

TOWN OF FREEPORT, MAINE

Annual Financial Report

**For the Year Ended
June 30, 2017**

TOWN OF FREEPORT, MAINE
Annual Financial Report
For the Year Ended June 30, 2017

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Independent Auditor's Report

Town Council
Town of Freeport, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Freeport, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Freeport, Maine, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress for the retiree healthcare plan, the schedule of Town's proportionate share of net pension liability, and the schedule of Town contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Freeport, Maine's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2017 on our consideration of the Town of Freeport, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Freeport, Maine's internal control over financial reporting and compliance.



October 20, 2017
South Portland, Maine

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2017

As the management of the Town of Freeport, Maine, we are pleased to provide this Management 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, 2017. 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 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, 2017 by \$38,094,805 (net position). Of this amount, \$16,885,799 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 \$21,080,761 (Statement 4) which is an increase of \$1,451,439 from FY 2016.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,230,630.

The Town of Freeport's total outstanding long-term debt decreased by \$710,000 during the course of the fiscal year; the June 30, 2017 outstanding debt totaled \$2,490,000.

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).

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2017

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*).

The Town currently reports the activities of the Nonemergency Transportation Program (NET Program) 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 2017. 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, 2017

This information is for the Town's Governmental Activities and Business-type Activities as of June 30:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Cash and cash equivalents	\$ 15,719,080	14,559,338	-	-	15,719,080	14,559,338
Investments	5,075,062	4,806,929	-	-	5,075,062	4,806,929
Receivables	729,045	907,836	69,835	85,036	798,880	992,872
Receivable from RSU #5	2,007,727	2,439,659	-	-	2,007,727	2,439,659
Internal balances	331,650	382,582	(331,650)	(382,582)	-	-
Inventory	8,584	16,629	-	-	8,584	16,629
Capital assets, net	20,367,335	21,104,992	43,879	54,917	20,411,214	21,159,909
Total assets	44,238,483	44,217,965	(217,936)	(242,629)	44,020,547	43,975,336
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources						
related to pensions	1,165,871	916,547	-	-	1,165,871	916,547
Total deferred outflows						
of resources	1,165,871	916,547	-	-	1,165,871	916,547
LIABILITIES						
Current liabilities	423,505	584,343	7,745	13,992	431,250	598,335
Noncurrent liabilities	6,609,602	6,219,284	-	-	6,609,602	6,219,284
Total liabilities	7,033,107	6,803,627	7,745	13,992	7,040,852	6,817,619
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources						
related to pensions	276,442	259,017	-	-	276,442	259,017
Total deferred inflows						
of resources	276,442	259,017	-	-	276,442	259,017
NET POSITION						
Net investment in capital assets	17,877,335	17,904,992	43,879	54,917	17,921,214	17,959,909
Restricted	3,331,671	3,118,663	-	-	3,331,671	3,118,663
Unrestricted	16,885,799	17,048,213	(269,560)	(311,538)	16,616,239	16,736,675
Total net position	\$ 38,094,805	38,071,868	(225,681)	(256,621)	37,869,124	37,815,247

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. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town investment in capital assets are 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.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2017

ENTITY-WIDE CONDENSED PRESENTATION OF CHANGES IN NET POSITION

Our next analysis focuses on changes in net position of the Town's governmental and business-type activities. Governmental activities increased the Town of Freeport's net position by \$22,937 during the year ended June 30, 2017. The following analysis provides the key elements of the increases.

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.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for services	\$ 2,127,790	\$ 2,566,402	281,808	256,294	2,409,598	2,822,696
Operating grants and contributions	336,525	307,808	-	-	336,525	307,808
Capital grants and contributions	-	312	-	-	-	312
General revenues:						
Property taxes	24,756,575	24,546,970	-	-	24,756,575	24,546,970
Motor vehicle excise taxes	1,897,096	1,760,389	-	-	1,897,096	1,760,389
Interest and lien costs	69,048	131,655	-	-	69,048	131,655
State Revenue Sharing	327,296	359,623	-	-	327,296	359,623
Homestead exemption	210,316	147,564	-	-	210,316	147,564
BETE reimbursements	635,870	608,200	-	-	635,870	608,200
Other State aid	101,288	85,309	-	-	101,288	85,309
Investment earnings	418,407	88,378	-	-	418,407	88,378
Miscellaneous revenues	167,703	147,287	-	-	167,703	147,287
Total revenues	31,047,914	30,749,897	281,808	256,294	31,329,722	31,006,191
Program expenses:						
General government	3,930,124	2,532,040	-	-	3,930,124	2,532,040
Public safety	3,641,383	3,274,230	-	-	3,641,383	3,274,230
Public works	3,397,331	2,994,782	-	-	3,397,331	2,994,782
Community services	1,325,913	1,359,454	-	-	1,325,913	1,359,454
Community development	1,472,014	1,358,923	-	-	1,472,014	1,358,923
Education	16,610,407	16,548,807	-	-	16,610,407	16,548,807
Unclassified	627,789	844,542	-	-	627,789	844,542
Interest on debt	20,016	30,197	-	-	20,016	30,197
Nonemergency transportation	-	-	250,868	666,633	250,868	666,633
Total expenses	31,024,977	28,942,975	250,868	666,633	31,275,845	29,609,608
Change in net position before transfers	22,937	1,806,922	30,940	(410,339)	53,877	1,396,583
Transfers	-	50,000	-	(50,000)	-	-
Change in net position after transfers	22,937	1,856,922	30,940	(460,339)	53,877	1,396,583
Net position - beginning	38,071,868	36,214,946	(256,621)	203,718	37,815,247	36,418,664
Net position - ending	\$ 38,094,805	38,071,868	(225,681)	(256,621)	37,869,124	37,815,247

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2017

ANALYSIS OF TOWN POSITION AND OPERATIONS – GOVERNMENTAL FUNDS BUDGETARY BASIS

In Freeport, the Town managed over the past several years to build its unassigned General Fund balance (the equivalent of a savings account) to \$4.2 million. The Town Council established a figure of approximately \$3.5 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 \$710,900 to offset taxes in the FY 2018 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 2017 and the account remained at \$1 million at June 30, 2017. 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.

The Town's General Fund operations showed revenues over expenditures of \$705,826 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 \$9,797 increase in fund balance. This is due in part to the \$1,222,084 transfer to the reserve funds for future capital projects. As of June 30, 2017, the Town's fund balance policy required the Town to hold just over \$3.5 million in fund balance (one and-a-half months of Town, RSU, and County budgets), and the unassigned fund balance was \$4.2 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 \$3.7 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 2018 presentation, staff will recommend that the Town Council transfer a portion of the excess fund balance to Capital Reserves and leave the remaining funds, as the Town is just over the maximum level of its policy and expects budgetary impacts next year. In addition, in fiscal year 2018, the Town increased its transfer from fund balance from \$550,000 to \$710,900. Going forward the Town Council is likely to make a decision to further cut expenditures or levy taxes to continue to help offset this.

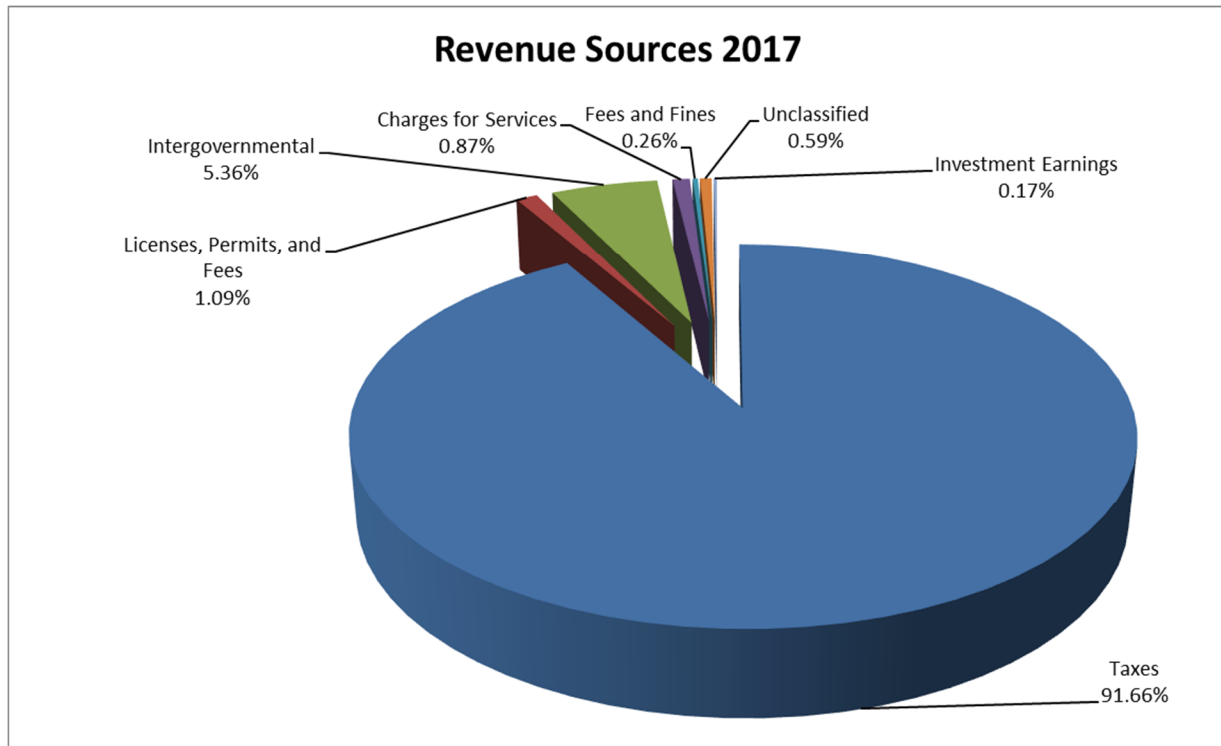
General Fund Revenues Budget to Actual Summary

