

**TOWN OF FREEPORT, MAINE**

**Annual Financial Report**

**For the Year Ended  
June 30, 2020**

**TOWN OF FREEPORT, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2020**

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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, 2020, and the related notes to the financial statements, which collectively comprise the Town of Freeport, Maine'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, 2020, 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 Town's proportionate share of the net pension liability, the schedule of changes in the Town's total health plan OPEB liability and related ratios, 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 November 23, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Freeport, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Freeport, Maine's internal control over financial reporting and compliance.

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

November 23, 2020  
South Portland, Maine

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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As the management of the Town of Freeport, Maine, we are pleased to provide this Management's Discussion and Analysis as part of our annual financial statements. We offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town of Freeport for the year ended June 30, 2020. It is the belief of management that all the information contained herein is accurate in all material respects and reflects fairly the financial position and operations of the Town. This Management's Discussion and Analysis is designed to offer further explanation of the information contained herein. We encourage readers to consider the information that we have furnished in the Town's basic financial statements that follow this section.

**FINANCIAL HIGHLIGHTS**

The governmental activities assets and deferred outflows of resources of the Town of Freeport exceeded its liabilities and deferred inflows of resources as of June 30, 2020 by \$40,476,322 (net position). Of this amount, \$17,252,675 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 \$23,727,390 (Statement 4) which is an increase of \$1,364,211 from FY 2019.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,096,893.

The Town of Freeport's total outstanding long-term debt decreased by \$475,000 during the course of the fiscal year; the June 30, 2020 outstanding debt totaled \$950,000.

**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).

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*).

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2020**

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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 2020. 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, Continued**  
**June 30, 2020**

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 18,165,731	15,644,881	-	-	18,165,731	15,644,881
Investments	5,613,386	6,418,146	-	-	5,613,386	6,418,146
Receivables	1,223,354	854,991	114,860	76,219	1,338,214	931,210
Receivable from RSU #5	821,932	1,198,864	-	-	821,932	1,198,864
Internal balances	197,354	279,932	(197,354)	(279,932)	-	-
Inventory	11,439	10,100	-	-	11,439	10,100
Capital assets, net	19,657,018	20,513,662	24,616	31,037	19,681,634	20,544,699
Total assets	45,690,214	44,920,576	(57,878)	(172,676)	45,632,336	44,747,900
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources related to OPEB	264,657	184,907	-	-	264,657	184,907
Deferred outflows of resources related to pensions	668,787	627,503	-	-	668,787	627,503
Total deferred outflows of resources	933,444	812,410	-	-	933,444	812,410
<b>LIABILITIES</b>						
Current liabilities	1,130,943	514,209	12,184	8,136	1,143,127	522,345
Noncurrent liabilities	4,167,149	4,589,616	-	-	4,167,149	4,589,616
Total liabilities	5,298,092	5,103,825	12,184	8,136	5,310,276	5,111,961
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources related to OPEB	428,721	177,196	-	-	428,721	177,196
Deferred inflows of resources related to pensions	420,523	370,539	-	-	420,523	370,539
Total deferred inflows of resources	849,244	547,735	-	-	849,244	547,735
<b>NET POSITION</b>						
Net investment in capital assets	19,528,950	20,287,526	24,616	31,037	19,553,566	20,318,563
Restricted	3,694,697	3,419,709	-	-	3,694,697	3,419,709
Unrestricted	17,252,675	16,374,191	(94,678)	(211,849)	17,157,997	16,162,342
Total net position	\$ 40,476,322	\$ 40,081,426	\$ (70,062)	\$ (180,812)	\$ 40,406,260	\$ 39,900,614

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2020**

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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's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be expended. The remaining unrestricted balance of net position may be used to meet the government's ongoing obligations to its citizens and creditors.

**ENTITY-WIDE CONDENSED PRESENTATION OF CHANGES IN NET POSITION**

Our next analysis focuses on changes in net position of the Town's governmental and business-type activities. Governmental activities increased the Town of Freeport's net position by \$394,896 during the year ended June 30, 2020. 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.

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2020**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	\$ 1,792,228	\$ 2,198,776	345,673	278,108	2,137,901	2,476,884
Operating grants and contributions	487,153	299,222	-	-	487,153	299,222
General revenues:						
Property taxes	27,154,814	26,623,752	-	-	27,154,814	26,623,752
Motor vehicle excise taxes	1,973,899	2,056,826	-	-	1,973,899	2,056,826
Interest and lien costs	53,530	54,808	-	-	53,530	54,808
State revenue sharing	572,787	378,563	-	-	572,787	378,563
Homestead exemption	322,966	336,095	-	-	322,966	336,095
BETE reimbursements	714,793	799,014	-	-	714,793	799,014
Other state aid	84,056	249,662	-	-	84,056	249,662
Investment earnings	507,569	584,841	-	-	507,569	584,841
Miscellaneous revenues	42,211	61,266	-	-	42,211	61,266
Total revenues	33,706,006	33,642,825	345,673	278,108	34,051,679	33,920,933
Program expenses:						
General government	3,734,590	2,705,076	-	-	3,734,590	2,705,076
Public safety	3,801,602	3,745,982	-	-	3,801,602	3,745,982
Public works	3,695,625	3,569,876	-	-	3,695,625	3,569,876
Community services	1,377,231	1,396,178	-	-	1,377,231	1,396,178
Community development	1,461,923	1,475,835	-	-	1,461,923	1,475,835
Education	18,580,496	18,133,850	-	-	18,580,496	18,133,850
Unclassified	653,887	642,381	-	-	653,887	642,381
Interest on debt	5,756	10,659	-	-	5,756	10,659
Nonemergency transportation	-	-	234,923	221,407	234,923	221,407
Total expenses	33,311,110	31,679,837	234,923	221,407	33,546,033	31,901,244
Change in net position	394,896	1,962,988	110,750	56,701	505,646	2,019,689
Net position - beginning	40,081,426	38,118,438	(180,812)	(237,513)	39,900,614	37,880,925
Net position - ending	\$ 40,476,322	\$ 40,081,426	\$ (70,062)	\$ (180,812)	40,406,260	39,900,614

