024, the Town's fund balance policy required the Town to hold just over \$4.8 million in fund balance (one and-a-half months of Town, RSU, and County budgets), and the unassigned fund balance was \$5.6 million. The Town's policy allows fund balance to be higher than the minimum by five percent, so the amount above that minimum plus the allowance is approximately \$5.1 million. Each year, staff presents the fund balance to the Town Council and recommends uses for any amount over the policy guideline. During the FY 2025 presentation, staff will recommend that the Town Council transfer the excess fund balance to Capital Reserves due to increased capital needs in the upcoming fiscal years.

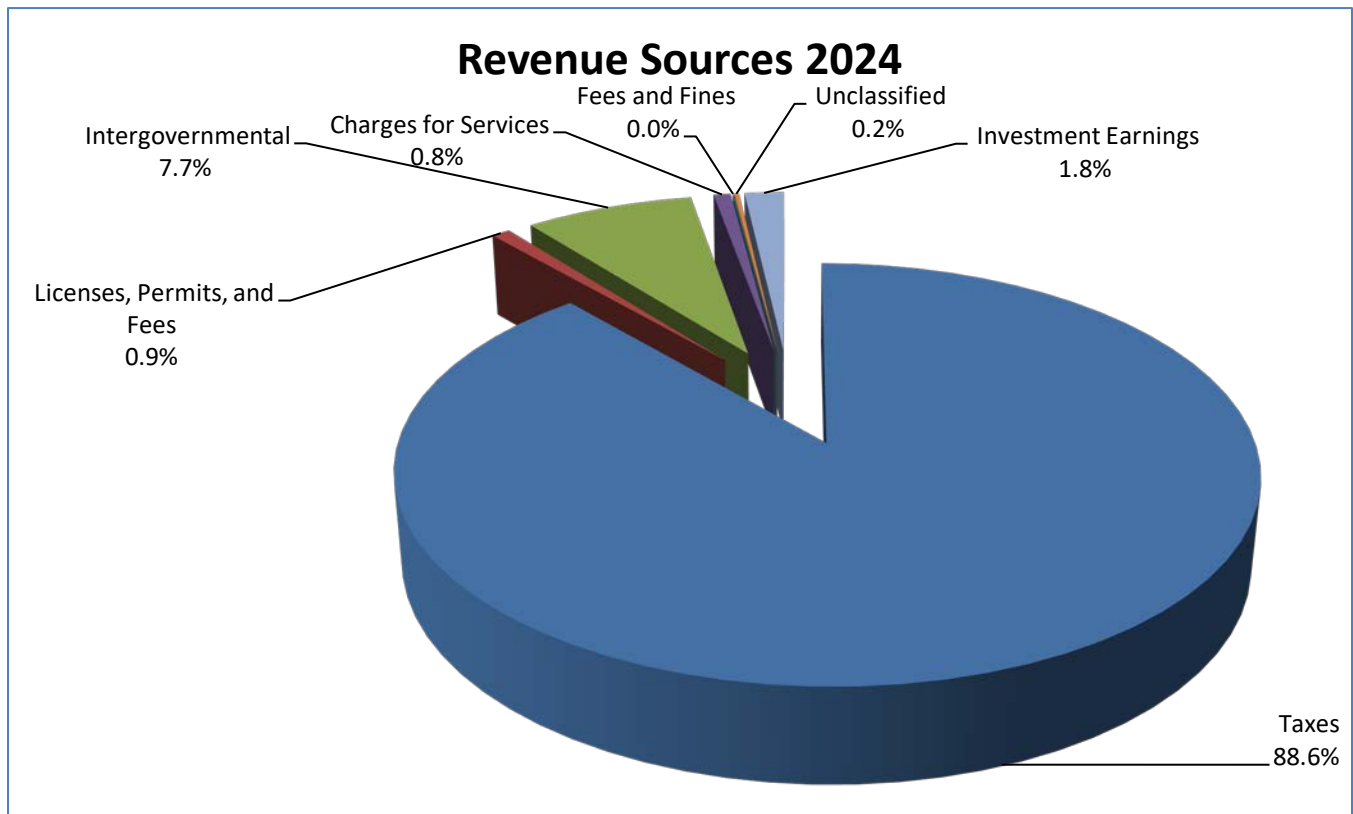
General Fund Revenues Budget-to-Actual Summary

For fiscal year 2024, revenues exceeded expenditures by \$1,051,293. The major reason for this is that actual revenues came in \$1,712,059 more than budgeted due primarily to increased excise tax collection and investment earnings, as well as State reimbursements. The Town expenditures were also \$569,234 lower than budgeted. This is primarily due to staffing shortages, in conjunction with correlated reduced health care costs and town-wide budget savings. The property tax collection rate for the year increased to 98.55% from the previous year's collection rate of 98.26%.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2024

General Fund Revenues Budget to Actual Summary
Budget and Actual – General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		
Taxes	\$ 31,481,487	31,481,487	32,295,333	813,846
Licenses, Permits, and Fees	320,400	320,400	311,264	(9,136)
Intergovernmental	2,461,500	2,461,500	2,807,368	345,868
Charges for Services	225,700	225,700	283,098	57,398
Fees and Fines	13,300	13,300	11,685	(1,615)
Unclassified	54,600	54,600	79,175	24,575
Investment Earnings	175,000	175,000	656,123	481,123
Total Revenues	\$ 34,731,987	34,731,987	36,444,046	1,712,059



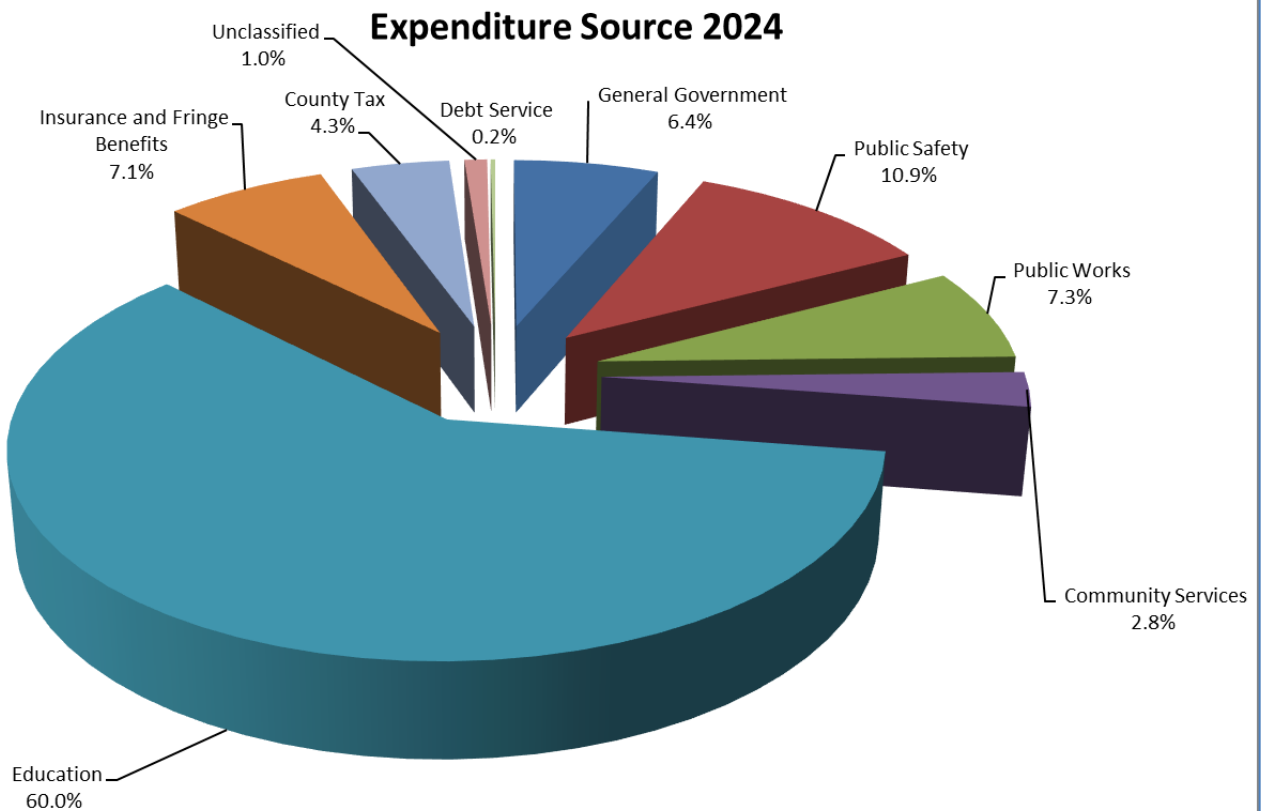
General Fund Expenditures Budget-to-Actual Summary

General Fund expenditure budgets are approved by the Town Council at the departmental level, with charter budgetary limits at the function level. Department managers are directed and make every effort to leave five percent surpluses in budgets, especially during tough economic times when revenue could be lower than budgeted for the fiscal year. The following summarizes the Town of Freeport's General Fund budgeted appropriations to actual by function for the year ended June 30, 2024 (see Exhibit A-2 for a more detailed presentation):

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2024

General Fund Expenditures Budget-to-Actual Summary
Budget and Actual – General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		
General Government	\$ 2,511,100	2,511,100	2,257,234	253,866
Public Safety	3,882,175	3,882,175	3,870,969	11,206
Public Works	2,775,550	2,775,550	2,583,194	192,356
Community Services	988,710	988,710	976,036	12,674
Education	21,239,560	21,239,560	21,239,560	-
Insurance and Fringe Benefits	2,612,800	2,612,800	2,517,405	95,395
County Tax	1,525,142	1,525,142	1,525,097	45
Unclassified	356,650	356,650	352,982	3,668
Debt Service	70,300	70,300	70,276	24
Total Expenditures	\$ 35,961,987	35,961,987	35,392,753	569,234



TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2024

SUMMARY OF CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

CAPITAL ASSETS

The Town has developed and maintained a five-year and a twenty-year Capital Improvement Plan (CIP) for over twenty years. This plan is updated annually as part of the budget cycle and is used for equipment, vehicles, building and Town wide infrastructure needs. Additionally, the Town has a street paving account in the public works department budget for ongoing street paving.