For fiscal year 2017, revenues exceeded expenditures by \$705,826. The major reason for this is that the Town budgeted its expenditures to be \$1.1 million more than revenues; the difference was budgeted to be made up by transfers into the General Fund from fund balance (\$550,000), Bartol Building lease fund transfers (\$175,000), emergency and non-emergency rescue revenues (\$50,000), and miscellaneous transfers in (\$150,000). The property tax collection rate for the year increased slightly to 98.57% from the previous year's collection rate of 98.07%.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2017

General Fund Revenues Budget to Actual Summary
Budget and Actual – General Fund
For the Year Ended June 30, 2017

	Original	Budgeted Amounts		Variance
		Final	Actual	
Revenues:				
Taxes	\$ 24,227,422	24,227,422	25,182,497	(955,075)
Licenses, permits, and Fees	248,350	248,350	299,608	(51,258)
Intergovernmental	1,100,600	1,100,600	1,473,756	(373,156)
Charges for Services	193,000	193,000	238,123	(45,123)
Fees and Fines	100,150	100,150	71,871	28,279
Unclassified	23,350	23,350	161,407	(138,057)
Investment Earnings	16,000	16,000	45,727	(29,727)
Total Revenues	\$ 25,908,872	25,908,872	27,472,989	(1,564,117)



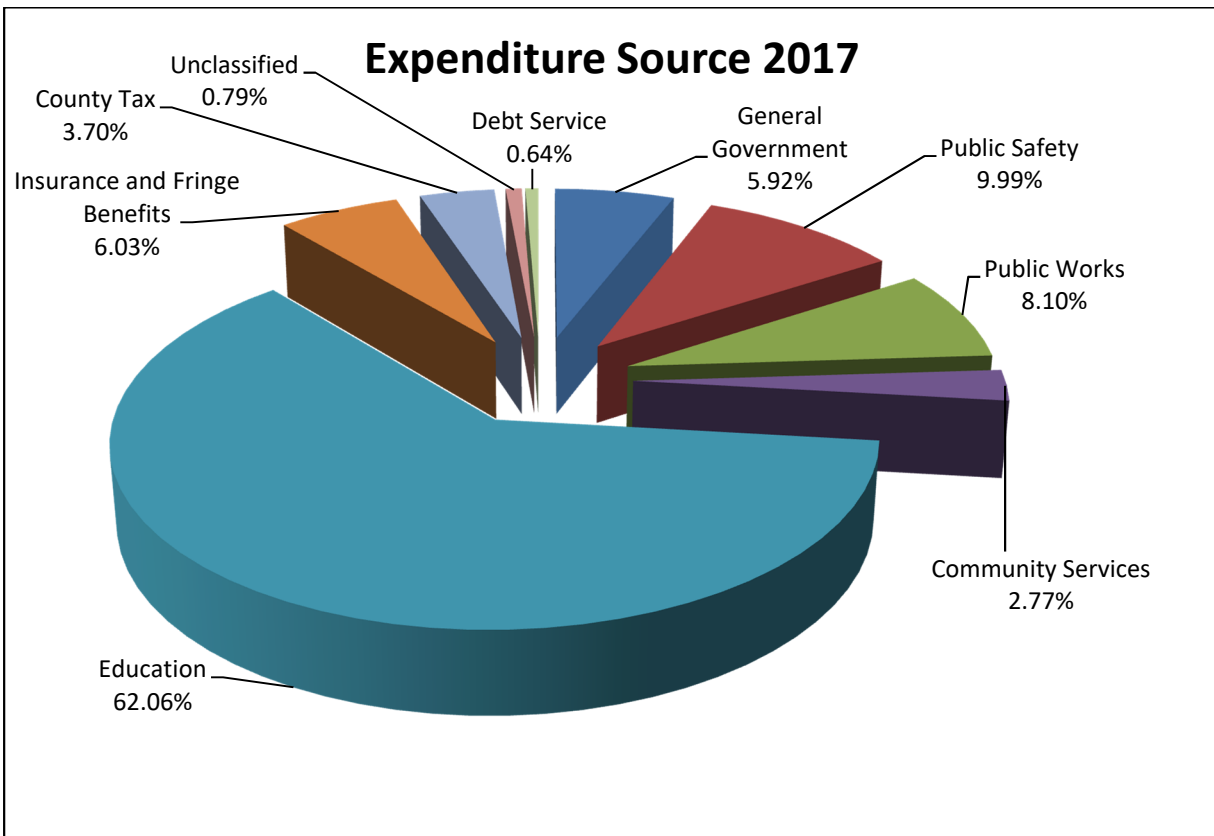
General Fund Expenditures Budget-to-Actual Summary

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, 2017 (see Exhibit A-2 for a more detailed presentation):

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2017

General Fund Expenditures Budget-to-Actual Summary
Budget and Actual – General Fund
For the Year Ended June 30, 2017

	Original	Budgeted Amounts		Variance
		Final	Actual	
Expenditures				
Current:				
General Government	\$ 1,671,792	1,671,792	1,583,767	88,025
Public Safety	2,497,050	2,497,050	2,673,076	(176,026)
Public Works	2,251,021	2,251,021	2,167,842	83,179
Community Services	843,975	843,975	742,466	101,509
Education	16,610,407	16,610,407	16,610,407	-
Insurance & Fringe Benefits	1,773,000	1,773,000	1,615,177	157,823
County Tax	991,074	991,074	991,074	-
Unclassified	237,550	237,550	211,911	25,639
Debt Service	173,003	173,003	171,443	1,560
Total Revenues	\$ 27,048,872	27,048,872	26,767,163	281,709



TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2017

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 2018 capital budget that was approved in June of 2017 included the following:

Town of Freeport
Summary of Funding Sources
FY 2018 Capital Program

	FY 2017	FY 2018			Funding Source	
	<u>Council Approved</u>	<u>Manager Proposed</u>	<u>Council Approved</u>	<u>Council Appropriated</u>	<u>Reserve</u>	<u>TIF</u>
Police	155,400	147,000	147,000	147,000	147,000	-
Fire	95,000	-	-	-	-	-
Rescue	110,000	-	-	-	-	-
Public Works	221,000	115,000	115,000	115,000	115,000	-
Solid Waste	-	50,000	50,000	50,000	50,000	-
Comprehensive Town Imp.	570,000	864,500	864,500	864,500	864,500	-
Municipal Facilities	221,200	344,500	345,500	345,500	345,500	-
Cable	35,000	132,600	132,600	132,600	132,600	-
Other	5,000	-	-	-	-	-
Destination Freeport TIF	181,000	198,000	398,000	398,000	-	398,000
Total	1,593,600	1,851,600	2,052,600	2,052,600	1,654,600	398,000

It is notable that the FY 2018 capital improvement plan is funded by June 30, 2017. This is the reason the Town reflects the FY 2018 plan in the MD&A section of the financial statements.

A summary of the Town's capital assets at June 30, 2017 and 2016 are as follows:

	2017	2016
General capital assets:		
Land	\$ 2,204,884	2,204,884
Land improvements	3,502,741	3,502,741
Buildings and improvements	8,515,572	8,515,572
Machinery, equipment and other	5,419,473	5,585,089
Vehicles	5,106,023	4,936,803
Infrastructure	13,188,955	11,594,042
Construction in process	327,896	1,710,526
	\$ 38,265,544	38,049,657

TOWN OF FREEPORT, MAINE
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LONG-TERM DEBT

The State law allows municipalities to borrow up to 15% of their total valuation. Since the Town's State Valuation was \$1,520,550,000 for 2017, the debt limit was more than \$228 million. The Town's current debt is \$2,490,000, or less than 0.2% of State Valuation or approximately 1.1% of the Town's debt limit. Another measure of a municipality's debt load is debt-per-capita. As of June 30, 2017, the Town of Freeport's debt per capita was \$307 as compared to the prior year of \$395 (based upon a population of 8,100).

The following is a summary of bond transactions of the Town for the year ended June 30, 2017:

Bonds payable at June 30, 2016	\$ 3,200,000
Principal payments	(710,000)

<u>Bonds payable at June 30, 2017</u>	<u>\$ 2,490,000</u>
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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 41 new single-family dwelling units per year. At the peak permitting year in 2004, 60 permits were issued for new single family homes. The Town then saw a steady decline the next few years, but luckily saw a sharp increase up in 2015 and 2016 with 44 and 46 single family permits being issued each year, respectively. That number has increased significantly for 2017 with 51 permits being issued.

Interest in new commercial/industrial development projects picked up in FY2016 with five new permits being issued. Most notable is a new infill retail development on Main Street by Berenson's Associates and the expansion of Maine Beer Company on U.S. Route 1. Maguire Construction also purchased a 3 acre lot of land with frontage on the east side of Route 1, and is in the process of receiving approval to build a new facility for the business' offices, as well as some material and equipment storage. Freeport continues to be a place that attracts a variety of investments.

In addition, Freeport's downtown storefront vacancy rate remains lower than that of other Southern Maine communities, which makes Freeport highly desirable for new retail businesses. Vacancy rate data is difficult to capture on any given date due to the different organizations tracking the information, but it is estimated that the average vacancy rate in Southern Maine retail districts is approximately 15-18%; Freeport's vacancy rate as of June 30, 2017 was only 9.89% of total storefront space. This has decreased slightly from 10.5% in the fourth quarter from 2014.

New Fiscal Year Budget

In adopting the budget for the ensuing fiscal year 2018, the Town officials considered many factors in making judgments and estimates about the finances for the upcoming year. A primary objective was to continue to provide basic town services to the citizens while attempting to keep the property tax rate steady. The Town Council continued to focus on the tax rate during the FY 2018 budgeting process.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2017

The budget for the fiscal year starting July 1, 2017 was approved by the Town Council with a tax rate of 15.00 mills, which is a \$0.80 decrease per \$1,000 of valuation from FY 2017 to FY 2018. The tax bills are sent out twice each year, and during FY 2018 are due on November 15, 2017 and May 15, 2018.