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2020**

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**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 \$5.1 million. The Town Council established a figure of approximately \$3.8 million (one and-one-half months of the annual budgets for the Town, RSU #5 Town portion, and County tax) as a minimum level of fund balance to maintain. The Town Council budgeted to use \$600,000 to offset taxes in the FY 2021 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 2020 and the account remained at \$1 million at June 30, 2020. 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 budgeted revenues over expenditures of \$759,904 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 \$106,408 increase in fund balance. As of June 30, 2020, the Town's fund balance policy required the Town to hold just over \$3.8 million in fund balance (one and-a-half months of Town, RSU, and County budgets), and the unassigned fund balance was \$5.1 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 \$4.0 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 2021 presentation, staff will recommend that the Town Council leave the excess remaining funds, as the Town is just over the maximum level of its policy and expects budgetary impacts next year due to COVID-19.

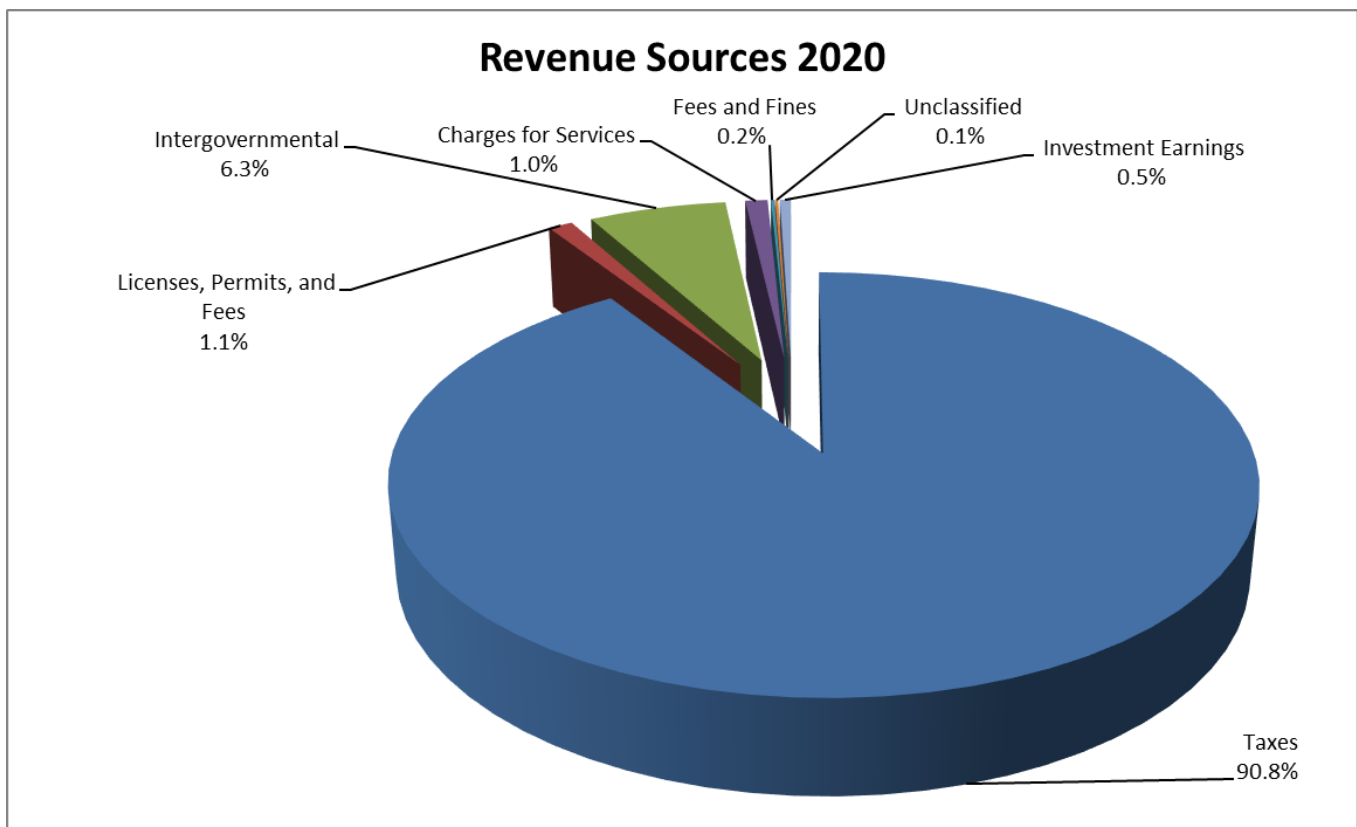
**General Fund Revenues Budget-to-Actual Summary**

For fiscal year 2020, revenues exceeded expenditures by \$759,904. The major reason for this is that actual revenues came in \$1,129,390 more than budgeted due primarily to increased excise tax collection, State reimbursements, and a higher yield on our investment earnings. The Town expenditures were also \$705,514 lower than budgeted. This is primarily due to reduced health care costs and town-wide budget savings. The property tax collection rate for the year decreased slightly to 96.89% from the previous year's collection rate of 98.25%.