The Town's fiscal year 2025 capital budget that was approved in June of 2024 included the following:

Town of Freeport
Summary of Funding Sources
FY 2025 Capital Program

	FY 2024	FY 2025			Funding Source	
	<u>Council Approved</u>	<u>Manager Proposed</u>	<u>Council Deliberation</u>	<u>Council Appropriated</u>	<u>Reserve</u>	<u>TIF</u>
Police	\$ 350,000	416,000	396,000	396,000	396,000	-
Fire	35,000	-	-	-	-	-
Rescue	466,000	30,000	30,000	30,000	30,000	-
Public Works	336,000	340,000	340,000	340,000	340,000	-
Solid Waste	55,000	-	-	-	-	-
Comprehensive Town Imp.	1,061,750	680,000	580,000	580,000	580,000	-
Municipal Facilities	667,000	355,000	355,000	355,000	355,000	-
Cable	29,000	39,000	39,000	39,000	39,000	-
Other	40,000	-	-	-	-	-
Destination Freeport TIF	324,000	197,325	197,325	292,325	-	197,325
Concord Gully Brook TIF	-	45,000	45,000	45,000	-	45,000
Total	\$ 3,363,750	2,102,325	1,982,325	2,077,325	1,740,000	242,325

It is notable that the FY 2025 capital improvement plan is funded by June 30, 2024. This is the reason the Town reflects the FY 2025 plan in the MD&A section of the financial statements.

A summary of the Town's capital assets at June 30, 2024 and 2023 are as follows:

	2024	2023
General capital assets:		
Land	\$ 2,204,884	2,204,884
Land improvements	3,664,308	3,664,308
Buildings and improvements	8,723,457	8,703,686
Machinery, equipment and other	7,963,686	7,411,683
Vehicles	6,036,376	5,874,184
Infrastructure	15,893,577	15,511,660
Right-to-use leased equipment	1,446,939	1,446,939
Construction in process	884,777	807,634
	\$ 46,818,004	45,624,978

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2024

LONG-TERM DEBT

The State law allows municipalities to borrow up to 15% of their total valuation. Since the Town's State Valuation was \$2,593,700,000 for 2024, the debt limit was more than \$389 million. The Town's current outstanding bonds are \$507,200, or 0.02% of State Valuation or approximately 0.13% of the Town's debt limit. Another measure of a municipality's debt load is debt-per-capita. As of June 30, 2024, the Town of Freeport's debt per capita was \$62 as compared to the prior year of \$70 (based upon a population of 8,200).

The following is a summary of bond transactions of the Town for the year ended June 30, 2024:

Bonds payable at June 30, 2023	\$ 570,600
Principal payments	(63,400)
<u>Bonds payable at June 30, 2024</u>	<u>\$ 507,200</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

Freeport has a vibrant downtown, many thriving businesses, and residential growth outside the downtown. On average, the Town permits 55 new dwelling units per year.

In addition, Freeport's downtown storefront vacancy rate remains relatively low, which makes Freeport highly desirable for new retail businesses. The Town has turned its focus to business retention and expansion activities, supporting efficiencies within Town processes, developing resources and programming to support business development and matching private investment to fit-up commercial spaces and to add amenities in public spaces for sustainable economic development over the next decade. Since the COVID-19 pandemic, Freeport has become a craft beer destination and continues to monitor these alternative solutions to boost traffic to the downtown, creating a "downtown for all" vibe.

New Fiscal Year Budget

In adopting the budget for the ensuing fiscal year 2025, the Town officials considered many factors in making judgments and estimates about the finances for the upcoming year. A primary objective was to provide enhanced Town services to the citizens while attempting to keep the property tax rate stable, while balancing the need for downtown visioning projects and upgrades. The Town Council continued to focus on the tax rate during the FY 2025 budgeting process.

The budget for the fiscal year starting July 1, 2024 was approved by the Town Council with a tax rate of 13.35 mils, which is a \$0.30 decrease per \$1,000 of valuation from FY 2024 to FY 2025. The tax bills are sent out twice each year, and during FY 2025 are due on November 18, 2024 and May 15, 2025.

The following summarizes the major components of the FY 2024 and FY 2025 budgets:

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2024

		FY 2024 Appropriation	FY 2025 Appropriation	Increase (Decrease)
REVENUES				
Town Non-Property Taxes	\$	5,893,000	6,231,725	338,725
Property Tax		29,393,987	31,876,945	2,482,958
Fund Balance		675,000	675,000	-
Totals		35,961,987	38,783,670	2,821,683
EXPENDITURES				
Municipal		13,126,985	14,482,920	1,355,935
School		21,239,560	22,692,612	1,453,052
County Tax		1,436,042	1,442,472	6,430
Transit		89,100	95,766	6,666
Debt Service		70,300	69,900	(400)
Totals	\$	35,961,987	38,783,670	2,821,683

While Freeport is currently in good financial shape, the Town must continue to watch revenues from the State of Maine. Such revenues include but are not limited to revenue sharing (a portion of sales and income taxes), road assistance, homestead exemption, and business equipment tax payments. The Town must maintain a tight budget in order to ensure that expenditures do not begin to outpace revenues in future years.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Freeport's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town of Freeport, 30 Main Street, Freeport, Maine 04032.

Respectfully submitted,

Sophia Wilson
Town Manager

Jessica L. Maloy
Finance Director

BASIC FINANCIAL STATEMENTS

TOWN OF FREEPORT, MAINE
Statement of Net Position
June 30, 2024

	Governmental Activities	Component Unit FEDC
ASSETS		
Cash and cash equivalents	\$ 19,734,275	88,682
Investments	9,654,400	-
Receivables:		
Accounts, net	197,272	-
Due from other governments	136,716	-
Taxes receivable	464,718	-
Tax liens	108,249	-
Lease receivable	2,189,990	-
Prepaid items	-	246
Inventory	21,988	125
Capital assets, not being depreciated	3,089,661	-
Capital assets, net of accumulated depreciation	18,295,252	-
Total assets	53,892,521	89,053
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	842,092	-
Deferred outflows of resources related to OPEB	256,950	-
Total deferred outflows of resources	1,099,042	-
LIABILITIES		
Accounts payable and other current liabilities	852,506	-
Accrued wages and benefits payable	272,382	-
Accrued interest	595	-
Noncurrent liabilities:		
Liabilities due in one year	217,437	-
Other long-term liabilities	1,970,265	-
Other postemployment benefits liability	1,119,648	-
Net pension liability	1,619,379	-
Bonds and notes due in more than one year	800,068	-
Total liabilities	6,852,280	-
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	329,837	-
Deferred inflows of resources related to OPEB	244,683	-
Deferred inflows of resources related to leases	2,135,316	-
Total deferred inflows of resources	2,709,836	-
NET POSITION		
Net investment in capital assets	19,508,646	-
Restricted for:		
Grants and other programs	2,654,482	-
Nonexpendable trust principal	1,915,568	-
Expendable trust - income portion	110,814	-
Unrestricted	21,239,937	89,053
Total net position	\$ 45,429,447	89,053

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Activities
For the Year Ended June 30, 2024

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		Component Unit
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		
					Governmental activities	Total	
Primary government:							
Governmental activities:							
General government	\$ 4,551,061	576,089	47,600	84,432	(3,842,940)	(3,842,940)	-
Public safety	5,406,157	651,969	77,363	-	(4,676,825)	(4,676,825)	-
Public works	3,648,815	269,401	159,500	-	(3,219,914)	(3,219,914)	-
Community services	1,832,600	600,099	178,332	46,257	(1,007,912)	(1,007,912)	-
Community development	1,486,665	-	-	-	(1,486,665)	(1,486,665)	-
Education	21,239,560	-	-	-	(21,239,560)	(21,239,560)	-
Unclassified	1,393,707	-	12,189	44,241	(1,337,277)	(1,337,277)	-
Interest on debt	6,838	-	-	-	(6,838)	(6,838)	-
Total governmental activities	39,565,403	2,097,558	474,984	174,930	(36,817,931)	(36,817,931)	-
Total primary government	\$ 39,565,403	2,097,558	474,984	174,930	(36,817,931)	(36,817,931)	-
Component Unit:							
Freeport Economic Development Corporation	147,728	-	143,000	-	-	-	(4,728)
	General revenues:						
	Property taxes, levied for general purposes				\$ 31,491,925	31,491,925	-
	Motor vehicle excise taxes				2,523,203	2,523,203	-
	Interest and lien costs				47,282	47,282	-
	Grants and contributions not restricted to specific programs:						-
	Homestead exemption				516,948	516,948	-
	BETE reimbursements				517,504	517,504	-
	State Revenue Sharing				1,246,267	1,246,267	-
	Other State aid				138,799	138,799	-
	Unrestricted investment earnings				1,640,749	1,640,749	10
	Miscellaneous revenues				79,176	79,176	-
	Total general revenues				38,201,853	38,201,853	10
	Change in net position				1,383,922	1,383,922	(4,718)
	Net position - beginning, restated				44,045,525	44,045,525	93,771
	Net position - ending				45,429,447	45,429,447	89,053

TOWN OF FREEPORT, MAINE
Balance Sheet
Governmental Funds
June 30, 2024

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 17,131,478	772,277	1,830,520	19,734,275
Investments	708,076	6,902,322	2,044,002	9,654,400
Receivables:				
Accounts net of allowance of \$58,650	39,171	148,573	9,528	197,272
Due from other governments	136,716	-	-	136,716
Taxes receivable	464,718	-	-	464,718
Lease	2,189,990	-	-	2,189,990
Tax liens	108,249	-	-	108,249
Interfund loans receivable	-	6,703,704	3,446,846	10,150,550
Inventory	21,988	-	-	21,988
Total assets	\$ 20,800,386	14,526,876	7,330,896	42,658,158
LIABILITIES				
Accounts payable	159,988	38,612	7,832	206,432
Accrued wages and benefits	266,173	-	6,209	272,382
Interfund loans payable	9,055,596	594,931	500,023	10,150,550
Development escrows	366,098	-	-	366,098
Other unearned revenues	-	-	279,976	279,976
Total liabilities	9,847,855	633,543	794,040	11,275,438
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	263,462	-	-	263,462
Unavailable revenue - ambulance receivables	-	13,689	-	13,689
Deferred inflows related to leases	2,135,316	-	-	2,135,316
Total deferred inflows of resources	2,398,778	13,689	-	2,412,467
FUND BALANCES				
Nonspendable	21,988	-	1,915,568	1,937,556
Restricted	-	-	2,765,296	2,765,296
Committed	2,254,942	13,879,644	1,855,992	17,990,578
Assigned	675,000	-	-	675,000
Unassigned	5,601,823	-	-	5,601,823
Total fund balances	8,553,753	13,879,644	6,536,856	28,970,253
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,800,386	14,526,876	7,330,896	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,384,913
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Unavailable revenue - property taxes	263,462
Unavailable revenue - ambulance billings	13,689
Deferred inflows/(outflows) related to pensions	512,255
Deferred inflows/(outflows) related to OPEB	12,267
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,727,392)