The following summarizes the major components of the FY 2017 and FY 2018 budgets:

	FY 2017 Appropriation	FY 2018 Appropriation	Increase (Decrease)
REVENUES			
Town Non-property Tax	\$3,762,750	3,919,000	156,250
Property Tax	22,736,122	23,513,990	777,868
Fund Balance	550,000	710,910	160,910
TOTALS	\$27,048,872	28,143,900	1,095,028
EXPENDITURES			
Municipal	\$9,274,388	9,585,205	310,817
School	16,610,407	17,355,332	744,925
County Tax	991,074	1,056,633	65,559
Debt Service	173,003	146,730	(26,273)
TOTALS	\$27,048,872	28,143,900	1,095,028
Mill Rate	15.80	14.95	

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*).

While Freeport is currently in very 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.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2017

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,

Peter E. Joseph
Town Manager

Jessica L. Maloy
Finance Director

BASIC FINANCIAL STATEMENTS

TOWN OF FREEPORT, MAINE
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total	Component Unit FEDC
ASSETS				
Cash and cash equivalents	\$ 15,719,080	-	15,719,080	71,093
Investments	5,075,062	-	5,075,062	-
Receivables:				
Accounts, net	144,692	69,835	214,527	-
Due from other governments	48,589	-	48,589	-
Taxes receivable	423,333	-	423,333	-
Tax liens	112,431	-	112,431	-
Prepaid items	-	-	-	954
Internal balances	331,650	(331,650)	-	-
Inventory	8,584	-	8,584	-
Receivable - RSU #5 debt service payments	2,007,727	-	2,007,727	-
Capital assets, not being depreciated	2,532,780	-	2,532,780	-
Capital assets, net of accumulated depreciation	17,834,555	43,879	17,878,434	-
Total assets	44,238,483	(217,936)	44,020,547	72,047
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	1,165,871	-	1,165,871	-
Total deferred outflows of resources	1,165,871	-	1,165,871	-
LIABILITIES				
Accounts payable and other current liabilities	339,827	33	339,860	-
Accrued wages and benefits payable	67,703	7,712	75,415	880
Accrued interest	15,975	-	15,975	-
Noncurrent liabilities:				
Liabilities due in one year	576,000	-	576,000	-
Other long-term liabilities	3,374,209	-	3,374,209	-
Other postemployment benefits liability	729,393	-	729,393	-
Bonds due in more than one year	1,930,000	-	1,930,000	-
Total liabilities	7,033,107	7,745	7,040,852	880
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	276,442	-	276,442	-
Total deferred inflows of resources	276,442	-	276,442	-
NET POSITION				
Net investment in capital assets	17,877,335	43,879	17,921,214	-
Restricted for:				
Grants and other programs	1,863,823	-	1,863,823	-
Nonexpendable trust principal	1,407,938	-	1,407,938	-
Expendable trust - income portion	59,910	-	59,910	-
Unrestricted	16,885,799	(269,560)	16,616,239	71,167
Total net position	\$ 38,094,805	(225,681)	37,869,124	71,167

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Activities
For the Year Ended June 30, 2017

		Net (expense) revenue and changes							
		Program Revenues			in net position				
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Component Unit		
Functions/programs	Expenses				Governmental activities	Business-type activities	Total	FEDC	
Primary government:									
Governmental activities:									
General government	\$	3,930,124	936,221	70,131	-	(2,923,772)	-	(2,923,772)	-
Public safety		3,641,383	374,788	47,342	-	(3,219,253)	-	(3,219,253)	-
Public works		3,397,331	270,996	135,692	-	(2,990,643)	-	(2,990,643)	-
Community services		1,325,913	545,785	24,027	-	(756,101)	-	(756,101)	-
Community development		1,472,014	-	-	-	(1,472,014)	-	(1,472,014)	-
Education		16,610,407	-	-	-	(16,610,407)	-	(16,610,407)	-
Unclassified		627,789	-	59,333	-	(568,456)	-	(568,456)	-
Interest on debt		20,016	-	-	-	(20,016)	-	(20,016)	-
Total governmental activities		31,024,977	2,127,790	336,525	-	(28,560,662)	-	(28,560,662)	-
Business-type activities:									
Nonemergency Transportation		250,868	281,808	-	-	-	30,940	30,940	-
Total business-type activities		250,868	281,808	-	-	-	30,940	30,940	-
Total primary government	\$	31,275,845	2,409,598	336,525	-	(28,560,662)	30,940	(28,529,722)	-
Component Unit:									
Freeport Economic Development Corporation		94,507	-	95,000	-	-	-	-	493
General revenues:									
Property taxes, levied for general purposes	\$					24,756,575	-	24,756,575	-
Motor vehicle excise taxes						1,897,096	-	1,897,096	-
Interest and lien costs						69,048	-	69,048	-
Grants and contributions not restricted to specific programs:									
Homestead exemption						210,316	-	210,316	-
BETE reimbursements						635,870	-	635,870	-
State Revenue Sharing						327,296	-	327,296	-
Other State aid						101,288	-	101,288	-
Unrestricted investment earnings						418,407	-	418,407	24
Miscellaneous revenues						167,703	-	167,703	-
Total general revenues						28,583,599	-	28,583,599	24
Change in net position						22,937	30,940	53,877	517
Net position - beginning						38,071,868	(256,621)	37,815,247	70,650
Net position - ending						38,094,805	(225,681)	37,869,124	71,167

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Balance Sheet
Governmental Funds
June 30, 2017

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 12,258,531	2,682,118	778,431	15,719,080
Investments	331,836	3,257,723	1,485,503	5,075,062
Receivables:				
Accounts net of allowance	14,319	122,685	7,688	144,692
Due from other governments	48,589	-	-	48,589
Taxes receivable	423,333	-	-	423,333
Tax liens	112,431	-	-	112,431
Interfund loans receivable	-	4,256,297	2,592,453	6,848,750
Inventory	8,584	-	-	8,584
Receivable - RSU #5 debt service payments	2,007,727	-	-	2,007,727
Total assets	\$ 15,205,350	10,318,823	4,864,075	30,388,248
LIABILITIES				
Accounts payable	115,824	4,910	9,651	130,385
Accrued wages and benefits	64,188	-	3,515	67,703
Interfund loans payable	5,548,246	709,302	259,552	6,517,100
Development escrows	209,442	-	-	209,442
Total liabilities	5,937,700	714,212	272,718	6,924,630
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	354,103	-	-	354,103
Unavailable revenue - ambulance receivables	-	21,027	-	21,027
Unavailable revenue - RSU #5 debt service payments	2,007,727	-	-	2,007,727
Total deferred inflows of resources	2,361,830	21,027	-	2,382,857
FUND BALANCES				
Nonspendable	8,584	-	1,407,938	1,416,522
Restricted	-	-	1,923,733	1,923,733
Committed	1,955,706	9,583,584	1,335,248	12,874,538
Assigned	710,900	-	-	710,900
Unassigned	4,230,630	-	(75,562)	4,155,068
Total fund balances	6,905,820	9,583,584	4,591,357	21,080,761
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,205,350	10,318,823	4,864,075	

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.	20,367,335
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Unavailable revenue - property taxes	354,103
Unavailable revenue - ambulance billings	21,027
Unavailable revenue - RSU #5 debt service payments	2,007,727
Deferred Outflows/(Inflows) related to pensions	889,429
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(6,625,577)

Net position of governmental activities	\$ 38,094,805
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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, 2017

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 25,182,497	-	1,645,769	26,828,266
Licenses, permits and fees	299,608	-	-	299,608
Intergovernmental	1,473,756	-	79,758	1,553,514
Charges for services	238,123	484,973	1,038,215	1,761,311
Fees and fines	71,871	-	-	71,871
Unclassified	161,407	-	59,333	220,740
Investment earnings	66,464	212,238	139,705	418,407
Total revenues	27,493,726	697,211	2,962,780	31,153,717
Expenditures:				
Current:				
General government	1,583,767	-	-	1,583,767
Public safety	2,673,076	-	-	2,673,076
Public works	2,167,842	-	-	2,167,842
Community services	742,466	-	305,581	1,048,047
Community development	-	-	1,472,014	1,472,014
Education	16,610,407	-	-	16,610,407
Insurance and fringe benefits	1,615,177	-	-	1,615,177
County tax	991,074	-	-	991,074
Unclassified	212,828	-	46,133	258,961
Capital outlay	-	929,757	48,763	978,520
Debt service	171,443	-	131,950	303,393
Total expenditures	26,768,080	929,757	2,004,441	29,702,278
Excess (deficiency) of revenues over (under) expenditures	725,646	(232,546)	958,339	1,451,439
Other financing sources (uses):				
Transfers from other funds	540,000	1,654,600	-	2,194,600
Transfers to other funds	(1,236,029)	(271,485)	(687,086)	(2,194,600)
Total other financing sources (uses)	(696,029)	1,383,115	(687,086)	-
Net change in fund balances	29,617	1,150,569	271,253	1,451,439
Fund balances, beginning of year	6,876,203	8,433,015	4,320,104	19,629,322
Fund balances, end of year	\$ 6,905,820	9,583,584	4,591,357	21,080,761

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, 2017

Net change in fund balances - total governmental funds (from Statement 4)	\$	1,451,439
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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 depreciation exceeded capital outlay.		(737,657)
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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.		(105,803)
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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.		(863,110)
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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 principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments.		710,000
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The Town has bonds that were originally issued for School purposes. These amounts will be funded by Regional School Unit #5 when the debt service payments are due. The Town has recorded a long-term receivable for the amount that will be paid by the School Unit for these bonds. The amount of the receivable at year end was \$2,007,727 with principal amounts paid off during the year totaling \$431,932.		(431,932)
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Change in net position of governmental activities (see Statement 2)	\$	22,937
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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, 2017