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2020**

**General Fund Revenues Budget to Actual Summary**  
**Budget and Actual – General Fund**  
**For the Year Ended June 30, 2020**

	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>Taxes</b>	\$ 27,046,780	27,046,780	27,677,953	631,173
<b>Licenses and Permits</b>	307,900	307,900	339,538	31,638
<b>Intergovernmental</b>	1,651,000	1,651,000	1,906,484	255,484
<b>Charges for Services</b>	164,000	164,000	309,665	145,665
<b>Fees and Fines</b>	54,800	54,800	46,895	(7,905)
<b>Unclassified</b>	22,500	22,500	42,210	19,710
<b>Investment Earnings</b>	100,000	100,000	153,625	53,625
<b>Total Revenues</b>	<b>\$ 29,346,980</b>	<b>29,346,980</b>	<b>30,476,370</b>	<b>1,129,390</b>



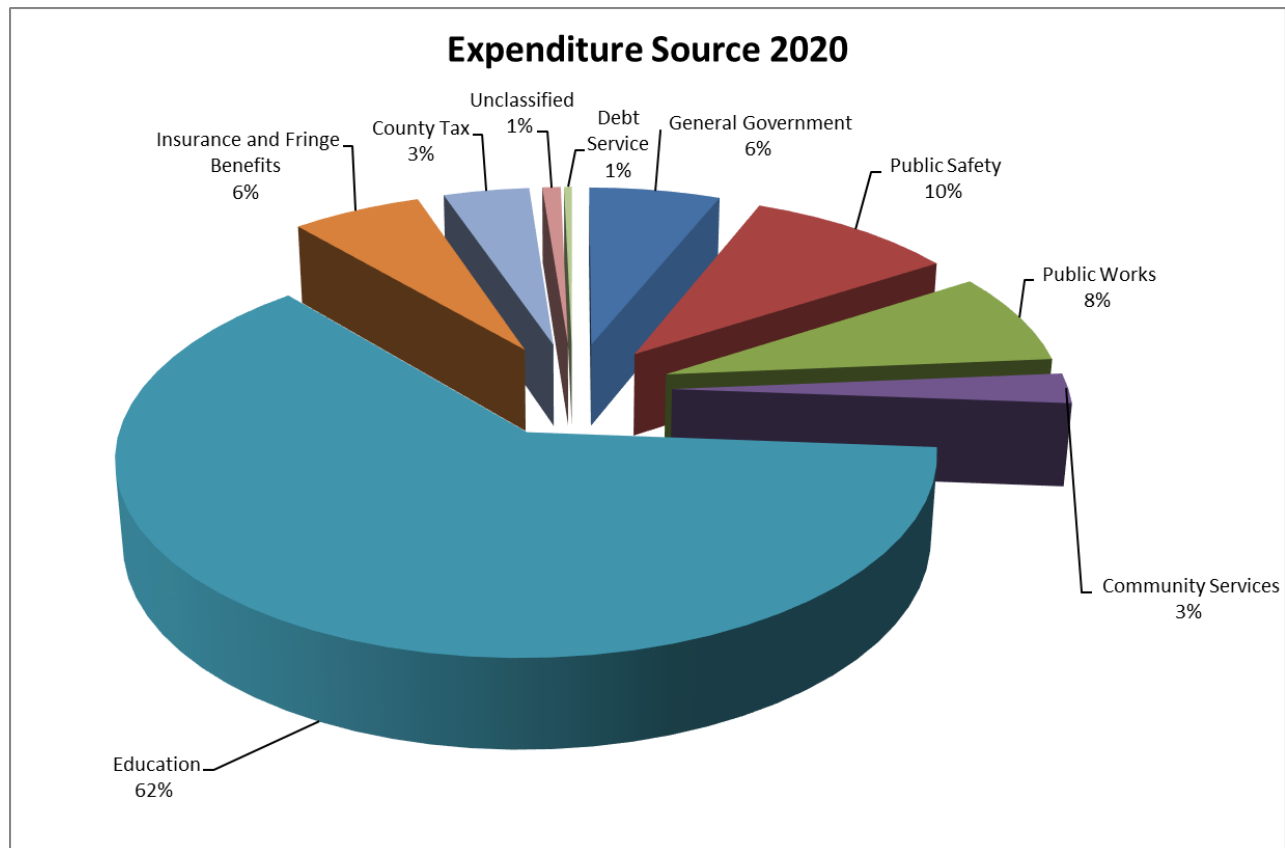
**General Fund Expenditures Budget-to-Actual Summary**

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, 2020 (see Exhibit A-2 for a more detailed presentation):

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2020**

**General Fund Expenditures Budget-to-Actual Summary**  
**Budget and Actual – General Fund**  
**For the Year Ended June 30, 2020**

	Original	Final	Actual	Variance
<b>General government</b>	\$ 1,843,487	1,843,487	1,821,296	22,191
<b>Public safety</b>	3,001,610	3,001,610	2,901,208	100,402
<b>Public works</b>	2,442,555	2,442,555	2,306,746	135,809
<b>Community services</b>	848,510	848,510	756,599	91,911
<b>Education</b>	18,818,939	18,818,939	18,580,496	238,443
<b>Insurance and fringe benefits</b>	1,912,500	1,912,500	1,802,802	109,698
<b>County tax</b>	1,192,404	1,192,404	1,192,404	-
<b>Unclassified</b>	255,050	255,050	247,992	7,058
<b>Debt service</b>	106,925	106,925	106,923	2
<b>Totals</b>	<b>\$ 30,421,980</b>	<b>30,421,980</b>	<b>29,716,466</b>	<b>705,514</b>



**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2020**

**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 2021 capital budget that was approved in June of 2020 included the following:

	<b>FY 2020</b>	<b>FY 2021</b>			<b>Funding Source</b>		
	<b><u>Council Approved</u></b>	<b><u>Manager Proposed</u></b>	<b><u>Council Approved</u></b>	<b><u>Council Appropriated</u></b>	<b><u>Reserve</u></b>	<b><u>TIF</u></b>	<b><u>Other</u></b>
Police	110,000	50,000	100,000	100,000	100,000	-	-
Fire	-	858,000	908,000	908,000	908,000	-	-
Rescue	285,000	13,000	63,000	63,000	63,000	-	-
Public Works	150,000	80,000	80,000	80,000	80,000	-	-
Solid Waste	17,000	155,000	155,000	155,000	155,000	-	-
Comprehensive Town Imp.	236,000	640,000	755,000	755,000	755,000	-	-
Municipal Facilities	83,550	170,500	138,900	138,900	138,900	-	-
Cable	58,600	24,000	24,000	24,000	24,000	-	-
Other	27,575	160,000	150,000	150,000	150,000	-	-
Destination Freeport TIF	239,000	220,000	235,000	235,000	-	235,000	-
Winslow Park	-	50,000	50,000	50,000	-	-	50,000
<b>Total</b>	<b>1,206,725</b>	<b>2,420,500</b>	<b>2,658,900</b>	<b>2,658,900</b>	<b>2,373,900</b>	<b>235,000</b>	<b>50,000</b>

It is notable that the FY 2021 capital improvement plan is funded by June 30, 2020. This is the reason the Town reflects the FY 2021 plan in the MD&A section of the financial statements.