Net position of governmental activities **\$ 45,429,447**

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2024

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 32,295,333	-	1,769,200	34,064,533
Licenses, permits and fees	311,264	-	-	311,264
Intergovernmental	2,807,368	-	222,530	3,029,898
Charges for services	283,098	772,350	744,908	1,800,356
Fees and fines	11,685	-	-	11,685
Gifts and donations	-	-	36,234	36,234
Unclassified	79,175	-	-	79,175
Investment income (loss)	710,937	598,944	330,868	1,640,749
Total revenues	36,498,860	1,371,294	3,103,740	40,973,894
Expenditures:				
Current:				
General government	2,257,234	-	-	2,257,234
Public safety	3,870,969	-	15,088	3,886,057
Public works	2,583,194	-	-	2,583,194
Community services	976,036	-	435,146	1,411,182
Community development	-	-	1,486,665	1,486,665
Education	21,239,560	-	-	21,239,560
Insurance and fringe benefits	2,517,405	-	-	2,517,405
County and transit tax	1,525,097	-	-	1,525,097
Unclassified	354,485	50,576	86,873	491,934
Capital outlay	-	1,614,133	383,661	1,997,794
Debt service	70,276	-	-	70,276
Total expenditures	35,394,256	1,664,709	2,407,433	39,466,398
Excess (deficiency) of revenues over (under) expenditures	1,104,604	(293,415)	696,307	1,507,496
Other financing sources (uses):				
Transfers from other funds	505,000	577,348	-	1,082,348
Transfers to other funds	(677,348)	-	(405,000)	(1,082,348)
Total other financing sources (uses)	(172,348)	577,348	(405,000)	-
Net change in fund balances	932,256	283,933	291,307	1,507,496
Fund balances, beginning of year	7,621,497	13,595,711	6,245,549	27,462,757
Fund balances, end of year	\$ 8,553,753	13,879,644	6,536,856	28,970,253

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2024

Net change in fund balances - total governmental funds (from Statement 4)	\$	1,507,496
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and loss on disposal of assets.		(3,115)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(24,569)
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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 governmental funds.		(303,858)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These are the changes in long term debt.		207,968
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Change in net position of governmental activities (see Statement 2)	\$	1,383,922
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See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the year ended June 30, 2024

				Variance with Final Budget Positive (Negative)
		Budgeted amounts		
		Original	Final	Actual
Revenues:				
Taxes	\$	31,481,487	31,481,487	32,295,333
Licenses, permits and fees		320,400	320,400	311,264
Intergovernmental		2,461,500	2,461,500	2,807,368
Charges for services		225,700	225,700	283,098
Fees and fines		13,300	13,300	11,685
Unclassified		54,600	54,600	79,175
Investment earnings		175,000	175,000	656,123
Total revenues		34,731,987	34,731,987	36,444,046
Expenditures:				
Current:				
General government		2,511,100	2,511,100	2,257,234
Public safety		3,882,175	3,882,175	3,870,969
Public works		2,775,550	2,775,550	2,583,194
Community services		988,710	988,710	976,036
Education		21,239,560	21,239,560	21,239,560
Insurance and fringe benefits		2,612,800	2,612,800	2,517,405
County tax		1,525,142	1,525,142	1,525,097
Unclassified		356,650	356,650	352,982
Debt service		70,300	70,300	70,276
Total expenditures		35,961,987	35,961,987	35,392,753
Excess (deficiency) of revenues over (under) expenditures		(1,230,000)	(1,230,000)	1,051,293
Other financing sources (uses):				
Use of unassigned fund balance		675,000	675,000	-
Transfers from other funds		555,000	555,000	505,000
Transfers to other funds		-	-	(677,348)
Total other financing sources (uses)		1,230,000	1,230,000	(172,348)
Net change in fund balance - budgetary basis		-	-	878,945
Fund balance, beginning of year - budgetary basis				6,983,345
Fund balance, end of year - budgetary basis				7,862,290
Reconciliation to GAAP basis:				
Committed reserve funds fund balance				691,463
Fund balance, end of year - GAAP basis	\$			8,553,753

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Freeport conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

A. Reporting Entity

The Town of Freeport, Maine was incorporated as a Town in 1789 under the laws of the State of Massachusetts and later the State of Maine. The Town operates under a Council-Manager form of government. Freeport is located in Cumberland County approximately 15 miles northeast of Portland along the southern Maine coast. The Council is comprised of seven members elected by district and at-large for staggered three-year terms.

Component Unit

In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) 14 and 61 "The Financial Reporting Entity" as amended. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise financial accountability. Financial accountability is fiscal dependence upon the primary government in addition to financial benefits or burden relationship. It is notable that the use of tax increment financing as a source of revenue for a component unit demonstrates a financial burden as it uses the government's taxing authority. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based on the application of these criteria, the Town has reported the following component unit:

Freeport Economic Development Corporation (FEDC) is a component unit of the Town. Although it is legally separate from the Town, the FEDC is reported as if it were part of the primary government because its sole purpose is to attract new businesses to the Freeport area. There are no separately issued financial statements for this component unit and it is reported as a discretely presented component unit.

B. Government-wide and Fund Financial Statements

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds, other governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for property taxes and one year for all other revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due. General capital asset acquisitions, including entering into contracts giving the Town of Freeport the right to use leased assets, are reported as expenditures in governmental funds.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

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

The Town reports the following major governmental funds:

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

The Capital Projects Fund holds the Town's funds that are associated with capital and non-routine projects. As the Town Council appropriates funds from reserves (or other sources) for capital projects, these funds are transferred into the capital fund for expenditure on the project.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

D. Receivables

Accounts receivable include an allowance for doubtful accounts in the amount of \$58,650 for the governmental funds as of June 30, 2024. Management has determined that potential uncollectible accounts for intergovernmental, taxes and tax liens receivable are not material.

E. Investments

Investments are stated at fair value, unless otherwise indicated. Investments of the permanent funds, Town reserve accounts and certain capital project funds are pooled on a cost basis, with each individual fund subscribing to or disposing of interest in the investment pool on the basis of cost value at the beginning of the fiscal year. As such, investment income, investment expense, and gains and losses on sales of investments are allocated to each fund based on its proportionate interest in the investment pool.

F. Capital Assets

Capital assets, which include property, plant, equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed, except for intangible right-to-use lease assets, the measurement of which is discussed below in section I. Leases. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, including the right-to-use leased assets, are depreciated/amortized using the straight-line method over the assets' estimated useful lives ranging from 3 to 60 years. For all capital assets; buildings, vehicles and equipment, the Town elects to use the depreciation/amortization approach as defined by GASB Statement No. 34 for reporting.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

G. Vacation and Sick Leave

Under the terms of personnel policies and a union contract, vacation and sick leave are granted in varying amounts according to length of service. The Town has accrued accumulated vacation leave and vested sick leave. The liability is reported in the government-wide financial statement.

H. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, if material to the basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Leases

Lessee: The Town of Freeport is a lessee for a noncancellable lease of office space and storage. The Town recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments include how the Town of Freeport determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town of Freeport uses its estimated incremental borrowing rate as the discount rate for leases.
- The least term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability is composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Lessor: The Town of Freeport is a lessor for noncancellable leases of space for communication equipment on its water tank, a building and land, and a parking lot. The Town recognizes lease receivables and deferred inflows of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town of Freeport determines (1) the discount rate it uses to discount the expected lease receipts/payments to present value, (2) lease term, and (3) lease receipts/payments.

- The Town of Freeport uses its estimated incremental borrowing rate as the discount rate for leases.
- The least term includes the noncancellable period of the lease. Lease receipts/payments included in the measurement of the lease receivable/liability is composed of fixed payments from the lease.

The Town of Freeport monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Deferred Inflows and Outflows of Resources

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between the Town's contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

L. Inventory

Inventory in the General Fund consists of vehicle fuel and is recorded at the lower of cost or market on the first-in, first-out basis.

M. Interfund Transactions

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets and service debt. These transactions are reported as transfers to/from other funds.

N. Use of Estimates

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

O. Comparative Data

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

P. Fund Equity

The Town uses the following fund balance classifications.

Nonspendable	Nonspendable fund balance represents fund balance amounts that are not in spendable form, such as inventories or resources that must be maintained intact pursuant to legal or contractual requirements.
Restricted	Restricted fund balance represents amounts that are restricted by State or Federal statute or by external third parties, such as TIF fund commitments or private or public grants. Any matching amounts are also considered restricted as they cannot be withdrawn due to the outside parties' involvement and commitment.
Committed	Committed is that portion of fund balance that has been approved by the highest level of formal action of the Town Council and does not lapse at year-end. Committed fund balance requires action by the Town Council to remove them. Examples of committed funds are amounts for Town-initiated projects or activities in the recreation and capital funds.
Assigned	Assigned is the portion of fund balance that does not meet the definition of restricted or committed. The amounts are not for a highly specified purpose and their use has some discretion by the administration.
Unassigned	Fund balance that has not been reported in any other classification. Note that in all governmental funds other than the General Fund, amounts expended in excess of resources that do not meet the above categories are classified here (i.e., residual deficits).

The Town's fund balance policy establishes that an amount equal to at least one and-one-half months of the Town's most recent approved operating budget shall be established as a minimum unassigned fund balance. Annually, following completion of the Town's audit, the Town Manager shall review the unassigned fund balance and propose to utilize, through the annual budget process, surplus funds above the minimum, if any.

Use of those unassigned fund balances should be dedicated to projects in the capital improvement program or other unanticipated one-time expenditures. The Council may vote to establish certain reserve accounts from the unassigned fund balance for the purpose of funding specific capital improvement needs in the future and may decide to expend or to reserve amounts greater than that listed above based on the immediate or long-term needs of the Town.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the Town's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the Town's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In 2011, the Town Council revised its “Tax Rate Policy” to continue to ensure the financial well-being of the Town. Under the Policy, a portion of the General Fund fund balance is committed for stabilization arrangements, entitled “Tax Rate Stabilization Account”, to lower future year tax rates.

- Revenues generated by new valuation may be used to fund operating budgets, capital reserves or used for tax rate stabilization.
- Once operating budgets are passed, fund balance and reserves are funded in accordance with Town policies; excess funds may be used to lower the current year tax rate or may be placed in a Tax Rate Stabilization Account to lower future year tax rates.
- During periods of low revenues, new valuation or extraordinary, unpredicted increases in costs, up to fifty (50) percent of the Tax Rate Stabilization Account may be used annually to offset the municipal tax rate.
- The need for tax rate stabilization is defined as: a predicted five percent increase in the combination of the Town, RSU, and County budgets, or a predicted five percent increase in the Town’s total mil rate.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Each year, the Town Manager submits to the Town Council a budget for the ensuing fiscal year. Hearings are held to obtain public comments. The budget is legally enacted by a council order. The order enacts the total Town appropriation. Budgets are adopted for the General Fund and Winslow Park Fund only and are adopted on a basis consistent with accounting principles Generally Accepted in the United States of America (GAAP), except for amounts held in reserves. The respective balances for the reserves (e.g., investments) are reported on Statement 3 and the revenues and expenditures for the reserves have been reported on Statement 4. These amounts have been excluded from Exhibit A-2 and Statement 6 for budgetary purposes.