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 24,227,422	24,227,422	25,182,497	955,075
Licenses, permits and fees	248,350	248,350	299,608	51,258
Intergovernmental	1,100,600	1,100,600	1,473,756	373,156
Charges for services	193,000	193,000	238,123	45,123
Fees and fines	100,150	100,150	71,871	(28,279)
Unclassified	23,350	23,350	161,407	138,057
Investment earnings	16,000	16,000	45,727	29,727
Total revenues	25,908,872	25,908,872	27,472,989	1,564,117
Expenditures:				
Current:				
General government	1,671,792	1,671,792	1,583,767	88,025
Public safety	2,497,050	2,497,050	2,673,076	(176,026)
Public works	2,251,021	2,251,021	2,167,842	83,179
Community services	843,975	843,975	742,466	101,509
Education	16,610,407	16,610,407	16,610,407	-
Insurance and fringe benefits	1,773,000	1,773,000	1,615,177	157,823
County tax	991,074	991,074	991,074	-
Unclassified	237,550	237,550	211,911	25,639
Debt service	173,003	173,003	171,443	1,560
Total expenditures	27,048,872	27,048,872	26,767,163	281,709
Excess (deficiency) of revenues over (under) expenditures	(1,140,000)	(1,140,000)	705,826	1,845,826
Other financing sources (uses):				
Use of unassigned fund balance	550,000	550,000	-	(550,000)
Transfers to other funds	-	-	(1,236,029)	(1,236,029)
Total other financing sources (uses)	1,140,000	1,140,000	(696,029)	(1,836,029)
Net change in fund balance - budgetary basis	-	-	9,797	9,797
Fund balance, beginning of year - budgetary basis			6,371,071	
Fund balance, end of year - budgetary basis			6,380,868	
Reconciliation to GAAP basis:				
Committed reserve funds fund balance			524,952	
Fund balance, end of year - GAAP basis	\$		6,905,820	

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2017

Business-type Activities - Enterprise Funds	
	Nonemergency Transportation Program
ASSETS	
Current assets:	
Accounts receivable less allowance for uncollectibles of \$31,000	\$ 69,835
Total current assets	69,835
Noncurrent assets:	
Property, plant, and equipment	151,194
Less accumulated depreciation	(107,315)
Total noncurrent assets	43,879
Total assets	\$ 113,714
LIABILITIES	
Current liabilities:	
Interfund loans payable	331,650
Accounts payable	33
Accrued wages and benefits payable	7,712
Total current liabilities	339,395
Total liabilities	\$ 339,395
NET POSITION	
Net investment in capital assets	43,879
Unrestricted	(269,560)
Total net position	\$ (225,681)

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2017

Business-type Activities - Enterprise Funds		
		Nonemergency Transportation Program
Operating revenues:		
Charges for services	\$	281,808
Total operating revenues		281,808
Operating expenses:		
Wages and benefits		211,220
Operational costs		28,610
Depreciation		11,038
Total operating expenses		250,868
Operating income		30,940
Change in net position		30,940
Net position, beginning of year		(256,621)
Net position, end of year	\$	(225,681)

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2017

Business-type Activities - Enterprise Funds		
		Nonemergency Transportation Program
Cash flows from operating activities:		
Receipts from customers and users	\$	297,008
Payments to suppliers		(28,633)
Payments to employees		(217,444)
Net cash provided by operating activities		50,931
Cash flows from capital and related financing activities:		
Interfund borrowing		(50,931)
Net cash used in financing activities		(50,931)
Change in cash		-
Cash, beginning of year		-
Cash, end of year	\$	-
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	30,940
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		11,038
(Increase) decrease in operating assets:		
Accounts receivable		15,200
Increase (decrease) in operating liabilities:		
Accounts payable		(23)
Accrued wages and benefits payable		(6,224)
Net cash from operating activities		50,931

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 TIF 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 and proprietary 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, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period 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.

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

The Town reports the following major proprietary fund:

Nonemergency Transportation Program (NET) accounts for the operation of a nonemergency transportation program operating in Southern Maine.

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.

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

D. Receivables

Accounts receivable for the business-type activities include an allowance for doubtful accounts in the amount of \$31,000 as of June 30, 2017. 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, and 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the assets' estimated useful lives ranging from 3 to 60 years. Business-type fund capital assets are depreciated using the straight-line method over the assets' estimated useful lives ranging from 4 to 7 years. For all capital assets; buildings, vehicles and equipment, the Town elects to use the depreciation approach as defined by GASB Statement No. 34 for reporting.

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, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, if material to 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.

It is notable that while several debt service payments are the responsibility of and budgeted by RSU #5, the Town must continue to book these long-term liabilities because the Town is responsible for paying the bondholders.

I. 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.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

J. 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, unavailable revenue from Regional School Unit #5 debt service payments, 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 net pension 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. 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.

K. 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.

L. 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.

M. 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.

N. 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

O. 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.

P. 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, Winslow Park Fund, and Nonemergency Transportation 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.

Q. Recent Accounting Pronouncements

In August 2015, the GASB issued GASB Statement No. 77, “Tax Abatement Disclosures”. This statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The statement is effective for periods beginning after December 15, 2015. The Town has assessed the impact of this statement on its financial statements and has reflected accordingly beginning in FY 2017.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended June 30, 2017, the following General Fund expenditures exceeded appropriations in the following departments:

Public safety	\$ 176,026
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At June 30, 2017, the following funds had deficit fund balances:

Special revenue funds:	
TIF II Desert Road phase II	\$ 75,562

These fund deficits will be covered by future revenue sources.

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, 2017, the Town reported deposits of \$15,719,080 with a bank balance of \$16,023,413. Of the Town's bank balances of \$16,023,413, none was subject to custodial credit risk as it was either insured by FDIC or covered by additional collateral.

As of June 30, 2017, the Freeport Economic Development Corporation reported deposits of \$71,093, with a bank balance of \$72,786. Of the FEDC'S bank balance of \$72,786, 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.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

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.

At June 30, 2017, 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	\$2,138,232	799,396	1,338,836
Money markets	148,204	N/A	-
Mutual funds	2,788,626	N/A	-
Total investments	\$ 5,075,062	799,396	1,338,836

At June 30, 2017, the Town had the following recurring fair value measurements:

	<u>Fair value</u>	<u>Level 1 inputs</u>	<u>Level 2 inputs</u>	<u>Level 3 inputs</u>
U. S. Government securities	\$2,138,232	2,138,232	-	-
Money markets	148,204	N/A		
Mutual funds	2,788,626	2,788,626	-	-
Total investments	\$ 5,075,062	5,075,062	-	-

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 \$148,204 – AAA, Fixed income government securities \$2,138,232 – AA.

The government securities include United States Treasury Notes, Federal Farm Credit Bank, Federal Home Loan Mortgage Corp., Federal Home Loan Bank, and Federal National Mortgage Association (Fannie Mae) bonds with fair values of \$248,908, \$299,751, \$298,785, \$248,530, and \$1,042,258, respectively.

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

At June 30, 2017, the Town had investments exceeding five percent of the total portfolio as follows:

	Value <u>6/30/17</u>	S & P <u>Rating</u>	<u>% of Total</u>
Federal Farm Credit Bank	\$ 299,751	AA	11.62%
Federal Home Loan bank	248,530	AA	14.02%
Federal Home Loan Mortgage Corp	298,785	AA	13.97%
Federal National Mortgage Assoc.	1,042,258	AA	48.74%
United States Treasury Notes	248,908	N/A	11.64%

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, 2016, on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. For real property, payment of taxes was due in equal installments on November 15, 2016 and May 15, 2017. Personal property taxes were due in full on November 15, 2016. Interest at the rate of 7% 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 2017 assessed value was 100% of the estimated market value and 103% of the 2017 state valuation of \$1,520,550,000.

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 \$369,585 for the period ended June 30, 2017.

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.

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.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

PROPERTY TAX, CONTINUED

The following summarizes the periods ended June 30, 2017 and 2016 levies:

	<u>2017</u>	<u>2016</u>
Assessed value	\$ 1,566,549,103	1,458,660,900
Tax rate (per \$1,000)	15.80	16.80
Commitment	24,751,476	24,505,503
Supplemental taxes assessed	9,260	39,185
Total assessments	24,760,736	24,544,688
Less:		
Collections and abatements	24,406,494	24,071,271
Receivable at June 30	\$ 354,242	473,417
Collection rate	98.57%	98.07%

SIGNIFICANT TAXPAYER

For the year ended June 30, 2017, the Town of Freeport committed and collected \$3,268,487 in real estate and personal property tax revenue from L.L. Bean, Inc. This commitment represents approximately 13.81% of total property taxes assessed.

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,710,526	154,724	1,537,354	327,896
Land	2,204,884	-	-	2,204,884
Total capital assets, not being depreciated	3,915,410	154,724	1,537,354	2,532,780
Capital assets, being depreciated:				
Land improvements	3,502,741	-	-	3,502,741
Buildings and building improvements	8,515,572	-	-	8,515,572
Machinery and equipment and other	5,585,089	50,366	215,982	5,419,473
Vehicles	4,936,803	353,412	184,192	5,106,023
Infrastructure	11,594,042	1,594,913	-	13,188,955
Total capital assets being depreciated	34,134,247	1,998,691	400,174	35,732,764
Less accumulated depreciation	16,944,665	1,353,718	400,174	17,898,209
Total capital assets being depreciated, net	17,189,582	644,973	-	17,834,555
Governmental activities capital assets, net	\$ 21,104,992	799,697	1,537,354	20,367,335

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2017 as follows:

Governmental activities:

General government	\$ 98,453
Public safety	408,840
Public works, including depreciation of general infrastructure assets	639,955
Community services	200,101
Unclassified	6,369

Total depreciation expense – governmental activities **\$ 1,353,718**

	Balance July 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 85,066	-	-	85,066
Vehicles	66,128	-	-	66,128
<u>Total capital assets being depreciated</u>	<u>151,194</u>	<u>-</u>	<u>-</u>	<u>151,194</u>
<u>Less accumulated depreciation</u>	<u>96,277</u>	<u>11,038</u>	<u>-</u>	<u>107,315</u>
<u>Total capital assets being depreciated, net</u>	<u>54,917</u>	<u>11,038</u>	<u>-</u>	<u>43,879</u>
<u>Business-type activities capital assets, net</u>	<u>\$ 54,917</u>	<u>11,038</u>	<u>-</u>	<u>43,879</u>

Depreciation expense of \$11,038 for business-type activities was all charged to the Nonemergency Transportation (NET) enterprise fund.