A summary of the Town's capital assets at June 30, 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
<b>General capital assets:</b>		
Land	\$ 2,204,884	2,204,884
Land improvements	3,547,251	3,547,251
Buildings and improvements	8,643,524	8,643,524
Machinery, equipment and other	6,223,271	6,193,363
Vehicles	4,996,461	5,077,939
Infrastructure	14,353,766	14,266,807
Construction in process	903,709	826,726
	<b>\$ 40,872,866</b>	<b>40,760,494</b>

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2020**

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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 \$1,863,700,000 for 2020, the debt limit was more than \$279 million. The Town's current debt is \$950,000, or 0.05% of State Valuation or approximately 0.34% of the Town's debt limit. Another measure of a municipality's debt load is debt-per-capita. As of June 30, 2020, the Town of Freeport's debt per capita was \$117 as compared to the prior year of \$176 (based upon a population of 8,100).

The following is a summary of bond transactions of the Town for the year ended June 30, 2020:

Bonds payable at June 30, 2019	\$ 1,425,000
Principal payments	<u>(475,000)</u>
<b><u>Bonds payable at June 30, 2020</u></b>	<b><u>\$ 950,000</u></b>

**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 54 new dwelling units per year.

In addition, Freeport's downtown storefront vacancy rate remains low, which makes Freeport highly desirable for new retail businesses. COVID-19 has certainly had an impact to our retail landscape and the Town continues to monitor the long term impact of reduced storefront traffic.

**New Fiscal Year Budget**

In adopting the budget for the ensuing fiscal year 2021, 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 2020 budgeting process.

The budget for the fiscal year starting July 1, 2020 was approved by the Town Council with a tax rate of 14.00 mils, which is a \$0.30 decrease per \$1,000 of valuation from FY 2020 to FY 2021. The tax bills are sent out twice each year, and during FY 2021 are due on November 16, 2020 and May 17, 2021.



**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2020**

The following summarizes the major components of the FY 2020 and FY 2021 budgets:

		<b>FY 2020 Appropriation</b>	<b>FY 2021 Appropriation</b>	<b>Increase (Decrease)</b>
<b>REVENUES</b>				
Town Non-Property Tax	\$	4,496,500	\$ 4,593,400	\$ 96,900
Property Tax	\$	25,325,480	\$ 25,735,148	\$ 409,668
Fund Balance	\$	600,000	\$ 600,000	\$ -
<b>TOTALS</b>	<b>\$</b>	<b>30,421,980</b>	<b>\$ 30,928,548</b>	<b>\$ 506,568</b>
<b>EXPENDITURES</b>				
Municipal	\$	10,303,712	\$ 10,383,616	\$ 79,904
School	\$	18,818,939	\$ 19,125,015	\$ 306,076
County Tax	\$	1,192,404	\$ 1,243,618	\$ 51,214
Transit	\$	-	\$ 77,934	\$ 77,934
Debt Service	\$	106,925	\$ 98,365	\$ (8,560)
<b>TOTALS</b>		<b>30,421,980</b>	<b>30,928,548</b>	<b>506,568</b>