B. Excess Appropriations

For the year ended June 30, 2024, expenditures exceeded appropriations in the following departments:

Town Council	\$ 21,725
Municipal Buildings	8,311
Police Department	7,395
Special Enforcement	2,454
Reception	1,883
Solid Waste	89,013
General Assistance	41,905
Cable TV	13,260
Promotions	8,142
Insurances	4,452
Abatements	8,446

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS

The Town's policy is to invest all available funds at the highest possible rates in conformance with legal and administrative guidelines, while avoiding unreasonable risk. The funds are invested in liquid investments with maturities planned to coincide with the Town's cash needs during the year. Generally, the Town invests such excess funds in cash management accounts and various insured certificates of deposits.

Deposits:

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk, but requires all deposit accounts to hold collateral either at an outside bank in the Town's name or through an irrevocable letter of credit to the Town in any amounts above the FDIC insurance limits. The Town maintains deposits in banks or savings and loans that are a member of the FDIC and qualify as a depository of public funds in the State of Maine as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. As of June 30, 2024, the Town reported deposits of \$19,734,275 with a bank balance of \$20,020,252. Of the Town's bank balances of \$20,020,252, none was subject to custodial credit risk as it was insured by FDIC or covered by additional collateral.

As of June 30, 2024, the Freeport Economic Development Corporation had a bank balance of \$88,682. Of the FEDC'S bank balance of \$88,682, none was subject to custodial credit risk as it was insured by FDIC.

Investments:

Custodial Credit Risk - Investments: For investments, this is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk.

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

At June 30, 2024, the Town had the following investments and maturities:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>
U. S. Government securities	\$ 5,572,450	2,697,019	2,875,431
Money markets	106,880	N/A	-
Mutual funds	3,975,070	N/A	-
Total investments	\$ 9,654,400	2,697,019	2,875,431

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

Credit Risk and Concentration of Credit Risk:

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. Generally, the Town invests such excess funds in U.S. Treasury and Agency bonds and notes, repurchase agreements, and in investment pool funds. Certain long-term reserve and trust funds are invested through a financial institution with trust powers in fixed income and equity mutual funds to provide long-term growth and income.

The Town's investments in debt securities that require disclosure of credit risk were rated by Standard & Poor's as follows: Money market funds \$106,880 -AAA, Fixed income government securities \$3,975,070 -AA.

The Town's investment portfolio is comprised of a mix of money market, equity mutual funds and bond mutual funds.

At June 30, 2024, the Town had investments exceeding five percent of the total portfolio as follows:

	Value <u>6/30/24</u>	S & P <u>Rating</u>	<u>% of Total</u>
United States Treasury Notes	5,572,450	AA	57.72%

Interest Rate Risk: The Town does not have a formal policy related to investment rate risk. To the extent possible, the Town attempts to match investments with anticipated cash requirements that attain a market value rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities and cash flow requirements.

PROPERTY TAX

Property taxes for the current period were committed on September 15, 2023, on the assessed value listed as of April 1, 2023, for all real and personal property located in the Town. For real property, payment of taxes was due in equal installments on November 15, 2023 and May 15, 2024. Personal property taxes were due in full on November 15, 2023. Interest at the rate of 8.0% per annum was charged on any amounts remaining unpaid after these dates. Assessed values are periodically established by the Assessor's agent at 100% of assumed market value. The FY 2024 assessed value was 100% of the estimated market value and 88% of the 2024 state valuation of \$2,593,700,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$328,026 for the period ended June 30, 2024.

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

PROPERTY TAX, CONTINUED

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

The following summarizes the periods ended June 30, 2024 and 2023 levies:

	<u>2024</u>	<u>2023</u>
Assessed value	\$ 2,290,269,973	2,170,880,702
Tax rate (per \$1,000)	13.75	13.65
Commitment	31,491,212	29,632,522
Supplemental taxes assessed	40,800	153,318
Total assessments	31,532,012	29,785,840
Less:		
Collections and abatements	31,075,666	29,267,071
<u>Receivable at June 30</u>	<u>\$ 456,346</u>	<u>518,769</u>
Collection rate	98.55%	98.26%

SIGNIFICANT TAXPAYER

For the year ended June 30, 2024, the Town of Freeport committed and collected \$3,092,860 in real estate and personal property tax revenue from L.L. Bean, Inc. This commitment represents approximately 9.82% of total taxable valuation.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 1, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2024</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 807,634	77,143	-	884,777
Land	2,204,884	-	-	2,204,884
<u>Total capital assets, not being depreciated</u>	<u>3,012,518</u>	<u>77,143</u>	<u>-</u>	<u>3,089,661</u>
Capital assets, being depreciated:				
Land improvements	3,664,308	-	-	3,664,308
Buildings and building improvements	8,703,686	19,771	-	8,723,457
Machinery and equipment and other	7,411,683	620,431	68,428	7,963,686
Right-to-use leased equipment	1,446,939	-	-	1,446,939
Vehicles	5,874,184	297,192	135,000	6,036,376
Infrastructure	15,511,660	381,917	-	15,893,577
<u>Total capital assets being depreciated</u>	<u>42,612,460</u>	<u>1,319,311</u>	<u>203,428</u>	<u>43,728,343</u>
Less accumulated depreciation:				
Land improvements	\$ 1,967,305	130,165	-	2,097,470
Buildings and building improvements	5,761,776	200,909	-	5,962,685
Machinery, equipment, and other	5,437,367	257,191	66,498	5,628,060
Right-to-use leased equipment	72,650	36,325	-	108,975
Vehicles	3,774,255	317,618	135,000	3,956,873
Infrastructure	7,223,597	455,431	-	7,679,028
<u>Total accumulated depreciation</u>	<u>24,236,950</u>	<u>1,397,639</u>	<u>201,498</u>	<u>25,433,091</u>
<u>Total capital assets being depreciated, net</u>	<u>18,375,510</u>	<u>(78,328)</u>	<u>1,930</u>	<u>18,295,252</u>
<u>Governmental activities capital assets, net</u>	<u>\$ 21,388,028</u>	<u>(1,185)</u>	<u>1,930</u>	<u>21,384,913</u>

Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2024 as follows:

Governmental activities:	
General government	\$ 66,992
Public safety	345,263
Public works, including depreciation of general infrastructure assets	851,294
Community services	114,229
Unclassified	19,861
<u>Total depreciation expense – governmental activities</u>	<u>\$ 1,397,639</u>

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

LEASES

Lease Receivable: The Town of Freeport currently has three leases with communication companies for space on its water tanks and a building and land, which had the following amounts as of June 30, 2024:

Name of Lease	Receivable	Deferred Inflow	Payment
Communication Lease #1	\$388,775	\$365,912	\$4,216 increasing 4% each year.
Communication Lease #2	\$1,056,409	\$1,044,368	\$2,000 increasing 2% each year.
Communication Lease #3	\$251,876	\$239,665	\$4,214 increasing 4% each year.
Soule School Lease	\$492,930	\$485,371	\$1,485 increasing/decreasing every 5 years based on the change in the consumer price index.
Total	\$2,189,990	\$2,135,316	

- The first communication lease is in the fourth out of five possible extension terms and the remaining lease term, including extensions, will last for seven (7) years. The Town recognized \$45,863 in lease revenue and \$7,451 in interest revenue during the current fiscal year related to this lease.
- The second communication lease was revised in FY 2024 and is in the initial term of five years, with eight possible extension terms of five years each. The Town recognized \$20,283 in lease revenue and \$20,557 in interest revenue during the current fiscal year related to this lease.
- The third communication lease is in the fourth out of four possible extension terms and the remaining lease term, including extensions will last for five (5) years. The Town recognized \$46,415 in lease revenue and \$4,992 in interest revenue during the current fiscal year related to this lease.
- The Soule school lease was renewed in January 2022 for a term of 20 years with a possible 20 year extension. The Town recognized \$8,799 in lease revenue and \$9,025 in interest revenue during the current fiscal year related to this lease.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

LEASES, CONTINUED

Lease payable: The Town of Freeport currently has a lease with Freeport Community Services for use of their office and storage space ending in FY 2061. The value of the right-to-use lease asset is \$1,446,939. As of June 30, 2024, the value of the lease liability was \$1,369,067. The Town is required to make monthly principal and interest payments of \$4,261. The future principal and interest payments as of June 20, 2024, were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 26,281	25,970	52,251
2026	26,758	25,493	52,251
2027	27,243	25,007	52,250
2028	27,738	24,513	52,251
2029	28,241	24,009	52,250
2030-2034	149,083	112,170	261,253
2035-2039	163,112	98,141	261,253
2040-2044	178,461	82,792	261,253
2045-2049	195,254	65,999	261,253
2050-2054	213,628	47,626	261,254
2055-2059	233,730	27,523	261,253
2060-2061	99,538	4,963	104,501
Totals	\$ 1,369,067	564,206	1,933,273

INTERFUND TRANSACTIONS

During the course of normal operations, the Town has many transactions between funds including expenditures and transfers. Interfund receivables and payables at June 30, 2024 from these transactions were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
General fund	\$ -	9,055,596	(172,348)
Capital project funds	6,703,704	594,931	577,348
Nonmajor governmental funds:			
Special revenue funds:			
Winslow Park	-	482,603	-
TIF funds	1,024,275	-	(5,000)
Bartol building lease	482,553	-	-
Tower lease	904,385	-	(225,000)
Town grants and programs	898,925	-	(175,000)
Leon Gorman Park	136,708	-	-
Permanent funds	-	17,420	-
Totals	\$ 10,150,550	10,150,550	-

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

FUND BALANCE

The General Fund unassigned fund balance total of \$5,601,823 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. As of June 30, 2024, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Inventory	\$ 21,988	-	-	-
Accrued compensation	-	-	563,479	-
Tax rate stabilization	-	-	1,000,000	-
Unemployment fund compensation	-	-	556,555	-
Other	-	-	134,908	-
Subsequent year budget	-	-	-	675,000
Capital Projects Funds	-	-	13,879,644	-
Nonmajor Governmental Funds:				
Special Revenue Funds:				
Winslow Park	-	735,774	-	-
TIF	-	1,032,969	-	-
Leon Gorman Park	-	136,641	-	-
Bartol building lease	-	-	482,270	-
Tower lease	-	-	904,385	-
Other grants and programs	-	749,098	469,337	-
Permanent Funds:				
Principal	1,915,568	-	-	-
Unexpended Income	-	110,814	-	-
Totals	\$ 1,937,556	2,765,296	17,990,578	675,000

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

FUND BALANCE

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

The Town's net investment in capital assets was calculated as follows at June 30, 2024:

	Governmental Activities
Capital assets	\$ 46,818,004
Accumulated depreciation	(25,433,091)
Lease payable	(1,369,067)
Bond and notes payable	(507,200)
<u>Net investment in capital assets</u>	<u>\$ 19,508,646</u>

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 570,600	-	63,400	507,200	63,400
Cumberland county	593,780	-	118,756	475,024	118,756
Accrued compensated absences	554,187	7,289	-	561,476	-
Lease	1,394,879	-	25,812	1,369,067	26,281
Other post-employment benefits	1,015,098	104,550	-	1,119,648	-
Net pension liability/(asset)	1,448,034	171,345	-	1,619,379	-
Landfill closure and post closure care costs	82,000	-	9,000	73,000	9,000
Total governmental activity					
<u>long-term liabilities</u>	<u>\$ 5,658,578</u>	<u>283,184</u>	<u>216,968</u>	<u>5,724,794</u>	<u>217,437</u>

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

LONG-TERM DEBT

Bonds and notes payable at June 30, 2024 are comprised of the following:

	Date of <u>issue</u>	Original amount <u>issued</u>	Date of <u>maturity</u>	Interest <u>rate</u>	Balance <u>June 30, 2024</u>
Governmental activities:					
Note to Cumberland County	7/1/2023	\$ 593,000	7/1/2028	0.0%	475,024
<u>2021 bike/pedestrian bridge</u>	<u>11/4/2021</u>	<u>634,000</u>	<u>2031</u>	<u>1.5%</u>	<u>507,200</u>
Total bonds payable					\$ 982,224

The Town is subject to a statutory limitation, by the State of Maine, of its general long-term debt equal to 15% of the State's valuation of the Town. The Town's outstanding long-term debt of \$507,200 at June 30, 2024 was within the statutory limit.