INTERFUND TRANSACTIONS

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers. Individual fund interfund receivables and payables balances at June 30, 2017 arising 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	\$ -	5,548,246	(696,029)
Capital project funds	4,256,297	709,302	1,383,115
Nonmajor governmental funds:			
Special revenue funds:			
Winslow Park	-	166,335	-
TIF funds	499,734	75,562	-
Bartol building lease	523,842	-	(350,000)
Tower lease	545,537	-	(200,000)
Other town grants and programs	890,532	-	(137,086)
Leon Gorman Park	132,808	-	-

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

INTERFUND TRANSACTIONS, CONTINUED

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
Permanent funds	\$ -	17,655	-
Proprietary Funds:			
Nonemergency Transportation Services	-	331,650	-
Totals	\$ 6,848,750	6,848,750	-

FUND BALANCE

The General Fund unassigned fund balance total of \$4,230,630 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, 2017, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Inventory	\$ 8,584	-	-	-
Accrued compensation	-	-	430,754	-
Tax Rate Stabilization	-	-	1,000,000	-
Unemployment Fund compensation	-	-	425,711	-
Other	-	-	99,241	-
Subsequent year budget	-	-	-	710,900
Capital Projects Funds	-	-	9,583,584	-
Nonmajor Governmental Funds:				
Special Revenue Funds:				
Winslow Park	-	601,851	-	-
TIF	-	499,734	-	-
Leon Gorman Park	-	132,688	-	-
Bartol Building Lease	-	-	523,842	-
Tower Lease	-	-	545,537	-
Other	-	629,550	265,869	-
Permanent Funds:				
Principal	1,407,938	-	-	-
Unexpended Income	-	59,910	-	-
Totals	\$ 1,416,522	1,923,733	12,874,538	710,900

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 3,200,000	-	710,000	2,490,000	560,000
Accrued compensated absences	432,194	-	1,440	430,754	-
Other post employment benefits	681,759	77,503	29,869	729,393	-
Net pension liability	1,688,331	1,100,124	-	2,788,455	-
Landfill closure and post closure care costs	217,000	-	46,000	171,000	16,000
Total governmental activity long-term liabilities	\$ 6,219,284	1,177,627	787,309	6,609,602	576,000

LONG-TERM DEBT

Bonds payable at June 30, 2017 are comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance June 30, 2017</u>
Governmental activities:					
2008 School improvements	2/1/2008	\$ 655,000	2018	2.92%	55,000
2009 MMBB	3/11/2009	300,000	2019	variable	60,000
2011 refunding	4/19/2011	5,635,000	2023	4.0-5.0%	2,375,000
Total bonds payable					\$ 2,490,000

As of July 1, 2009, the Freeport School Department joined Regional School Unit (RSU) #5. RSU #5 will reimburse the Town of Freeport for all of Freeport School Department bonds payable when the debt service payments are due. The Town has recorded a receivable for \$2,007,727, which is the outstanding amount of bonds payable related to the School Department.

Arbitrage rebate - Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. There are certain exceptions which result in a municipal issuer not having to calculate or pay the required rebate. The Town of Freeport has met these exceptions since the effective date of the regulations.

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 \$2,490,000 at June 30, 2017 was within the statutory limit.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

The annual requirements to amortize all debt outstanding at June 30, 2017 are as follows. Such amounts exclude overlapping debt requirements, but include school debt requirements to be reimbursed by the State of Maine.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 560,000	105,550	665,550
2019	505,000	80,975	585,975
2020	475,000	57,225	532,225
2021	470,000	33,600	503,600
2022	265,000	15,225	280,225
2023	215,000	4,300	219,300
Totals	\$ 2,490,000	296,875	2,786,875

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, 2017, the Town's share was \$1,350,783 (3.61%) of Cumberland County's outstanding debt of \$37,435,000.

The Town's proportionate share of Regional School Unit No. 5's debt of \$20,425,763 is \$13,476,918 (65.98%). This debt service is included in the annual assessments to the Town.

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, 2017:

	<u>Years remaining</u>	<u>Cost per year</u>	<u>Total cost</u>
Post closure monitoring:			
Section closed in 1995 - 30 years of monitoring	8	\$ 5,000	40,000
Post closure monitoring:			
Section closed in 1992 - 30 years of monitoring	5	7,000	35,000
Section closed in 2016:			
First ten-year period of post closure monitoring	9	4,000	36,000
Subsequent 20-year period of post-closure monitoring	20	3,000	60,000
Total landfill liability			\$ 171,000

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

LANDFILL CLOSURE AND POST CLOSURE COSTS, CONTINUED

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 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 \$171,000 over the next 30 years. As such, the Town has recognized an estimate for post closure monitoring and maintenance costs of \$171,000 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 community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in ecomaine.

Selected balance sheet information for ecomaine for the year ended June 30, 2017, the most recent information available, includes total assets of \$64,040,233, total liabilities of \$17,454,918 and unrestricted net position of \$18,547,554. The liabilities include an accrual for landfill closure and postclosure care amounting to \$14,564,514. 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.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

CREDIT ENHANCEMENT AGREEMENTS, CONTINUED

For the year ended June 30, 2017, the Town abated real estate property taxes totaling \$1,358,296 through these credit enhancement agreements, including the following:

<i><u>TIF District</u></i>	<i><u>Beginning; Duration</u></i>	<i><u>CEA Entity</u></i>	<i><u>Percentage of Assessed Value Abated</u></i>	<i><u>Amount Paid in FY 2017</u></i>
TIF II Desert Rd. Phase II	1996-97 30 Years	Berenson Assoc.	75%	\$436,391
TIF V Hotel	2004-05 30 Years	Frost Gully LLC.	51%	72,553
TIF II Desert Rd. Phase II	2007-08 20 Years	Berenson Assoc.	90%	816,391
TIF IV Destination	2010-11 10 Years	Berenson Assoc.	-	20,000
TIF VI Housing	2011-12 30 Years	Freeport Housing Trust	50%	18,623

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan), 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.maineopers.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.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Employees are required to contribute 8.0% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2017, was 9.1% 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 \$265,364 for the year ended June 30, 2017.

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

At June 30, 2017, the Town reported a liability of \$2,788,455 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the Town's proportion was 0.5248%.

For the year ended June 30, 2017, the Town recognized pension expense of \$1,133,589. At June 30, 2017, 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	-	\$ 145,547
Changes in assumptions	298,930	
Net difference between projected and actual earnings on pension plan investments	601,577	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	130,895
Town contributions subsequent to the measurement date	265,364	-
Total	\$ 1,165,871	\$ 276,442

An amount of \$265,364 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, 2018.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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

Year ended June 30:

2018	\$ 59,602
2019	63,694
2020	340,058
2021	160,711

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75-9.00% per year
Investment return	6.875% per annum, compounded annually
Cost of living benefit increases	2.20% per annum

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
<u>Total</u>	<u>100%</u>	

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 6.875%. 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 6.875%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1 percentage point higher (7.875%) than the current rate:

	1% Decrease (<u>5.875%</u>)	Current Discount Rate (<u>6.875%</u>)	1% Increase (<u>7.875%</u>)
Town's proportionate share of the net pension liability	\$ 4,628,334	\$ 2,788,455	\$ 1,056,276

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, 2017.

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, 2017, the Town's contribution to the plan totaled \$82,528.

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 \$341,822 for the year ended June 30, 2017.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

OTHER POST-EMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, requires that the long-term cost of retirement health care and obligations for other post-employment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town is a member of the Maine Municipal Employees Health Trust, which is an agent multiple-employer plan. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in August, 2017. GASB 45 rules allow employers with less than 200 employees to use the same actuarial study for three years.

Plan Descriptions - In addition to providing pension benefits, the Town provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

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

The following table represents the OPEB costs for years ending June 30, 2017, 2016, and 2015 the annual required contributions:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Normal Cost	\$ 31,348	53,217	53,217
Amortization of Unfunded	56,570	60,655	60,655
Adjustment to ARC	(39,426)	(34,954)	(29,515)
Interest	<u>29,011</u>	<u>26,432</u>	<u>22,670</u>
Annual Required Contribution	\$ 77,503	105,350	107,027

Net OPEB Obligation – The Town's net OPEB obligation was calculated as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
OPEB liability, July 1	\$ 681,759	604,417	510,365
Annual required contributions	77,503	105,350	107,027
Less: Actual contributions	<u>(29,869)</u>	<u>(28,008)</u>	<u>(12,975)</u>
OPEB liability, June 30	\$ 729,393	681,759	604,417

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Funding Status and Funding Progress - The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30, 2017, 2016, and 2015 were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual required contribution	\$ 77,503	105,350	107,027
Actual contribution	29,869	28,008	12,975
Percent contributed	38.54%	26.59%	12.12%
Actuarial accrued liability	1,017,333	1,090,803	1,090,803
Plan assets	-	-	-
Unfunded actuarial accrued liability	1,017,333	1,090,803	1,090,803
Covered payroll	\$3,634,991	3,555,677	3,386,911
Unfunded actuarial accrued liability as a percentage of covered payroll	27.99%	30.68%	32.21%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Significant methods and assumptions were as follows:

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar open
Remaining amortization period	30 years

Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	2.75%
Ultimate rate of medical inflation	4.0%

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

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.

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, 2017.

COMMITMENTS

Construction in progress of \$327,896 as of June 30, 2017 consists primarily of the South Freeport Village Project and the Pownal Road Athletic Complex. South Freeport Village Project has \$273,674 remaining and Pownal Road Athletic Complex has \$65,947 remaining. These projects are under contract and are expected to be completed during FY 2018.