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

**REQUEST FOR INFORMATION**

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

Respectfully submitted,

*Peter E. Joseph*  
Town Manager

*Jessica L. Maloy*  
Finance Director

## ***BASIC FINANCIAL STATEMENTS***

**TOWN OF FREEPORT, MAINE**  
**Statement of Net Position**  
**June 30, 2020**

	Governmental Activities	Business-type Activities	Total	Component Unit FEDC
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,165,731	-	18,165,731	44,701
Investments	5,613,386	-	5,613,386	-
Receivables:				
Accounts, net	191,374	114,860	306,234	-
Due from other governments	61,035	-	61,035	-
Taxes receivable	849,612	-	849,612	-
Tax liens	121,333	-	121,333	-
Internal balances	197,354	(197,354)	-	-
Inventory	11,439	-	11,439	-
Receivable - RSU #5 debt service payments	821,932	-	821,932	-
Capital assets, not being depreciated	3,108,593	-	3,108,593	-
Capital assets, net of accumulated depreciation	16,548,425	24,616	16,573,041	-
<b>Total assets</b>	<b>45,690,214</b>	<b>(57,878)</b>	<b>45,632,336</b>	<b>44,701</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	668,787	-	668,787	-
Deferred outflows of resources related to OPEB	264,657	-	264,657	-
<b>Total deferred outflows of resources</b>	<b>933,444</b>	<b>-</b>	<b>933,444</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	886,753	-	886,753	-
Accrued wages and benefits payable	238,272	12,184	250,456	1,844
Accrued interest	5,918	-	5,918	-
Noncurrent liabilities:				
Liabilities due in one year	486,000	-	486,000	-
Other long-term liabilities	2,308,440	-	2,308,440	-
Other postemployment benefits liability	892,709	-	892,709	-
Bonds due in more than one year	480,000	-	480,000	-
<b>Total liabilities</b>	<b>5,298,092</b>	<b>12,184</b>	<b>5,310,276</b>	<b>1,844</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	420,523	-	420,523	-
Deferred inflows of resources related to OPEB	428,721	-	428,721	-
<b>Total deferred inflows of resources</b>	<b>849,244</b>	<b>-</b>	<b>849,244</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	19,528,950	24,616	19,553,566	-
Restricted for:				
Grants and other programs	1,832,002	-	1,832,002	-
Nonexpendable trust principal	1,757,411	-	1,757,411	-
Expendable trust - income portion	105,284	-	105,284	-
Unrestricted	17,252,675	(94,678)	17,157,997	42,857
<b>Total net position</b>	<b>\$ 40,476,322</b>	<b>(70,062)</b>	<b>40,406,260</b>	<b>42,857</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position			Component Unit
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government			
					Governmental activities	Business-type activities	Total	
FEDC								
Primary government:								
Governmental activities:								
General government	\$ 3,734,590	727,869	18,962	-	(2,987,759)	-	(2,987,759)	-
Public safety	3,801,602	321,430	60,686	-	(3,419,486)	-	(3,419,486)	-
Public works	3,695,625	267,395	140,262	-	(3,287,968)	-	(3,287,968)	-
Community services	1,377,231	475,534	214,148	-	(687,549)	-	(687,549)	-
Community development	1,461,923	-	-	-	(1,461,923)	-	(1,461,923)	-
Education	18,580,496	-	-	-	(18,580,496)	-	(18,580,496)	-
Unclassified	653,887	-	53,095	-	(600,792)	-	(600,792)	-
Interest on debt	5,756	-	-	-	(5,756)	-	(5,756)	-
Total governmental activities	33,311,110	1,792,228	487,153	-	(31,031,729)	-	(31,031,729)	-
Business-type activities:								
Nonemergency Transportation	234,923	345,673	-	-	-	110,750	110,750	-
Total business-type activities	234,923	345,673	-	-	-	110,750	110,750	-
Total primary government	\$ 33,546,033	2,137,901	487,153	-	(31,031,729)	110,750	(30,920,979)	-
Component Unit:								
Freeport Economic Development Corporation	124,326	-	100,000	-	-	-	-	(24,326)
General revenues:								
Property taxes, levied for general purposes					\$ 27,154,814	-	27,154,814	-
Motor vehicle excise taxes					1,973,899	-	1,973,899	-
Interest and lien costs					53,530	-	53,530	-
Grants and contributions not restricted to specific programs:								
Homestead exemption					322,966	-	322,966	-
BETE reimbursements					714,793	-	714,793	-
State Revenue Sharing					572,787	-	572,787	-
Other State aid					84,056	-	84,056	-
Unrestricted investment earnings					507,569	-	507,569	22
Miscellaneous revenues					42,211	-	42,211	-
Total general revenues					31,426,625	-	31,426,625	22
Change in net position					394,896	110,750	505,646	(24,304)
Net position - beginning					40,081,426	(180,812)	39,900,614	67,161
Net position - ending					40,476,322	(70,062)	40,406,260	42,857

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 13,560,926	3,837,278	767,527	18,165,731
Investments	372,039	3,370,434	1,870,913	5,613,386
Receivables:				
Accounts net of allowance of \$98,851	30,612	155,762	5,000	191,374
Due from other governments	61,035	-	-	61,035
Taxes receivable	849,612	-	-	849,612
Tax liens	121,333	-	-	121,333
Interfund loans receivable	-	5,162,379	3,050,308	8,212,687
Inventory	11,439	-	-	11,439
Receivable - RSU #5 debt service payments	821,932	-	-	821,932
<b>Total assets</b>	<b>\$ 15,828,928</b>	<b>12,525,853</b>	<b>5,693,748</b>	<b>34,048,529</b>
<b>LIABILITIES</b>				
Accounts payable	134,104	9,235	188,742	332,081
Accrued wages and benefits	234,019	-	4,253	238,272
Interfund loans payable	5,945,638	1,891,874	177,821	8,015,333
Development escrows	554,672	-	-	554,672
<b>Total liabilities</b>	<b>6,868,433</b>	<b>1,901,109</b>	<b>370,816</b>	<b>9,140,358</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	324,721	-	-	324,721
Unavailable revenue - ambulance receivables	-	34,128	-	34,128
Unavailable revenue - RSU #5 debt service payments	821,932	-	-	821,932
<b>Total deferred inflows of resources</b>	<b>1,146,653</b>	<b>34,128</b>	<b>-</b>	<b>1,180,781</b>
<b>FUND BALANCES</b>				
Nonspendable	11,439	-	1,757,411	1,768,850
Restricted	-	-	1,937,286	1,937,286
Committed	2,105,510	10,590,616	1,628,235	14,324,361
Assigned	600,000	-	-	600,000
Unassigned	5,096,893	-	-	5,096,893
<b>Total fund balances</b>	<b>7,813,842</b>	<b>10,590,616</b>	<b>5,322,932</b>	<b>23,727,390</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,828,928</b>	<b>12,525,853</b>	<b>5,693,748</b>	

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.	19,657,018
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Unavailable revenue - property taxes	324,721
Unavailable revenue - ambulance billings	34,128
Unavailable revenue - RSU #5 debt service payments	821,932
Deferred inflows/(outflows) related to pensions	248,264
Deferred inflows/(outflows) related to OPEB	(164,064)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,173,067)