The annual requirements to amortize all debt outstanding at June 30, 2024 are as follows. Such amounts exclude overlapping debt requirements but include any school debt requirements to be reimbursed by the State of Maine.

		Bonds	Payable	Notes	Payable
		Principal	Interest	Principal	Interest
2025	\$	63,400	6,422	118,756	-
2026		63,400	5,893	118,756	-
2027		63,400	5,265	118,756	-
2028		63,400	4,517	118,756	-
2029		63,400	3,655	-	-
2030-2033		190,200	4,923	-	-
Total	\$	507,200	30,675	475,024	-

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's state valuation to the County's state valuation. For the year ended June 30, 2024, the Town's share was \$1,055,999 (3.53%) of Cumberland County's outstanding debt of \$29,875,601.

The Town's proportionate share of Regional School Unit No. 5's debt of \$10,662,400 is \$7,035,052 (65.98%). This debt service is included in the annual assessments to the Town.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

LANDFILL CLOSURE AND POST CLOSURE COSTS

The following is a summary of the estimated cost of current landfill and post-closure operations for the Town's landfill for the year ended June 30, 2024:

	<u>Years remaining</u>	<u>Cost per year</u>	<u>Total cost</u>
Post closure monitoring:			
Section closed in 1995 - 30 years of monitoring	1	\$ 5,000	5,000
Section closed in 2016:			
First ten-year period of post closure monitoring	2	4,000	8,000
Subsequent 20-year period of post-closure monitoring	20	3,000	60,000
Total landfill liability			\$ 73,000

Under existing state law, Maine communities have to close existing landfills under a State-approved plan and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Historically, the Town maintained two old solid waste landfills which were closed and permanently capped in 1992 and 1995. Additionally, the Town maintained a demolition debris landfill which was closed in FY 2016. The Town has estimated that there will be post closure care costs for the various landfills approximating \$73,000 over the next 23 years. As such, the Town has recognized an estimate for post closure monitoring and maintenance costs of \$73,000 in the government-wide financial statements. The actual costs of closure and post closure care may be higher or lower due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

JOINTLY GOVERNED ORGANIZATIONS

The Town of Freeport participates in a jointly governed organization, which is not part of the Town's reporting entity. ecomaine is a solid waste management corporation serving 40 municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and also operates an extensive recycling program. The Town is a member in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in ecomaine.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

JOINTLY GOVERNED ORGANIZATIONS, CONTINUED

Selected balance sheet information for ecomaine for the year ended June 30, 2024, the most recent information available, includes total assets of \$93,469,373, total liabilities of \$46,715,800 and unrestricted net position of \$12,189,312. The liabilities include an accrual for landfill closure and postclosure care amounting to \$18,497,670. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2012 and a projected closing date. The separate audited financial statements of ecomaine may be obtained at their administrative office: ecomaine, 64 Blueberry Rd., Portland, Maine 04102.

CREDIT ENHANCEMENT AGREEMENTS

GASB Statement 77, Tax Abatement Disclosures, defines tax abatement, for financial reporting purposes, as a reduction in tax revenue resulting from “an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.”

While not called ‘tax abatements’, the Town of Freeport does currently have certain Credit Enhancement Agreements (CEAs) which fit this definition with local businesses under Municipal Tax Increment Financing Districts approved by the State of Maine Department of Economic and Community Development. These CEAs were entered into for the purpose of downtown economic development.

For the year ended June 30, 2024, the Town abated real estate property taxes totaling \$1,318,586 through these credit enhancement agreements, including the following:

<u>TIF District</u>	<u>Beginning; Duration</u>	<u>CEA Entity</u>	<u>Percentage of Assessed Value Abated</u>	<u>Amount Paid in FY 2024</u>
TIF II Desert Rd. Phase II	1996-97 30 Years	Berenson Assoc.	75%	\$329,866
TIF II Desert Rd. Phase II	2007-08 20 Years	Berenson Assoc.	85%	611,145
TIF VI Housing	2011-12 30 Years	Freeport Housing Trust	50%	12,444
TIF VII Concord Gully	2021-22 30 Years	L.L. Bean	77%	345,985
TIF VIII Quarry Ridge	2021-22 30 Years	Quarry Ridge	50%	19,146

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

NET PENSION LIABILITY

General Information about the Pension Plan

Plan Description - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at www.mainebers.org.

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

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Employees are required to contribute 7.7%-9.3% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2024, was 11.6%-12.8% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$541,452 for the year ended June 30, 2024.

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

At June 30, 2024, the Town reported a liability of \$1,619,379 for its proportionate share of the net pension liability/(asset). The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2023, the Town's proportion was 0.5075%.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

For the year ended June 30, 2024, the Town recognized pension expense of \$672,324. At June 30, 2024, 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	\$ 300,640	-
Net difference between projected and actual earnings on pension plan investments	-	274,800
Changes in assumptions	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	55,037
Town contributions subsequent to the measurement date	541,452	-
Total	\$ 842,092	329,837

An amount of \$541,452 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

Year ended June 30:

2025	\$ (40,963)
2026	(279,728)
2027	278,721
2028	12,775

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75%-11.48%
Investment return	6.500% per annum, compounded annually
Cost of living benefit increases	1.91% per annum

Mortality rates were based on the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality Table projected generationally using the RPEC_2020 model.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target

asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	6.0%
US Government securities	2.6%
Private equities	7.6%
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.2%
Alternative credit	7.4%
Diversifiers	5.0%

Discount Rate - The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Town's proportionate share of the net pension liability	\$ 4,437,216	1,619,379	(705,108)

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

Payables to the Pension Plan - None as of June 30, 2024.

PENSION PLANS

Defined Contribution Plan

The Town offers its regular employees a defined contribution money purchase plan created in accordance with Internal Revenue Code Section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate and are vested from the date of employment. Participating employees are required to contribute 7% of compensation for the year and the Town matches the employees' contribution with 10% of compensation for the plan year. For the year ended June 30, 2024, the Town's contribution to the plan totaled \$87,029.

Deferred Compensation Plan

The Town offers all its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets are not included in the Town's financial statements.

Other

Additionally, the Town participates in the Social Security Retirement Program. The Town's contribution to Social Security (including Medicare) was approximately \$467,002 for the year ended June 30, 2024.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements. In addition, the Town provides a benefit to current employees that contributes to a retirement savings account, which may be used after retirement to offset health insurance premiums.

No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided – Under the Health Plan, MMEHT provides healthcare and life insurance benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Employees Covered by Benefit Terms – At June 30, 2024, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Active employees	<u>60</u>
Total	<u><u>65</u></u>

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

The Town's total Health Plan OPEB liability of \$1,119,648 was measured as of January 1, 2024 and was determined by an actuarial valuation as of January 1, 2024.

Changes in the Total Health Plan OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023	\$ 1,015,098
Changes for the year:	
Service Cost	37,450
Interest	38,351
Differences between expected and actual experience	(191,847)
Changes in assumptions and other inputs	264,199
Benefit payments	<u>(43,603)</u>
Net changes	<u>104,550</u>
Balance at June 30, 2024	<u><u>\$ 1,119,648</u></u>

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Change in assumptions and other inputs reflect a change in the discount rate from 3.72% in 2023 to 3.26% in 2024.

For the year ended June 30, 2024, the Town recognized OPEB expense of \$55,437 related to the Health Plan. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	244,683
Changes of assumption or other inputs	<u>256,950</u>	<u>-</u>
Total	<u><u>\$ 256,950</u></u>	<u><u>244,683</u></u>

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

Year ended June 30:

2025	\$ 15,609
2026	(15,655)
2027	(15,657)
2028	9,556
2029	3,687
Thereafter	14,727

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2024 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.38% per annum
Salary increases	2.75% per annum
Discount rate	3.26% per annum
Healthcare cost trend rates-Medicare	10.77% for 2024, decreasing to 3.81% for 2044
Retirees' share of the benefit related costs	100% of projected health insurance premiums

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Mortality rates for the Health Plan were based on the 2010 Public Plan General Benefits – Weighted Employee Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2024 valuation for the Health Plan were based on the results of an actuarial experience study covering from the period of June 30, 2016 through June 30, 2020.

Discount Rate - The rate used to measure the total OPEB liability for the Health Plan was 3.26% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate – The following presents the Town's total OPEB liability related to the Health Plan calculated using the discount rate of 3.26%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.26%) or 1 percentage-point higher (4.26%) than the current rate:

		1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB liability	\$	1,279,084	1,119,648	986,932

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

		1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$	960,887	1,119,648	1,320,987

CONTINGENCIES

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Grant Funds - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association and in a public entity risk pool sponsored by the Maine Municipal Association for workers' compensation coverage.

Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2024.

COMMITMENTS

As of June 30, 2024, the Town had several outstanding commitments related to its ongoing projects, consisting primarily of the Arnold Road Reconstruction, the Mallet Drive Multi-Use Path, and the Cousin's River Bridge Bike/Ped Connector. Of the contracts related to those projects, Arnold Road Reconstruction has \$52,328 remaining, Mallet Drive Multi-Use Path has \$370,851 and Cousin's River Bridge Bike/Ped Connector Project has \$107,372 remaining. These projects are expected to be completed during FY 2025.

RESTATEMENT

In FY 2023, the Town collaborated with Cumberland County to absorb a six month warrant to transition the County to a fiscal year. The Town of Freeport elected to pay this six-month warrant over a five-year period. The prior year Net Position on the Statement of Activities have been restated by subtracting the amount of the note payable of \$593,780 from beginning Net Position on Statement 2.