TOWN OF FREEPORT, MAINE
Required Supplementary Information

Schedule of Funding Progress
Retiree Healthcare Plan

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2010	1/1/09	\$ -	979,479	979,479	0.00%	3,045,472	32.16%
2011	1/1/11	-	1,024,703	1,024,703	0.00%	3,034,313	33.77%
2012	1/1/11	-	1,024,703	1,024,703	0.00%	3,046,864	33.63%
2013	1/1/11	-	1,024,703	1,024,703	0.00%	3,204,254	31.98%
2014	1/1/14	-	1,090,803	1,090,803	0.00%	3,313,590	32.92%
2015	1/1/14	-	1,090,803	1,090,803	0.00%	3,386,911	32.21%
2016	1/1/14	-	1,090,803	1,090,803	0.00%	3,555,677	30.68%
2017	1/1/17	-	1,017,333	1,017,333	0.00%	3,634,991	27.99%

TOWN OF FREEPORT, MAINE
Required Supplementary Information, Continued

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

Last 10 Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.5248%	0.5292%	0.5823%
Town's proportionate share of the net pension liability	\$2,788,455	1,688,331	896,070
Town's covered payroll	2,916,093	2,767,003	2,608,145
Town's proportion share of the net pension liability as a percentage of its covered payroll	95.62%	61.02%	34.36%
Plan fiduciary net position as a percentage of of the total pension liability	81.61%	88.27%	94.10%

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

**Only three years of information available.*

TOWN OF FREEPORT, MAINE
Required Supplementary Information, Continued

Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 265,364	246,263	187,331
Contributions in relation to the contractually required contribution	(265,364)	(246,263)	(187,331)
<u>Contribution deficiency (excess)</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$2,916,093	2,767,003	2,608,145
Contributions as a percentage of covered payroll	9.10%	8.90%	7.00%

**Only three years of information available.*

TOWN OF FREEPORT, MAINE
Notes to Required Supplementary Information

Changes of Benefit Terms - None

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

	<u>2016</u>	<u>2015</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.5%
Salary increases	2.75% to 9.00%	3.50% to 9.50%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA; which changed to mortality rates based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

GENERAL FUND

TOWN OF FREEPORT, MAINE
Comparative Balance Sheets - General Fund
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 12,258,531	11,618,318
Investments	331,836	326,480
Accounts receivable	14,319	9,146
Due from other governments	48,589	47,508
Taxes receivable	423,333	539,826
Tax liens	112,431	207,568
Inventory	8,584	16,629
Receivable - RSU #5 debt service payments	2,007,727	2,439,659
Total assets	\$ 15,205,350	15,205,134
LIABILITIES		
Accounts payable	115,824	379,546
Accrued wages and benefits	64,188	63,932
Interfund loans payable	5,548,246	4,878,269
Development escrows	209,442	107,875
Total liabilities	5,937,700	5,429,622
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	354,103	459,650
Unavailable revenue - RSU #5 debt service payments	2,007,727	2,439,659
Total deferred inflows of resources	2,361,830	2,899,309
FUND BALANCE		
Nonspendable	8,584	16,629
Committed - Stabilization Fund	1,000,000	1,000,000
Committed - other	430,754	432,194
Committed - reserves	524,952	505,132
Assigned	710,900	700,000
Unassigned	4,230,630	4,222,248
Total fund balance	6,905,820	6,876,203
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,205,350	15,205,134

TOWN OF FREEPORT, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year ended June 30, 2017
(with comparative actual amounts for the year ended June 30, 2016)

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 22,736,122	23,216,353	480,231	23,194,169
Excise taxes and registration fees	1,441,300	1,897,096	455,796	1,760,389
Interest and lien costs	50,000	69,048	19,048	131,655
Total taxes	24,227,422	25,182,497	955,075	25,086,213
Licenses, permits, and fees:				
Building, plumbing and electrical permits	100,000	131,696	31,696	148,571
Town clerk licenses and fees	28,650	41,133	12,483	47,445
Mooring and other harbor fees	70,000	79,568	9,568	73,870
Solid waste permits	2,200	1,650	(550)	1,650
Shellfish licenses	12,500	12,611	111	12,683
Alarm permits	35,000	32,950	(2,050)	36,427
Total licenses, permits, and fees	248,350	299,608	51,258	320,646
Intergovernmental:				
State tree growth reimbursement	65,000	71,106	6,106	66,720
State general assistance	15,000	24,027	9,027	17,819
State revenue sharing	315,000	327,296	12,296	359,623
State homestead exemption reimbursement	135,000	210,316	75,316	147,564
State BETE reimbursement	375,000	635,870	260,870	608,200
State road assistance	129,000	130,692	1,692	131,248
Public safety contributions	45,300	44,267	(1,033)	45,681
Other intergovernmental	21,300	30,182	8,882	18,589
Total intergovernmental	1,100,600	1,473,756	373,156	1,395,444
Charges for services:				
Planning	10,500	20,514	10,014	30,160
Transfer station and recycling	135,000	163,553	28,553	149,035
Parking lot	37,500	37,500	-	37,500
Vehicle maintenance	4,500	2,556	(1,944)	4,728
Engineering	2,000	9,000	7,000	7,770
Hunter Road Fields	3,500	5,000	1,500	4,800
Total charges for services	193,000	238,123	45,123	233,993
Fees and fines:				
Police parking and other fines	85,250	54,624	(30,626)	83,881
Library fines and fees	11,000	11,906	906	13,551
Alarm and other fire fees	3,900	5,341	1,441	6,025
Total fees and fines	100,150	71,871	(28,279)	103,457

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

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Revenues, continued:				
Unclassified	\$ 23,350	161,407	138,057	133,011
Investment earnings	16,000	45,727	29,727	24,700
Total revenues	25,908,872	27,472,989	1,564,117	27,297,464
Expenditures:				
Current:				
General government:				
Town council	123,700	128,629	(4,929)	100,628
Town manager	112,300	111,076	1,224	107,449
Finance and treasury	385,650	373,031	12,619	354,020
Assessing	167,960	162,408	5,552	156,594
Code enforcement	76,110	103,721	(27,611)	78,646
Town clerk and elections	113,100	109,677	3,423	100,550
General administration	157,090	124,051	33,039	132,434
Municipal buildings	381,674	331,334	50,340	334,284
Planning	154,208	139,840	14,368	140,829
Total general government	1,671,792	1,583,767	88,025	1,505,434
Public Safety:				
Police department	1,180,480	1,157,293	23,187	1,135,931
Special enforcement	57,320	72,560	(15,240)	50,132
Fire department	497,250	681,438	(184,188)	441,291
Rescue	365,950	375,563	(9,613)	354,191
Reception	192,050	186,550	5,500	182,679
Hydrant rental	156,000	153,365	2,635	157,350
Street lights	48,000	46,307	1,693	47,157
Total public safety	2,497,050	2,673,076	(176,026)	2,368,731
Public Works:				
General road operations	812,830	771,942	40,888	730,813
Summer roads	599,500	587,192	12,308	539,187
Winter roads	169,000	157,843	11,157	113,556
Tree program	11,500	10,639	861	16,020
Solid waste	424,700	420,558	4,142	396,188
Engineering	116,100	109,411	6,689	114,726
Hunter Road Fields Maintenance	117,391	110,257	7,134	112,909
Total public works	2,251,021	2,167,842	83,179	2,023,399

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

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Community services:				
Human services agencies	\$ 38,550	36,651	1,899	37,912
General assistance	99,540	94,926	4,614	82,809
Public library	446,630	405,437	41,193	425,654
Cable TV	84,190	70,434	13,756	72,784
Promotions	7,200	7,344	(144)	5,807
Coastal waters	70,890	58,616	12,274	65,282
Shellfish commission	9,000	694	8,306	3,808
Amtrak station operations	79,250	67,107	12,143	65,943
Other	8,725	1,257	7,468	3,312
Total community services	843,975	742,466	101,509	763,311
Education	16,610,407	16,610,407	-	16,548,807
Insurance and fringe benefits:				
Employee benefits	1,671,000	1,517,287	153,713	1,455,158
Insurances	102,000	97,890	4,110	96,879
Total insurance and fringe benefits	1,773,000	1,615,177	157,823	1,552,037
County tax	991,074	991,074	-	941,811
Unclassified:				
Bustin's Island Corporation	189,000	188,069	931	176,091
Miscellaneous and contingency	23,550	11,441	12,109	31,607
Abatements	25,000	12,401	12,599	40,857
Total unclassified	237,550	211,911	25,639	248,555
Debt service	173,003	171,443	1,560	179,657
Total expenditures	27,048,872	26,767,163	281,709	26,131,742
Excess (deficiency) of revenues over (under) expenditures	(1,140,000)	705,826	1,845,826	1,165,722

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

	2017			2016 Actual
	Budget	Actual	Variance positive (negative)	
Other financing sources (uses):				
Budgeted utilization of surplus	\$ 550,000	-	(550,000)	-
Transfers in	590,000	540,000	(50,000)	581,570
Transfers out	-	(1,236,029)	(1,236,029)	(675,000)
Total other financing sources (uses)	1,140,000	(696,029)	(1,836,029)	(93,430)
Net change in fund balance - budgetary basis	-	9,797	9,797	1,072,292
Fund balance, beginning of year - budgetary basis		6,371,071		5,298,779
Fund balance, end of year - budgetary basis		6,380,868		6,371,071
Reconciliation of fund balance to GAAP basis:				
Committed reserve funds fund balance		524,952		505,132
Fund Balance, end of year - GAAP Basis	\$	6,905,820		6,876,203