**Net position of governmental activities** **\$ 40,476,322**

*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, 2020**

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 27,677,953	-	1,494,923	29,172,876
Licenses, permits and fees	339,538	-	-	339,538
Intergovernmental	1,906,484	-	18,962	1,925,446
Charges for services	309,665	381,971	709,406	1,401,042
Fees and fines	46,895	-	-	46,895
Gifts and donations	-	-	251,259	251,259
Unclassified	42,210	-	-	42,210
Investment earnings	175,119	231,481	100,969	507,569
Total revenues	30,497,864	613,452	2,575,519	33,686,835
Expenditures:				
Current:				
General government	1,821,296	-	-	1,821,296
Public safety	2,901,208	-	1,663	2,902,871
Public works	2,306,746	-	-	2,306,746
Community services	756,599	-	308,618	1,065,217
Community development	-	-	1,461,923	1,461,923
Education	18,580,496	-	-	18,580,496
Insurance and fringe benefits	1,802,802	-	-	1,802,802
County tax	1,192,404	-	-	1,192,404
Unclassified	249,708	51,529	35,418	336,655
Capital outlay	-	653,711	91,580	745,291
Debt service	106,923	-	-	106,923
Total expenditures	29,718,182	705,240	1,899,202	32,322,624
Excess (deficiency) of revenues over (under) expenditures	779,682	(91,788)	676,317	1,364,211
Other financing sources (uses):				
Transfers from other funds	417,564	2,079,023	-	2,496,587
Transfers to other funds	(1,071,060)	(1,115,527)	(310,000)	(2,496,587)
Total other financing sources (uses)	(653,496)	963,496	(310,000)	-
Net change in fund balances	126,186	871,708	366,317	1,364,211
Fund balances, beginning of year	7,687,656	9,718,908	4,956,615	22,363,179
Fund balances, end of year	\$ 7,813,842	10,590,616	5,322,932	23,727,390

*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, 2020**

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Net change in fund balances - total governmental funds (from Statement 4)	\$	1,364,211
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation.		
		(856,645)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		19,171
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.		
		(229,909)
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.		
		475,000
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 \$821,932 with principal amounts paid off during the year totaling \$376,932.		
		(376,932)
<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>394,896</b>

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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, 2020**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 27,046,780	27,046,780	27,677,953	631,173
Licenses, permits and fees	307,900	307,900	339,538	31,638
Intergovernmental	1,651,000	1,651,000	1,906,484	255,484
Charges for services	164,000	164,000	309,665	145,665
Fees and fines	54,800	54,800	46,895	(7,905)
Unclassified	22,500	22,500	42,210	19,710
Investment earnings	100,000	100,000	153,625	53,625
Total revenues	29,346,980	29,346,980	30,476,370	1,129,390
Expenditures:				
Current:				
General government	1,843,487	1,843,487	1,821,296	22,191
Public safety	3,001,610	3,001,610	2,901,208	100,402
Public works	2,442,555	2,442,555	2,306,746	135,809
Community services	848,510	848,510	756,599	91,911
Education	18,818,939	18,818,939	18,580,496	238,443
Insurance and fringe benefits	1,912,500	1,912,500	1,802,802	109,698
County tax	1,192,404	1,192,404	1,192,404	-
Unclassified	255,050	255,050	247,992	7,058
Debt service	106,925	106,925	106,923	2
Total expenditures	30,421,980	30,421,980	29,716,466	705,514
Excess (deficiency) of revenues over (under) expenditures	(1,075,000)	(1,075,000)	759,904	1,834,904
Other financing sources (uses):				
Use of unassigned fund balance	600,000	600,000	-	(600,000)
Transfers from other funds	475,000	475,000	417,564	(57,436)
Transfers to other funds	-	-	(1,071,060)	(1,071,060)
Total other financing sources (uses)	1,075,000	1,075,000	(653,496)	(1,728,496)
Net change in fund balance - budgetary basis	-	-	106,408	106,408
Fund balance, beginning of year - budgetary basis			7,124,467	
Fund balance, end of year - budgetary basis			7,230,875	
Reconciliation to GAAP basis:				
Committed reserve funds fund balance			582,967	
<b>Fund balance, end of year - GAAP basis</b>	<b>\$</b>		<b>7,813,842</b>	

*See accompanying notes to financial statements.*



**TOWN OF FREEPORT, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

<b>Business-type Activities - Enterprise Funds</b>	
	<b>Nonemergency Transportation Program</b>
<b>ASSETS</b>	
Current assets:	
Accounts receivable less allowance for uncollectibles of \$20,000	\$ 114,860
Total current assets	114,860
Noncurrent assets:	
Property, plant, and equipment	151,194
Less accumulated depreciation	(126,578)
Total noncurrent assets	24,616
<b>Total assets</b>	<b>\$ 139,476</b>
<b>LIABILITIES</b>	
Current liabilities:	
Interfund loans payable	197,354
Accounts payable	0
Accrued wages and benefits payable	12,184
Total current liabilities	209,538
<b>Total liabilities</b>	<b>\$ 209,538</b>
<b>NET POSITION</b>	
Net investment in capital assets	24,616
Unrestricted	(94,678)
<b>Total net position</b>	<b>\$ (70,062)</b>

*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, 2020**

<b>Business-type Activities - Enterprise Funds</b>	
	<b>Nonemergency Transportation Program</b>
Operating revenues:	
Charges for services	\$ 345,673
Total operating revenues	345,673
Operating expenses:	
Wages and benefits	215,433
Operational costs	13,069
Depreciation	6,421
Total operating expenses	234,923
Operating income	110,750
Change in net position	110,750
Net position, beginning of year	(180,812)
<b>Net position, end of year</b>	<b>\$ (70,062)</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the year ended June 30, 2020**

<b>Business-type Activities - Enterprise Funds</b>		
		<b>Nonemergency Transportation Program</b>
Cash flows from operating activities:		
Receipts from customers and users	\$	307,032
Payments to suppliers		(13,069)
Payments to employees		(211,385)
Net cash provided by operating activities		82,578
Cash flows from capital and related financing activities:		
Interfund borrowing		(82,578)
Net cash used in financing activities		(82,578)
Change in cash		-
Cash, beginning of year		-
<b>Cash, end of year</b>	<b>\$</b>	<b>-</b>
<b>Reconciliation of operating income/(loss) to net cash provided by operating activities:</b>		
Operating income/(loss)	\$	110,750
Adjustments to reconcile net income /(loss) to net cash provided by operating activities:		
Depreciation		6,421
(Increase) decrease in operating assets:		
Accounts receivable		(38,641)
Increase (decrease) in operating liabilities:		
Accrued wages and benefits payable		4,048
Net cash provided by operating activities		82,578

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**Component Unit**

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

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

**B. Government-wide and Fund Financial Statements**

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

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The Town reports the following 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 include an allowance for doubtful accounts in the amount of \$20,000 for the enterprise fund and \$98,851 for the governmental funds as of June 30, 2020. Management has determined that potential uncollectible accounts for intergovernmental, taxes and tax liens receivable are not material.