TOWN OF FREEPORT, MAINE
Required Supplementary Information

Schedule of Town's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension Liability/(asset)	0.5075%	0.5447%	0.5308%	0.5226%	0.5493%	0.5431%	0.5180%	0.5248%	0.5292%	0.5823%
Town's proportionate share of the net pension liability/(asset)	1,619,379	1,448,034	(170,576)	2,076,449	1,678,987	1,486,235	2,121,044	2,788,455	1,688,331	896,070
Town's covered-employee payroll	3,996,808	3,683,115	3,365,333	3,181,874	3,199,957	2,984,815	2,916,093	2,767,003	2,608,145	2,555,144
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	40.52%	39.32%	(5.07%)	65.26%	52.47%	49.79%	72.74%	100.78%	64.73%	35.07%
Plan fiduciary net position as a percentage	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

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

TOWN OF FREEPORT, MAINE
Required Supplementary Information, Continued

Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 541,452	481,010	427,332	363,456	337,279	335,995	301,466	265,364	246,263	187,331
Contributions in relation to the contractually required contribution	(541,452)	(481,010)	(427,332)	(363,456)	(337,279)	(335,995)	(301,466)	(265,364)	(246,263)	(187,331)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered-employee payroll	\$4,672,339	3,996,808	3,683,115	3,365,333	3,181,874	3,199,957	2,984,815	2,916,093	2,767,003	2,608,145
Contributions as a percentage of covered-employee payroll	11.59%	12.03%	11.60%	10.80%	10.60%	10.50%	10.10%	9.10%	8.90%	7.18%

TOWN OF FREEPORT, MAINE
Required Supplementary Information, Continued

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

		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Health Plan OPEB Liability								
Service cost	\$	37,450	44,444	40,998	35,407	33,104	30,313	33,043
Interest		38,351	22,783	21,323	25,113	44,780	29,111	40,032
Changes of benefit terms		-	-	-	-	(19,161)	-	-
Difference between expected and actual experience		(191,847)	-	76,446	-	(327,959)	-	(248,074)
Changes of assumptions or other inputs		264,199	(96,022)	(12,354)	46,959	126,261	218,861	(3,764)
Benefit payments		(43,603)	(35,119)	(24,261)	(23,328)	(46,357)	(24,150)	(38,308)
Net change in total Health Plan OPEB Liability		104,550	(63,914)	102,152	84,151	(189,332)	254,135	(217,071)
Total Health Plan OPEB liability - beginning		1,015,098	1,079,012	976,860	892,709	1,082,041	827,906	1,044,977
Total Health Plan OPEB liability – ending	\$	1,119,648	1,015,098	1,079,012	976,860	892,709	1082,041	827,906
Covered-employee payroll	\$	4,073,335	2,997,556	2,997,556	2,968,357	2,968,357	2,868,382	2,914,647
Total Health Plan OPEB liability as a percentage of covered-employee payroll		27.49%	33.86%	36.00%	32.91%	30.07%	37.72%	28.41%

* Only seven years of information available.

TOWN OF FREEPORT, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2021</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>
Discount rate	6.500%	6.750%	6.875%	7.125%
Inflation rate	2.75%	2.75%	2.75%	3.50%
Salary increases	2.75% to 11.48%	2.75% to 9.00%	0.75% to 9.00%	3.50% to 9.50%
Cost of living increase	1.91%	1.91%	2.20%	2.55%

Mortality rates:

In 2015, mortality rates were based on the RP 2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 through 2020, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table. In 2021, mortality rates were based on the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality Table projected generationally using the RPEC 2020 model.

OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - Under the Health Plan, changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Discount Rate
2024	3.26%
2023	3.72%
2022	2.06%
2021	2.12%
2020	2.74%
2019	4.10%
2018	3.44%

In 2018 through 2020, the mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table. In 2021, mortality rates were based on the 2010 Public Plan General Benefits – Weighted Healthy Employee Mortality Table.

**This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

GENERAL FUND

TOWN OF FREEPORT, MAINE
Comparative Balance Sheets - General Fund
June 30, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 17,131,478	14,489,027
Investments	708,076	783,653
Accounts receivable	39,171	11,357
Due from other governments	136,716	134,780
Taxes receivable	464,718	522,030
Lease receivable	2,189,990	1,698,956
Tax liens	108,249	92,790
Inventory	21,988	14,212
Total assets	\$ 20,800,386	17,746,805
LIABILITIES		
Accounts payable	159,988	160,603
Accrued wages and benefits	266,173	228,331
Interfund loans payable	9,055,596	7,498,056
Development escrows	366,098	323,596
Total liabilities	9,847,855	8,210,586
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	263,462	265,585
Deferred inflows related to leases	2,135,316	1,649,137
Total deferred inflows of resources	2,398,778	1,914,722
FUND BALANCE		
Nonspendable	21,988	14,212
Committed - Stabilization Fund	1,000,000	1,000,000
Committed - other	563,479	554,187
Committed - reserves	691,463	638,152
Assigned	675,000	675,000
Unassigned	5,601,823	4,739,946
Total fund balance	8,553,753	7,621,497
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,800,386	17,746,805

TOWN OF FREEPORT, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year ended June 30, 2024

(with comparative actual amounts for the year ended June 30, 2023)

	2024		Variance positive (negative)	2023 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 29,393,987	29,724,848	330,861	27,994,110
Excise taxes and registration fees	2,062,500	2,523,203	460,703	2,395,302
Interest and lien costs	25,000	47,282	22,282	34,289
Total taxes	31,481,487	32,295,333	813,846	30,423,701
Licenses, permits and fees:				
Building, plumbing and electrical permits	183,000	171,679	(11,321)	186,406
Town clerk licenses and fees	26,100	30,322	4,222	32,029
Moorings and other harbor fees	75,000	77,542	2,542	81,643
Solid waste permits	1,300	825	(475)	825
Shellfish licenses	10,000	12,456	2,456	11,657
Alarm permits	25,000	18,440	(6,560)	29,752
Total licenses, permits and fees	320,400	311,264	(9,136)	342,312
Intergovernmental:				
State tree growth reimbursement	50,000	75,832	25,832	61,724
State general assistance	21,000	163,492	142,492	52,299
State revenue sharing	1,200,000	1,246,267	46,267	1,264,703
State homestead exemption reimbursement	475,000	516,948	41,948	580,524
State BETE reimbursement	500,000	517,504	17,504	536,045
State road assistance	125,000	156,200	31,200	135,444
Public safety contributions	64,000	68,158	4,158	63,500
Other intergovernmental	26,500	62,967	36,467	47,249
Total intergovernmental	2,461,500	2,807,368	345,868	2,741,488
Charges for services:				
Planning	15,200	11,222	(3,978)	23,094
Transfer station and recycling	198,000	263,271	65,271	226,438
Parking lot	-	-	-	11,588
Engineering	10,000	5,305	(4,695)	12,155
Hunter Road Fields	2,500	3,300	800	5,950
Total charges for services	225,700	283,098	57,398	279,225
Fees and fines:				
Police parking and other fines	5,000	402	(4,598)	1,372
Library fines and fees	6,000	9,732	3,732	9,635
Alarm and other fire fees	2,300	1,551	(749)	1,890
Total fees and fines	13,300	11,685	(1,615)	12,897

TOWN OF FREEPORT, MAINE
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2024		Variance positive (negative)	2023 Actual
	Budget	Actual		
Revenues, continued:				
Unclassified	\$ 54,600	79,175	24,575	169,356
Investment earnings	175,000	656,123	481,123	170,947
Total revenues	34,731,987	36,444,046	1,712,059	34,139,926
Expenditures:				
Current:				
General government:				
Town council	188,100	209,825	(21,725)	237,187
Town manager	165,600	107,277	58,323	123,058
Finance and treasury	577,995	554,157	23,838	513,225
Assessing	216,435	211,410	5,025	191,640
Code enforcement	145,415	144,782	633	130,684
Town clerk and elections	163,900	161,812	2,088	141,565
General administration	274,830	143,989	130,841	193,057
Municipal buildings	500,460	508,771	(8,311)	469,175
Planning	278,365	215,211	63,154	165,726
Total general government	2,511,100	2,257,234	253,866	2,165,317
Public Safety:				
Police department	1,721,790	1,729,185	(7,395)	1,477,156
Special enforcement	177,115	179,569	(2,454)	120,044
Fire department	962,800	956,057	6,743	1,083,489
Rescue	547,970	540,875	7,095	306,824
Reception	248,000	249,883	(1,883)	274,146
Hydrant rental	194,500	192,368	2,132	191,420
Street lights	30,000	23,032	6,968	23,032
Total public safety	3,882,175	3,870,969	11,206	3,476,111
Public Works:				
General road operations	1,145,650	1,014,885	130,765	991,955
Summer roads	490,600	405,109	85,491	285,957
Winter roads	196,000	161,413	34,587	181,080
Tree program	20,000	18,000	2,000	19,770
Solid waste	618,400	707,413	(89,013)	651,628
Engineering	176,750	152,251	24,499	151,326
Hunter Road Fields maintenance	128,150	124,123	4,027	133,011
Total public works	2,775,550	2,583,194	192,356	2,414,727

TOWN OF FREEPORT, MAINE
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2024		Variance positive (negative)	2023 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Community services:				
Human services agencies	\$ 39,000	31,500	7,500	39,000
General assistance	54,000	95,905	(41,905)	248,132
Public library	612,220	572,769	39,451	500,927
Cable TV	171,810	185,070	(13,260)	125,324
Promotions	12,200	20,342	(8,142)	20,512
Shellfish commission	3,500	3,500	-	-
Amtrak station operations	74,060	52,053	22,007	61,022
Other	21,920	14,897	7,023	11,918
Total community services	988,710	976,036	12,674	1,006,835
Education	21,239,560	21,239,560	-	20,513,344
Insurance and fringe benefits:				
Employee benefits	2,502,800	2,402,953	99,847	2,075,165
Insurances	110,000	114,452	(4,452)	105,365
Total insurance and fringe benefits	2,612,800	2,517,405	95,395	2,180,530
County and transit tax	1,525,142	1,525,097	45	1,374,422
Unclassified:				
Bustin's Island Corporation	300,600	290,737	9,863	277,226
Miscellaneous and contingency	31,050	28,799	2,251	23,093
Abatements	25,000	33,446	(8,446)	28,300
Total unclassified	356,650	352,982	3,668	328,619
Debt service	70,300	70,276	24	70,681
Total expenditures	35,961,987	35,392,753	569,234	33,530,586
Excess (deficiency) of revenues over (under) expenditures	(1,230,000)	1,051,293	2,281,293	609,340

TOWN OF FREEPORT, MAINE
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund, Continued