OTHER GOVERNMENTAL FUNDS

TOWN OF FREEPORT, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2017

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 778,431	-	778,431
Investments	-	1,485,503	1,485,503
Accounts receivable	7,688	-	7,688
Interfund loans receivable	2,592,453	-	2,592,453
Total assets	\$ 3,378,572	1,485,503	4,864,075
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	9,651	-	9,651
Accrued wages and benefits	3,515	-	3,515
Interfund loans payable	241,897	17,655	259,552
Total liabilities	255,063	17,655	272,718
Fund balances:			
Nonspendable	-	1,407,938	1,407,938
Restricted	1,863,823	59,910	1,923,733
Committed	1,335,248	-	1,335,248
Unassigned	(75,562)	-	(75,562)
Total fund balances	3,123,509	1,467,848	4,591,357
Total liabilities and fund balances	\$ 3,378,572	1,485,503	4,864,075

TOWN OF FREEPORT, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
Revenues:			
Property taxes	\$ 1,645,769	-	1,645,769
Charges for services	1,038,215	-	1,038,215
Gifts and donations	59,333	-	59,333
Intergovernmental	79,758	-	79,758
Investment income	8,430	131,275	139,705
Total revenues	2,831,505	131,275	2,962,780
Expenditures:			
Current:			
Community services	290,738	14,843	305,581
Community development	1,472,014	-	1,472,014
Unclassified	40,492	5,641	46,133
Capital outlay	48,763	-	48,763
Debt service	131,950	-	131,950
Total expenditures	1,983,957	20,484	2,004,441
Excess of revenues over expenditures	847,548	110,791	958,339
Other financing uses:			
Transfers to other funds	(687,086)	-	(687,086)
Total other financing uses	(687,086)	-	(687,086)
Net change in fund balance	160,462	110,791	271,253
Fund balances, beginning of year	2,963,047	1,357,057	4,320,104
Fund balances, end of year	\$ 3,123,509	1,467,848	4,591,357

NONMAJOR SPECIAL REVENUE FUNDS

TOWN OF FREEPORT, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

		Tax Increment Financing Funds					Bartol Building Lease Fund	Tower Lease Fund	Other Town Grants & Programs	Leon Gorman Park	Totals
		Winslow Park	TIF II Desert Road Phase II	TIF IV Destination	TIF V Hotel	TIF VI Housing					
ASSETS											
Cash and cash equivalents	\$	778,431	-	-	-	-	-	-	-	-	778,431
Accounts receivable		-	-	-	-	-	-	-	7,688	-	7,688
Interfund loans receivable		-	-	499,734	-	-	523,842	545,537	890,532	132,808	2,592,453
Total assets	\$	778,431	-	499,734	-	-	523,842	545,537	898,220	132,808	3,378,572
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable		6,730	-	-	-	-	-	-	2,801	120	9,651
Accrued wages and benefits		3,515	-	-	-	-	-	-	-	-	3,515
Interfund loans payable		166,335	75,562	-	-	-	-	-	-	-	241,897
Total liabilities		176,580	75,562	-	-	-	-	-	2,801	120	255,063
Fund balances:											
Restricted		601,851	-	499,734	-	-	-	-	629,550	132,688	1,863,823
Committed		-	-	-	-	-	523,842	545,537	265,869	-	1,335,248
Unassigned		-	(75,562)	-	-	-	-	-	-	-	(75,562)
Total fund balances		601,851	(75,562)	499,734	-	-	523,842	545,537	895,419	132,688	3,123,509
Total liabilities and fund balances	\$	778,431	-	499,734	-	-	523,842	545,537	898,220	132,808	3,378,572

TOWN OF FREEPORT, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2017

	Tax Increment Financing Funds					Bartol Building Lease Fund	Tower Lease Fund	Other Town Grants & Programs	Leon Gorman Park	Totals
	Winslow Park	TIF II Desert Road Phase II	TIF IV Destination	TIF V Hotel	TIF VI Housing					
Revenues:										
Property taxes	\$ -	1,252,782	307,473	72,553	12,961	-	-	-	-	1,645,769
Charges for services	295,337	-	-	-	-	367,753	261,654	113,471	-	1,038,215
Gifts and donations	-	-	-	-	-	-	-	59,333	-	59,333
Intergovernmental	-	-	-	-	-	-	-	79,758	-	79,758
Investment income	3,049	-	-	-	-	-	-	-	5,381	8,430
Total revenues	298,386	1,252,782	307,473	72,553	12,961	367,753	261,654	252,562	5,381	2,831,505
Expenditures:										
Current:										
Community services	208,091	-	-	-	-	-	-	79,232	3,415	290,738
Community development	-	1,252,782	128,056	72,553	18,623	-	-	-	-	1,472,014
Unclassified	-	-	-	-	-	-	-	40,492	-	40,492
Debt service	-	131,950	-	-	-	-	-	-	-	131,950
Capital	43,011	-	5,752	-	-	-	-	-	-	48,763
Total expenditures	251,102	1,384,732	133,808	72,553	18,623	-	-	119,724	3,415	1,983,957
Excess (deficiency) of revenues over (under) expenditures	47,284	(131,950)	173,665	-	(5,662)	367,753	261,654	132,838	1,966	847,548
Other financing uses:										
Transfer to other funds	-	-	-	-	-	(350,000)	(200,000)	(137,086)	-	(687,086)
Total other financing uses	-	-	-	-	-	(350,000)	(200,000)	(137,086)	-	(687,086)
Net change in fund balances	47,284	(131,950)	173,665	-	(5,662)	17,753	61,654	(4,248)	1,966	160,462
Fund balances, beginning of year	554,567	56,388	326,069	-	5,662	506,089	483,883	899,667	130,722	2,963,047
Fund balances (deficits), end of year	\$ 601,851	(75,562)	499,734	-	-	523,842	545,537	895,419	132,688	3,123,509

TOWN OF FREEPORT, MAINE
Town Grants and Programs
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	Fund Balance (deficit) June 30, 2016	Inter- governmental	Revenues Gifts and donations	Charges for services	Expenditures	Revenues over (under) expenditures	Other sources and (uses)	Fund Balance (deficit) June 30, 2017
Town Grants and Programs:								
Road Impact Fees	\$ 302,914	-	-	88,090	-	88,090	(150,000)	241,004
Stormwater Connection Fees	50,320	-	-	-	-	-	-	50,320
Sandy Beach Stairs/SHIP Grant	1,266	3,075	-	-	6,150	(3,075)	-	(1,809)
Maine Arts Commission	1,907	-	-	-	-	-	-	1,907
Project Canopy Grant	8,657	-	-	-	-	-	-	8,657
CDBG-Elders Bus	2,339	-	-	-	200	(200)	-	2,139
Regional Efficiency grant	1,249	-	-	-	-	-	-	1,249
CDBG-Weatherization	(46)	49,576	4,000	-	50,576	3,000	4,000	6,954
CDBG-Habitat for Humanity	455	-	-	-	-	-	-	455
Village Open Spaces	17,257	-	-	-	-	-	-	17,257
FEMA	61,085	-	-	-	-	-	-	61,085
Shellfish Water Testing	21,987	-	-	2,090	-	2,090	-	24,077
Fuel Assistance Fund-Freeport	9,316	-	8,326	-	9,696	(1,370)	-	7,946
Fuel Assistance Fund-Yarmouth	1,004	-	10,150	-	9,225	925	-	1,929
Freeport Housing Trust Rental Assistance Grant	11,145	-	-	-	3,546	(3,546)	-	7,599
Fire and Rescue Annual Appeal Donations	39,867	-	8,400	-	1,495	6,905	-	46,772
Library Donations	44,818	-	7,840	-	-	7,840	-	52,658
Fire Department Burn Building Donations	2,230	-	398	-	-	398	-	2,628
Police Donations	3,041	-	100	-	-	100	-	3,141
Library Book Donations	14,949	-	12,047	-	9,735	2,312	-	17,261
Public Works Donations	3,189	-	1,259	-	507	752	-	3,941
Dunning Boat Yard Lease	93,602	-	-	7,915	-	7,915	-	101,517
Soule School Lease	148,976	-	-	15,376	-	15,376	-	164,352
Police Speed Enforcement/Seat Belt	29,741	6,552	-	-	2,128	4,424	-	34,165
Rescue Donations	578	-	-	-	-	-	-	578
Dollars for Scholars	1,779	-	-	-	-	-	-	1,779
Other	26,042	20,555	6,813	-	26,466	902	8,914	35,858
Total Town Grants and Programs	\$ 899,667	79,758	59,333	113,471	119,724	132,838	(137,086)	895,419

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, 2017

	Fund Balance (deficit) June 30, 2016	Revenues		Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2017
		Charges for Services	Interest			
Police Department Capital Project Funds:						
Communication upgrade	\$ 92,962	-	-	8,935	39,000	123,027
Bullet proof vests & protective equipment	39,400	5,000	-	15,777	-	28,623
Building enhancements	108	-	-	-	-	108
In-Car cameras	457	-	-	-	38,000	38,457
Vehicle replacement	59,067	-	-	59,067	70,000	70,000
Total police department	191,994	5,000	-	83,779	147,000	260,215
Fire Department Capital Project Funds:						
Protective clothing	8,104	-	-	-	-	8,104
Engine five	10,059	-	-	-	-	10,059
Engine three	48,194	-	-	16,444	-	31,750
Communication upgrade	61,101	-	-	3,543	-	57,558
Thermal imaging cameras	40,000	-	-	22,500	-	17,500
Total fire department	167,458	-	-	42,487	-	124,971
Rescue Department Capital Project Funds:						
Ambulance replacement	36,386	-	-	-	-	36,386
Communication upgrade	106,387	-	-	-	-	106,387
Rescue equipment	10,454	-	-	3,935	-	6,519
Total rescue department	153,227	-	-	3,935	-	149,292
Public Works Capital Project Funds:						
Grader repair	2,579	-	-	-	-	2,579
Dump truck replacement, sander & plow	210,528	-	-	193,439	-	17,089
Wood chipper refurbishment	2,006	-	-	-	-	2,006
Building and grounds mower attachment	3,938	-	-	3,938	-	-
Sidewalk plow-shared with TIF	667	-	-	-	-	667
Fuel depot	1,792	-	-	-	-	1,792
Pick-up truck replacement	61,737	-	-	42,299	-	19,438
One ton truck replacement	5,082	-	-	-	-	5,082
Backhoe	-	-	-	-	115,000	115,000
Total public works	288,329	-	-	239,676	115,000	163,653
Recycling Capital Project Funds:						
Landfill closing	188,939	-	-	23,489	-	165,450
Single sort recycling	17,691	-	-	-	20,000	37,691
Other	51,232	-	-	8,453	30,000	72,779
Total recycling capital projects	257,862	-	-	31,942	50,000	275,920