**E. Investments**

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

**F. Capital Assets**

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

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

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

Property, plant, and equipment 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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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 and the OPEB liability, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. 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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**O. Fund Equity**

The Town uses the following fund balance classifications.

<b>Nonspendable</b>	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.
<b>Restricted</b>	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.
<b>Committed</b>	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.
<b>Assigned</b>	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.
<b>Unassigned</b>	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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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.

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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For the year ended June 30, 2020, the Nonemergency Transportation Program reported a deficit fund balance/net position of \$(70,062).

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**DEPOSITS AND INVESTMENTS**

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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, 2020, the Town reported deposits of \$18,165,731 with a bank balance of \$18,268,825. Of the Town's bank balances of \$18,268,825, none was subject to custodial credit risk as it was insured by FDIC or covered by additional collateral.

As of June 30, 2020, the Freeport Economic Development Corporation reported deposits of \$44,701, with a bank balance of \$46,686. Of the FEDC'S bank balance of \$46,686, none was subject to custodial credit risk as it was insured by FDIC.

**Investments:**

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

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

At June 30, 2020, 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	\$1,815,817	1,306,987	508,830
Money markets	171,418	N/A	-
Mutual funds	3,626,151	N/A	-
<b>Total investments</b>	<b>\$ 5,613,386</b>	<b>1,306,987</b>	<b>508,830</b>

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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**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 \$171,418 – AAA, Fixed income government securities \$1,815,817 – AA.

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

At June 30, 2020, the Town had investments exceeding five percent of the total portfolio as follows:

	<u>Value</u> <u>6/30/20</u>	<u>S &amp; P</u> <u>Rating</u>	<u>% of Total</u>
Federal Home Loan bank	\$ 503,845	AA	8.98%
United States Treasury Notes	1,311,972	AA	23.37%

**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.

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**PROPERTY TAX**

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Property taxes for the current period were committed on September 16, 2019, on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. For real property, payment of taxes was due in equal installments on November 18, 2019 and May 18, 2020. Personal property taxes were due in full on November 18, 2019. Interest at the rate of 9% 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 2020 assessed value was 100% of the estimated market value and 102% of the 2020 State valuation of \$1,863,700,000.

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**PROPERTY TAX, CONTINUED**

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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 \$309,838 for the period ended June 30, 2020.

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.

The following summarizes the periods ended June 30, 2020 and 2019 levies:

	<u>2020</u>	<u>2019</u>
Assessed value	\$ 1,897,219,624	1,767,233,457
Tax rate (per \$1,000)	14.30	15.05
Commitment	27,130,241	26,596,864
Supplemental taxes assessed	24,560	25,950
Total assessments	27,154,801	26,622,814
Less:		
Collections and abatements	26,310,316	26,158,140
<b>Receivable at June 30</b>	<b>\$ 844,485</b>	<b>464,674</b>
Collection rate	96.89%	98.25%

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**SIGNIFICANT TAXPAYER**

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For the year ended June 30, 2020, the Town of Freeport committed and collected \$2,757,697 in real estate and personal property tax revenue from L.L. Bean, Inc. This commitment represents approximately 10.16% of total property taxes assessed.

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**CAPITAL ASSETS**

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Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 826,726	87,562	10,579	903,709
Land	<u>2,204,884</u>	-	-	<u>2,204,884</u>
Total capital assets, not being depreciated	3,031,610	87,562	10,579	3,108,593
Capital assets, being depreciated:				
Land improvements	3,547,251	-	-	3,547,251
Buildings and building improvements	8,643,524	-	-	8,643,524
Machinery and equipment and other	6,193,363	39,908	10,000	6,223,271
Vehicles	5,077,939	232,033	313,511	4,996,461
Infrastructure	<u>14,266,807</u>	<u>86,959</u>	-	<u>14,353,766</u>
Total capital assets being depreciated	37,728,884	358,900	323,511	37,764,273
Less accumulated depreciation				
Land improvements	1,456,041	127,064	-	1,583,105
Buildings and building improvements	4,945,814	211,032	-	5,156,846
Machinery, equipment, and other	4,759,897	235,863	10,000	4,985,760
Vehicles	3,521,808	323,834	313,511	3,532,131
Infrastructure	<u>5,563,272</u>	<u>394,734</u>	-	<u>5,958,006</u>
Total accumulated depreciation	20,246,832	1,292,527	323,511	21,215,848
Total capital assets being depreciated, net	17,482,052	(933,627)	-	16,548,425
<b>Governmental activities capital assets, net</b>	<b>\$ 20,513,662</b>	<b>(846,065)</b>	<b>10,579</b>	<b>19,657,018</b>

Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2020 as follows:

<b>Governmental activities:</b>	
General government	\$ 89,695
Public safety	274,274
Public works, including depreciation of general infrastructure assets	812,618
Community services	108,117
Unclassified	<u>7,823</u>
<b>Total depreciation expense – governmental activities</b>	<b>\$ 1,292,527</b>

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**CAPITAL ASSETS, CONTINUED**

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	Balance July 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
<b>Business-type activities:</b>				
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>
 Less accumulated depreciation	 120,157	 6,421	 -	 126,578
 Total capital assets being depreciated, net	 31,037	 (6,421)	 -	 24,616
 <b><u>Business-type activities capital assets, net</u></b>	 <b><u>\$ 31,037</u></b>	 <b><u>(6,421)</u></b>	 <b><u>-</u></b>	 <b><u>24,616</u></b>

Depreciation expense of \$6,421 for business-type activities was all charged to the Nonemergency Transportation (NET) enterprise fund.