	2024		Variance positive (negative)	2023 Actual
	Budget	Actual		
Other financing sources (uses):				
Budgeted utilization of surplus	\$ 675,000	-	(675,000)	-
Transfers in	555,000	505,000	(50,000)	435,000
Transfers out	-	(677,348)	(677,348)	(2,585,440)
Total other financing sources (uses)	1,230,000	(172,348)	(1,402,348)	(2,150,440)
Net change in fund balance - budgetary basis	-	878,945	878,945	(1,541,100)
Fund balance, beginning of year - budgetary basis		6,983,345		8,524,445
Fund balance, end of year - budgetary basis		7,862,290		6,983,345
Reconciliation of fund balance to GAAP basis:				
Committed reserve funds fund balance		691,463		638,152
Fund balance, end of year - GAAP Basis	\$	8,553,753		7,621,497

RESERVE FUNDS

TOWN OF FREEPORT, MAINE
Reserve Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds
For the year ended June 30, 2024

	Fund Balance June 30, 2023	Charges for Services	Revenues Interest	Expenditures	Transfers in (out)	Fund Balance June 30, 2024
Capital Project Reserves						
Administration - general	\$ 86,822	-	9,358	258	(24,500)	71,422
Boards and commissions	111,819	-	9,779	268	-	121,330
Building maintenance	257,620	-	28,145	780	(205,500)	79,485
Cable TV equipment	197,012	118,327	16,222	445	(139,000)	192,116
Energy savings	43,925	-	3,600	99	-	47,426
Fire equipment	931,517	-	75,565	2,073	100,000	1,105,009
Hedgehog mountain	24,719	-	2,026	56	-	26,689
Land purchase	150,794	-	-	-	-	150,794
Land trust	28,711	-	2,353	65	-	30,999
Municipal parking lot	518,423	-	42,517	15,166	-	545,774
Police equipment	354,593	-	33,834	932	(295,892)	91,603
Public infrastructure	2,517,457	-	216,098	5,937	(35,167)	2,692,451
Public works equipment	712,176	-	62,874	1,729	(240,000)	533,321
Recycling equipment	78,763	-	7,276	200	-	85,839
Rescue equipment	646,208	597,693	57,146	1,571	(230,000)	1,069,476
Total capital project reserves	6,660,559	716,020	566,793	29,579	(1,070,059)	6,843,734
General Fund Reserves						
Unemployment compensation fund	515,458	-	42,256	1,159	-	556,555
Other	122,694	-	12,558	344	-	134,908
Total general fund reserves	638,152	-	54,814	1,503	-	691,463
Total Reserve Funds	\$ 7,298,711	716,020	621,607	31,082	(1,070,059)	7,535,197

CAPITAL PROJECT FUNDS

TOWN OF FREEPORT, MAINE
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds
For the year ended June 30, 2024

	Fund Balance (deficit) June 30, 2023	Revenues Charges for Services	Interest	Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2024
Police Department Capital Project Funds:						
Communication upgrade	\$ 15,217	-	-	20	56,000	71,197
Bullet proof vests & protective equipment	56,883	-	-	47,076	25,000	34,807
Building enhancements	108	-	-	-	(108)	-
In-Car cameras	702	-	-	-	250,000	250,702
Boat and motor replacement	188,615	-	-	190,963	2,348	-
Vehicle replacement	217,021	-	-	157,726	65,000	124,295
Total police department	478,546	-	-	395,785	398,240	481,001
Fire Department Capital Project Funds:						
Protective clothing	8,104	-	-	39,719	47,170	15,555
Engine/tanker apparatus	107,617	56,330	-	4,839	(46,000)	113,108
Engine three	29,863	-	-	10,816	-	19,047
EMP portable digital signs	10,092	-	-	-	-	10,092
Service vehicle	3,676	-	-	2,194	-	1,482
SCBA bottles and fill station	29,162	-	-	-	(29,000)	162
Pressure fans	20,000	-	-	8,873	-	11,127
Total fire department	208,514	56,330	-	66,441	(27,830)	170,573
Rescue Department Capital Project Funds:						
Ambulance replacement	476,478	-	-	-	-	476,478
Communication upgrade	18,437	-	-	9,440	8,990	17,987
Rescue equipment	2,701	-	-	-	30,000	32,701
Dormitory Renovations	23,032	-	-	3,260	18,840	38,612
Total rescue department	520,648	-	-	12,700	57,830	565,778
Public Works Capital Project Funds:						
Grader repair	881	-	-	-	-	881
Dump truck replacement, sander & plow	242,237	-	-	157,736	250,000	334,501
Loader	18,770	-	-	-	-	18,770
Sidewalk plow-shared with TIF	93,668	-	-	81,765	-	11,903
Pick-up truck replacement	(879)	-	-	-	65,000	64,121
Street sweeper	21,300	-	-	-	-	21,300
Backhoe/Excavator/Forklift	22,081	-	-	-	25,000	47,081
Total public works	398,058	-	-	239,501	340,000	498,557
Recycling Capital Project Funds:						
Landfill closing	123,450	-	-	-	-	123,450
Containers	6,849	-	-	-	-	6,849
Loader	2,987	-	-	-	-	2,987
Facility lighting	37,500	-	-	-	-	37,500
Other	116,210	-	-	3,500	-	112,710
Total recycling	286,996	-	-	3,500	-	283,496

TOWN OF FREEPORT, MAINE
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds
For the year ended June 30, 2024

	Fund Balance (deficit) June 30, 2023	Revenues		Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2024
		Charges for Services	Interest			
Comprehensive Town Improvement Funds:						
Arnold Road reconstruction	\$ 152,328	-	-	100,000	-	52,328
ADA compliance work	75,000	-	-	-	-	75,000
Train Station improvements	80,000	-	-	-	-	80,000
Percy, Pratt and Pownal Road reconstruction	120	-	-	-	-	120
Road condition survey - Asset management planning	25,000	-	-	16,910	-	8,090
Cousin's River Bridge - (PACTS)	140,000	-	-	-	-	140,000
Cousin's River Bridge - Bike/Pedestrian Connector	122,682	-	-	15,310	-	107,372
Mallett Drive/Durham Road reconstruction	500,000	-	-	-	450,000	950,000
Main St. paving and drainage match	10,294	-	-	-	-	10,294
DOT bridge work	655,700	-	32,151	317,000	-	370,851
Spar Cove Road rebuild	94,833	-	-	-	(94,833)	-
US Route 1 South (PACTS)	45,736	-	-	-	-	45,736
Concord Gully Brook watershed restoration	85,915	-	-	-	25,000	110,915
Greenspace project	16,000	-	-	-	-	16,000
South Street project	146,416	-	-	-	-	146,416
Desert Road match	19,393	-	-	-	-	19,393
US Route 1 North (PACTS)	134,991	-	-	-	-	134,991
Electric vehicle chargers	25,000	-	-	-	-	25,000
Desert Road business park	235,000	-	-	-	-	235,000
Flying Point Road reconstruction	400,000	-	-	-	80,000	480,000
Freeport fields and trails project	167,287	-	-	34,171	-	133,116
Culvert replacement	33,434	-	-	-	-	33,434
Other	128,246	-	-	-	25,000	153,246
Total comprehensive town improvement	3,293,375	-	32,151	483,391	485,167	3,327,302
Municipal Buildings and Other Improvement Funds:						
Computer system upgrade/connectivity town-wide	208,501	-	-	123,136	42,000	127,365
Dunning boat yard	31,445	-	-	-	-	31,445
Cable TV	136,466	-	-	18,912	39,000	156,554
Valuation update	65,713	-	-	-	7,500	73,213
Building winterization	122,447	-	-	13,788	120,000	228,659
Town hall exterior	43,388	-	-	7,750	-	35,638
Town hall upgrades	25,000	-	-	-	-	25,000
Red Light upgrade	60,000	-	-	10,825	30,000	79,175
Copier replacement	2,160	-	-	625	-	1,535
Library building exterior	10,175	-	-	-	-	10,175
Town wharf work	121,320	-	-	49,621	7,500	79,199
Other	646,889	-	-	111,024	148,000	683,865
Total municipal buildings and other	1,473,504	-	-	335,681	394,000	1,531,823
Boards and Committees Improvement Funds:						
Directional signage	15,000	-	-	-	-	15,000
Ordinance work	40,000	-	-	-	-	40,000
Historic society archiving	1,387	-	-	-	-	1,387
comprehensive plan update	150,000	-	-	98,131	-	51,869
Florida Lake bridge replacement	448	-	-	-	-	448
Quiet zone study	66,732	-	-	-	-	66,732
Hedgehog Mountain bridge replacement	1,000	-	-	-	-	1,000
Other	944	-	-	-	-	944
Total boards and committees	275,511	-	-	98,131	-	177,380
Capital Reserves - See Exhibit B for Details	6,660,559	716,020	566,793	29,579	(1,070,059)	6,843,734
Total capital project funds	\$ 13,595,711	772,350	598,944	1,664,709	577,348	13,879,644

OTHER GOVERNMENTAL FUNDS

TOWN OF FREEPORT, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2024

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,830,520	-	1,830,520
Investments	-	2,044,002	2,044,002
Accounts receivable	9,528	-	9,528
Interfund loans receivable	3,446,846	-	3,446,846
Total assets	\$ 5,286,894	2,044,002	7,330,896
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	7,632	200	7,832
Accrued wages and benefits	6,209	-	6,209
Interfund loans payable	482,603	17,420	500,023
Other unearned revenues	279,976	-	279,976
Total liabilities	776,420	17,620	794,040
Fund balances:			
Nonspendable	-	1,915,568	1,915,568
Restricted	2,654,482	110,814	2,765,296
Committed	1,855,992	-	1,855,992
Total fund balances	4,510,474	2,026,382	6,536,856
Total liabilities and fund balances	\$ 5,286,894	2,044,002	7,330,896

TOWN OF FREEPORT, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2024

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
Revenues:			
Property taxes	\$ 1,769,200	-	1,769,200
Charges for services	744,908	-	744,908
Gifts and donations	36,234	-	36,234
Intergovernmental	222,530	-	222,530
Investment income (loss)	90,487	240,381	330,868
Total revenues	2,863,359	240,381	3,103,740
Expenditures:			
Current:			
Community services	425,108	10,038	435,146
Community development	1,486,665	-	1,486,665
Public safety	15,088	-	15,088
Unclassified	75,523	11,350	86,873
Capital outlay	383,661	-	383,661
Total expenditures	2,386,045	21,388	2,407,433
Excess (deficiency) of revenues over (under) expenditures	477,314	218,993	696,307
Other financing sources (uses):			
Transfers to other funds	(405,000)	-	(405,000)
Total other financing sources (uses)	(405,000)	-	(405,000)
Net change in fund balance	72,314	218,993	291,307
Fund balances, beginning of year	4,438,160	1,807,389	6,245,549
Fund balances, end of year	\$ 4,510,474	2,026,382	6,536,856