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, 2017

	Fund Balance (deficit) June 30, 2016	Revenues		Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2017
		Charges for Services	Interest			
Comprehensive Town Improvement Funds:						
Curtis Road reconstruction	\$ -	-	-	-	500,000	500,000
Litchfield Road reconstruction	172,148	-	-	15,800	-	156,348
South Freeport Village project	426,029	-	-	152,356	-	273,673
Wardtown Road reconstruction and shoulders	20,499	-	-	21,057	-	(558)
Main St. paving and drainage match	28,494	-	-	-	-	28,494
Flying Point Road-2011 reconstruction	23,044	-	-	-	-	23,044
US Route 1 South (PACTS)	-	-	-	-	339,500	339,500
Concord Gully Brook watershed restoration	-	-	-	-	25,000	25,000
South Street project	161,445	54,466	-	75,168	-	140,743
Desert Road match	19,393	-	-	-	-	19,393
Burnett Road bridge	11,048	-	-	-	-	11,048
US Route 1 North (PACTS)	134,991	-	-	-	-	134,991
South Freeport Road (PACTS)	259,930	-	-	1,126	-	258,804
Prout Road culvert	9,316	-	-	-	-	9,316
West Street-Depot Street to South Street reconstruction	8,838	-	-	-	-	8,838
Desert Road business park	235,000	-	-	-	-	235,000
Freeport fields and trails project	68,316	-	-	2,368	-	65,948
Culvert replacement	49,800	-	-	8,527	-	41,273
Other	7,834	-	-	1,282	-	6,552
Total comprehensive Town improvement	1,636,125	54,466	-	277,684	864,500	2,277,407
Municipal Buildings and Other Improvement Funds:						
Computer system upgrade/connectivity town-wide	115,062	-	-	27,866	22,000	109,196
Dunning boat yard	26,445	-	-	-	5,000	31,445
Cable TV	50,875	-	-	37,083	132,600	146,392
Valuation update	45,450	-	-	-	5,000	50,450
Building winterization	67,390	-	-	-	-	67,390
Public safety renovation (sallyport, flooring, etc.)	13	-	-	-	6,000	6,013
Town hall exterior	40,000	-	-	-	-	40,000
Public works roofing projects	1,684	-	-	-	75,000	76,684
Copier replacement	7,213	-	-	4,140	15,000	18,073
Library building exterior	20,000	-	-	-	-	20,000
Vehicle replacement	48,841	-	-	36,069	-	12,772
Other	279,176	-	-	119,473	217,500	377,203
Total municipal buildings and other	702,149	-	-	224,631	478,100	955,618
Boards and Committees Improvement Funds:						
Recreation fund	5,131	-	-	-	-	5,131
Harbor fund	24,531	-	-	-	-	24,531
Citizens survey & performance measures	1,288	-	-	-	-	1,288
Historic society archiving	1,387	-	-	-	-	1,387
Florida Lake bridge replacement	5,000	-	-	3,045	-	1,955
Quiet zone Study	5,108	-	-	-	-	5,108
Hedgehog Mountain bridge replacement	1,000	-	-	-	-	1,000
Withdrawal committee	7,827	-	-	-	-	7,827
Other	(3,916)	-	-	-	-	(3,916)
Total boards and committees	47,356	-	-	3,045	-	44,311
Capital Reserves - See Exhibit E for details	4,988,515	425,507	212,238	22,578	(271,485)	5,332,197
Total capital project funds	8,433,015	484,973	212,238	929,757	1,383,115	9,583,584

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, 2017

	Fund Balance June 30, 2016	Charges for Services	Revenues Interest	Expenditures	Transfers in (out)	Fund Balance June 30, 2017
Capital Project Reserves						
Administration - general	\$ 237,031	-	10,149	406	(17,000)	229,774
Boards and commissions	36,436	-	1,524	60	-	37,900
Building maintenance	687,041	-	28,993	1,154	(128,500)	586,380
Cable TV equipment	497,043	146,363	20,509	810	(217,600)	445,505
Energy savings	31,776	-	1,229	4,048	1,031	29,988
Fire equipment	485,458	-	20,053	793	100,000	604,718
Hedgehog mountain	19,349	-	793	31	-	20,111
Land purchase	142,372	-	557	-	-	142,929
Land trust	22,473	-	922	36	-	23,359
Municipal parking lot	399,921	2,271	16,366	10,645	-	407,913
Police equipment	425,954	-	17,286	679	(22,000)	420,561
Public infrastructure	611,585	-	35,668	1,598	(92,416)	553,239
Public works equipment	641,638	-	27,718	1,121	235,000	903,235
Recycling equipment	176,260	-	6,947	270	(25,000)	157,937
Rescue equipment	574,178	276,873	23,524	927	(105,000)	768,648
Total capital project reserves	4,988,515	425,507	212,238	22,578	(271,485)	5,332,197
General Fund Reserves						
Unemployment compensation fund	409,652	-	16,822	763	-	425,711
Other	95,480	-	3,915	154	-	99,241
Total general fund reserves	505,132	-	20,737	917	-	524,952
Total Reserve Funds	\$ 5,493,647	425,507	232,975	23,495	(271,485)	5,857,149

NONMAJOR PERMANENT FUNDS

TOWN OF FREEPORT, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2017

	Cemetery Care	Library Funds	School Scholarship Funds	Benevolent Funds	Totals
ASSETS					
Investments	\$ 319,627	305,669	308,473	551,734	1,485,503
Total assets	319,627	305,669	308,473	551,734	1,485,503
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund loans payable	5,020	6,497	1,500	4,638	17,655
Total liabilities	5,020	6,497	1,500	4,638	17,655
Fund balances:					
Nonspendable-Principal	314,607	286,292	286,877	520,162	1,407,938
Restricted-Unexpended income	-	12,880	20,096	26,934	59,910
Total fund balances	314,607	299,172	306,973	547,096	1,467,848
Total liabilities and fund balances	\$ 319,627	305,669	308,473	551,734	1,485,503

TOWN OF FREEPORT, MAINE
Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds
For the year ended June 30, 2017

		Principal		Unexpended Income					
		Fund Balance	Revenues	Fund Balance	Fund Balance	Interest		Fund Balance	Total
		June 30, 2016	Unrealized/Realized Gains (Losses)	June 30, 2017	June 30, 2016	Income	Expenditures	June 30, 2017	June 30, 2017
Cemetery Care:									
Perpetual Care:									
850	Burr	\$ 151,433	7,471	158,904	(17,517)	2,577	2,779	(17,719)	141,185
851	Grove	58,739	2,930	61,669	(6,205)	1,010	995	(6,190)	55,479
852	Webster	16,179	822	17,001	(1,445)	284	279	(1,440)	15,561
853	Woodlawn	23,589	1,113	24,702	(3,629)	384	379	(3,624)	21,078
854	South Freeport	54,166	2,756	56,922	(4,741)	951	936	(4,726)	52,196
855	Flying Point	8,602	419	9,021	(1,099)	145	142	(1,096)	7,925
856	Town maintained	2,708	170	2,878	365	58	57	366	3,244
802	Davis Mausoleum	966	91	1,057	664	31	30	665	1,722
803	Carrie Thomas	590	41	631	151	14	14	151	782
804	A.O. Woodard	12,043	800	12,843	2,347	275	30	2,592	15,435
Total Cemetery Funds		329,015	16,613	345,628	(31,109)	5,729	5,641	(31,021)	314,607
Library Funds:									
710	Albert Conley	37,279	4,281	41,560	14,287	1,013	107	15,193	56,753
711	Paul and Emma Bennett	19,171	1,457	20,628	(1,623)	345	37	(1,315)	19,313
712	Eleanor Brewer	8,103	805	8,908	1,594	191	20	1,765	10,673
713	Bartol Association	44,348	3,511	47,859	(2,170)	831	88	(1,427)	46,432
714	Grace Ritchie	3,110	224	3,334	(407)	53	6	(360)	2,974
757	Jane Hall	151,187	12,816	164,003	2,809	3,033	6,818	(976)	163,027
Total Library Funds		263,198	23,094	286,292	14,490	5,466	7,076	12,880	299,172
School Scholarship Funds:									
720	Fitts Award	3,048	262	3,310	115	62	7	170	3,480
721	Salomon Plummer	10,336	814	11,150	(528)	193	20	(355)	10,795
722	Wallace True	6,139	551	6,690	495	130	14	611	7,301
723	Millard and Enid Crooker	30,446	2,571	33,017	533	608	414	727	33,744
724	Alice Pollock	13,050	1,156	14,206	826	274	29	1,071	15,277
725	Aldis Foster	2,311	212	2,523	234	50	5	279	2,802
726	Kenneth Thompson	9,289	834	10,123	755	197	171	781	10,904
742	Christine Small Cushing	188,957	16,901	205,858	14,236	4,000	1,424	16,812	222,670
Total School Scholarship Funds		263,576	23,301	286,877	16,666	5,514	2,084	20,096	306,973
Benevolent Funds:									
740	George Davis	13,395	1,229	14,624	1,403	291	31	1,663	16,287
710	Arthur L. Gould	465,076	40,462	505,538	21,347	9,576	5,652	25,271	530,809
Total Benevolent Funds		478,471	41,691	520,162	22,750	9,867	5,683	26,934	547,096
Total		\$ 1,334,260	104,699	1,438,959	22,797	26,576	20,484	28,889	1,467,848