NONMAJOR SPECIAL REVENUE FUNDS

TOWN OF FREEPORT, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2024

Tax Increment Financing Funds								Bartol Building Lease Fund	Tower Lease Fund	Town Grants & Programs	Leon Gorman Park	Totals
Winslow Park	TIF II Desert Road Phase II	TIF IV Destination	TIF V Hotel	TIF VI Housing	TIF VII Concord Gully	TIF VIII Quarry Ridge	2024					
ASSETS												
Cash and cash equivalents	\$ 1,227,469	-	-	-	-	-	-	-	-	603,051	-	1,830,520
Accounts receivable	-	-	9,528	-	-	-	-	-	-	-	-	9,528
Interfund loans receivable	-	56,388	538,862	249,775	48	151,262	27,940	482,553	904,385	898,925	136,708	3,446,846
Total assets	\$ 1,227,469	56,388	548,390	249,775	48	151,262	27,940	482,553	904,385	1,501,976	136,708	5,286,894
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	2,883	-	-	-	-	834	-	283	-	3,565	67	7,632
Accrued wages and benefits	6,209	-	-	-	-	-	-	-	-	-	-	6,209
Interfund loans payable	482,603	-	-	-	-	-	-	-	-	-	-	482,603
Other unearned revenue	-	-	-	-	-	-	-	-	-	279,976	-	279,976
Total liabilities	491,695	-	-	-	-	834	-	283	-	283,541	67	776,420
Fund balances:												
Restricted	735,774	56,388	548,390	249,775	48	150,428	27,940	-	-	749,098	136,641	2,654,482
Committed	-	-	-	-	-	-	-	482,270	904,385	469,337	-	1,855,992
Total fund balances	735,774	56,388	548,390	249,775	48	150,428	27,940	482,270	904,385	1,218,435	136,641	4,510,474
Total liabilities and fund balances	\$ 1,227,469	56,388	548,390	249,775	48	151,262	27,940	482,553	904,385	1,501,976	136,708	5,286,894

TOWN OF FREEPORT, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2024

	Tax Increment Financing Funds							Bartol Building Lease Fund	Tower Lease Fund	Town Grants & Programs	Leon Gorman Park	Totals 2024
	Winslow Park	TIF II Desert Road Phase II	TIF IV Destination	TIF V Hotel	TIF VI Housing	TIF VII Concord Gully	TIF VIII Quarry Ridge					
Revenues:												
Property taxes	\$ -	941,011	275,000	93,617	12,491	427,866	19,215	-	-	-	-	1,769,200
Charges for services	382,042	-	-	-	-	-	-	1,960	254,103	106,803	-	744,908
Gifts and donations	-	-	-	-	-	-	-	-	-	36,234	-	36,234
Intergovernmental	-	-	-	-	-	-	-	-	-	222,530	-	222,530
Investment earnings/(losses)	44,205	-	-	-	-	-	-	-	-	35,647	10,635	90,487
Total revenues	426,247	941,011	275,000	93,617	12,491	427,866	19,215	1,960	254,103	401,214	10,635	2,863,359
Expenditures:												
Current:												
Community services	370,270	-	-	-	-	-	-	23,891	-	28,241	2,706	425,108
Community development	-	941,011	168,080	-	12,443	345,985	19,146	-	-	-	-	1,486,665
Public Safety	-	-	-	-	-	-	-	-	-	15,088	-	15,088
Unclassified	-	-	-	-	-	-	-	-	-	75,523	-	75,523
Capital	112,711	-	96,020	-	-	-	-	-	-	174,930	-	383,661
Total expenditures	482,981	941,011	264,100	-	12,443	345,985	19,146	23,891	-	293,782	2,706	2,386,045
Excess (deficiency) of revenues over (under) expenditures	(56,734)	-	10,900	93,617	48	81,881	69	(21,931)	254,103	107,432	7,929	477,314
Other financing sources (uses):												
Transfer to other funds	-	-	-	(5,000)	-	-	-	-	(225,000)	(175,000)	-	(405,000)
Total other financing sources (uses)	-	-	-	(5,000)	-	-	-	-	(225,000)	(175,000)	-	(405,000)
Net change in fund balances	(56,734)	-	10,900	88,617	48	81,881	69	(21,931)	29,103	(67,568)	7,929	72,314
Fund balances, beginning of year	792,508	56,388	537,490	161,158	-	68,547	27,871	504,201	875,282	1,286,003	128,712	4,438,160
Fund balances, end of year	\$ 735,774	56,388	548,390	249,775	48	150,428	27,940	482,270	904,385	1,218,435	136,641	4,510,474

TOWN OF FREEPORT, MAINE
Town Grants and Programs
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2024

	Fund Balance (deficit) June 30, 2022	Revenues				Revenues over (under) expenditures	Other sources and (uses)	Fund Balance (deficit) June 30, 2023
		Inter- governmental	Gifts and donations	Charges for services	Expenditures			
Town Grants and Programs:								
Road Impact Fees	\$ 336,297	-	-	68,100	-	68,100	(175,000)	229,397
Stormwater Connection Fees	60,388	-	-	1,678	-	1,678	-	62,066
Sandy Beach Stairs/SHIP Grant	22,722	-	-	-	-	-	-	22,722
Maine Arts Commission	2,022	-	-	-	-	-	-	2,022
Sustainability Grant	107,458	-	-	-	70,827	(70,827)	-	36,631
Project Canopy Grant	8,657	-	-	-	-	-	-	8,657
CDBG-Elders Bus	2,139	-	-	-	-	-	-	2,139
Regional Efficiency grant	1,249	-	-	-	-	-	-	1,249
CDBG-Weatherization	7,357	-	-	-	-	-	-	7,357
ARPA	7,070	174,930	-	28,577	174,930	28,577	-	35,647
CDBG-Habitat for Humanity	455	-	-	-	-	-	-	455
Police Speed Enforcement/Seat Belt	11,774	-	-	-	-	-	-	11,774
Village Open Spaces	31,630	-	-	-	-	-	-	31,630
FEMA	52,420	-	-	-	-	-	-	52,420
Shellfish Water Testing	34,936	-	-	2,167	-	2,167	-	37,103
Fuel Assistance Fund-Freeport	48,579	-	5,075	-	-	5,075	-	53,654
Freeport Housing Trust Rental Assistance Grant	1,888	-	-	-	-	-	-	1,888
Fire and Rescue Annual Appeal Donations	13,251	-	9,205	-	15,088	(5,883)	-	7,368
EMS Stabilization Grant	-	47,600	-	-	-	47,600	-	47,600
Library Donations	92,053	-	9,765	-	9,440	325	(13,964)	78,414
Fire Department Burn Building Donations	3,465	-	-	-	95	(95)	(664)	2,706
Police Donations	2,706	-	-	-	-	-	-	2,706
Rescue Donations	558	-	-	-	-	-	-	558
Library Book Donations	(4,133)	-	8,616	-	18,447	(9,831)	13,964	-
Public Works Donations	3,159	-	1,353	-	354	999	-	4,158
Dollars for Scholars	1,779	-	-	-	-	-	-	1,779
Soule School Lease	239,667	-	-	26,736	-	26,736	-	266,403
Dunning Boat Yard Lease	152,095	-	-	15,192	-	15,192	-	167,287
Other	44,362	-	2,220	-	4,601	(2,381)	664	42,645
Total Town Grants and Programs	\$ 1,286,003	222,530	36,234	142,450	293,782	107,432	(175,000)	1,218,435

NONMAJOR PERMANENT FUNDS

TOWN OF FREEPORT, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2024

	Cemetery Care	Library Funds	Benevolent Funds	Totals
ASSETS				
Investments	\$ 469,244	570,464	1,004,294	2,044,002
Total assets	469,244	570,464	1,004,294	2,044,002
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	200	-	200
Interfund loans payable	18,615	(2,637)	1,442	17,420
Total liabilities	18,615	(2,437)	1,442	17,620
Fund balances:				
Nonspendable-Principal	450,629	548,842	916,097	1,915,568
Restricted-Unexpended income	-	24,059	86,755	110,814
Total fund balances	450,629	572,901	1,002,852	2,026,382
Total liabilities and fund balances	\$ 469,244	570,464	1,004,294	2,044,002

TOWN OF FREEPORT, MAINE
Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds
For the year ended June 30, 2024

		Principal		Unexpended Income					
		Fund	Unrealized/	Fund	Fund	Interest		Fund	Total
		Balance	Realized	Balance	Balance	Income	Expenditures	Balance	
		June 30, 2023	Gains (Losses)	June 30, 2024	(deficit)			(deficit)	June 30, 2024
					June 30, 2023			June 30, 2024	June 30, 2024
Cemetery Care:									
Perpetual Care:									
850	Burr	\$ 181,908	14,713	196,621	740	5,307	5,570	477	197,098
851	Grove	71,712	5,811	77,523	512	2,096	1,988	620	78,143
852	Webster	20,109	1,630	21,739	150	588	558	180	21,919
853	Woodlawn	27,258	2,208	29,466	182	796	755	223	29,689
854	South Freeport	73,913	5,996	79,909	617	2,163	2,052	728	80,637
855	Flying Point	10,184	830	11,014	133	299	284	148	11,162
856	Town maintained	3,662	356	4,018	809	128	9	928	4,946
802	Davis Mausoleum	1,462	181	1,643	778	65	62	781	2,424
803	Carrie Thomas	815	81	896	203	30	28	205	1,101
804	A.O. Woodard	16,564	1,692	18,256	4,688	610	44	5,254	23,510
Total Cemetery Funds		407,587	33,498	441,085	8,812	12,082	11,350	9,544	450,629
Library Funds:									
710	Albert Conley	62,949	9,840	72,789	22,690	2,113	178	24,625	97,414
711	Paul and Emma Bennett	27,900	3,333	31,233	1,121	716	60	1,777	33,010
712	Eleanor Brewer	12,932	1,853	14,785	3,222	398	34	3,586	18,371
713	Bartol Association	66,797	5,643	72,440	(20,467)	1,225	2,023	(21,265)	51,175
714	Grace Ritchie	4,455	516	4,971	47	111	9	149	5,120
758	Loth Library	90,469	10,953	101,422	4,892	2,351	198	7,045	108,467
757	Jane Hall	224,438	26,764	251,202	6,645	5,756	4,259	8,142	259,344
Total Library Funds		489,940	58,902	548,842	18,150	12,670	6,761	24,059	572,901
Benevolent Funds:									
740	George Davis	20,763	2,829	23,592	3,890	607	51	4,446	28,038
741	Arthur L. Gould	703,177	88,089	791,266	63,311	18,916	3,035	79,192	870,458
743	Dorsey Loth	90,711	10,528	101,239	1,048	2,260	191	3,117	104,356
Total Benevolent Funds		814,651	101,446	916,097	68,249	21,783	3,277	86,755	1,002,852
Total		\$ 1,712,178	193,846	1,906,024	95,211	46,535	21,388	120,358	2,026,382