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**INTERFUND TRANSACTIONS**

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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, 2020 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	\$ -	5,945,638	(653,496)
Capital project funds	5,162,379	1,891,874	963,496
Nonmajor governmental funds:			
Special revenue funds:			
Winslow Park	-	169,603	-
TIF funds	569,466	-	(5,000)
Bartol building lease	532,821	-	-
Tower lease	763,856	-	(225,000)
Town grants and programs	1,059,242	-	(80,000)
Leon Gorman Park	124,923	-	-
Permanent funds	-	8,218	-
Proprietary Funds:			
Nonemergency Transportation Services	-	197,354	-
 <b><u>Totals</u></b>	 <b><u>\$ 8,212,687</u></b>	 <b><u>8,212,687</u></b>	 <b><u>-</u></b>

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

**FUND BALANCE**

The General Fund unassigned fund balance total of \$5,096,893 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, 2020, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Inventory	\$ 11,439	-	-	-
Accrued compensation	-	-	522,543	-
Tax rate stabilization	-	-	1,000,000	-
Unemployment fund compensation	-	-	472,640	-
Other	-	-	110,327	-
Subsequent year budget	-	-	-	600,000
Capital Projects Funds	-	-	10,590,616	-
Nonmajor Governmental Funds:				
Special Revenue Funds:				
Winslow Park	-	585,144	-	-
TIF	-	395,271	-	-
Leon Gorman Park	-	124,415	-	-
Bartol building lease	-	-	532,309	-
Tower lease	-	-	763,856	-
Other grants and programs	-	727,172	332,070	-
Permanent Funds:				
Principal	1,757,411	-	-	-
Unexpended Income	-	105,284	-	-
<b>Totals</b>	<b>\$ 1,768,850</b>	<b>1,937,286</b>	<b>14,324,361</b>	<b>600,000</b>

**Net Position** - The net position amount represents the difference between assets, deferred outflows, liabilities, and deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and adding back bonds issued for the RSU No. 5's capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town's net investment in capital assets was calculated as follows at June 30, 2020:

	<u>Governmental Activities</u>
Capital assets	\$ 40,872,866
Accumulated depreciation	(21,215,848)
Bonds payable	(950,000)
Bonds related to RSU assets	821,932
<b>Net investment in capital assets</b>	<b>\$ 19,528,950</b>



**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 1,425,000	-	475,000	950,000	470,000
Accrued compensated absences	457,340	65,203	-	522,543	-
Other post-employment benefits	1,082,041	-	189,332	892,709	-
Net pension liability	1,486,235	192,662	-	1,678,897	-
Landfill closure and post closure care costs	139,000	-	16,000	123,000	16,000
<b>Total governmental activity long-term liabilities</b>	<b>\$ 4,589,616</b>	<b>257,865</b>	<b>680,332</b>	<b>4,167,149</b>	<b>486,000</b>

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**LONG-TERM DEBT**

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Bonds payable at June 30, 2020 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, 2020</u>
<b>Governmental activities:</b>					
2011 refunding	4/19/2011	\$ 5,635,000	2023	4.0-5.0%	950,000
<b>Total bonds payable</b>					<b>\$ 950,000</b>

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 \$821,932, which is the outstanding amount of bonds payable related to the School Department.

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 \$950,000 at June 30, 2020 was within the statutory limit.

The annual requirements to amortize all debt outstanding at June 30, 2020 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>
2021	\$ 470,000	33,600	503,600
2022	265,000	15,225	280,225
2023	215,000	4,300	219,300
<b>Totals</b>	<b>\$ 950,000</b>	<b>53,125</b>	<b>1,003,125</b>

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

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**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, 2020, the Town's share was \$1,309,493 (3.70%) of Cumberland County's outstanding debt of \$35,425,000.

The Town's proportionate share of Regional School Unit No. 5's debt of \$15,892,563 is \$10,485,913 (65.98%). This debt service is included in the annual assessments to the Town.

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**LANDFILL CLOSURE AND POST CLOSURE COSTS**

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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, 2020:

	<u>Years remaining</u>	<u>Cost per year</u>	<u>Total cost</u>
Post closure monitoring:			
Section closed in 1995 - 30 years of monitoring	5	\$ 5,000	25,000
Post closure monitoring:			
Section closed in 1992 - 30 years of monitoring	2	7,000	14,000
Section closed in 2016:			
First ten-year period of post closure monitoring	6	4,000	24,000
Subsequent 20-year period of post-closure monitoring	20	3,000	60,000
<b>Total landfill liability</b>			<b>\$ 123,000</b>

Under existing state law, Maine communities have to close existing landfills under a State-approved plan and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Historically, the Town maintained two old solid waste landfills which were closed and permanently capped in 1992 and 1995. Additionally, the Town maintained a demolition debris landfill which was closed in FY 2016. The Town has estimated that there will be post closure care costs for the various landfills approximating \$123,000 over the next 26 years. As such, the Town has recognized an estimate for post closure monitoring and maintenance costs of \$123,000 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.

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**JOINTLY GOVERNED ORGANIZATIONS**

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

Selected balance sheet information for ecomaine for the year ended June 30, 2020, the most recent information available, includes total assets of \$62,419,588, total liabilities of \$18,431,792 and unrestricted net position of \$12,251,849. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,346,550. 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.

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**CREDIT ENHANCEMENT AGREEMENTS**

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

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

For the year ended June 30, 2020, the Town abated real estate property taxes totaling \$1,208,923 through these credit enhancement agreements, including the following:

<u>TIF District</u>	<u>Beginning; Duration</u>	<u>CEA Entity</u>	<u>Percentage of Assessed Value Abated</u>	<u>Amount Paid in FY 2020</u>
TIF II Desert Rd. Phase II	1996-97 30 Years	Berenson Assoc.	75%	\$381,498
TIF II Desert Rd. Phase II	2007-08 20 Years	Berenson Assoc.	90%	814,080
TIF IV Destination	2010-11 10 Years	Berenson Assoc.	-	-
TIF VI Housing	2011-12 30 Years	Freeport Housing Trust	50%	13,345

\*TIF V Hotel retired in FY20

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**NET PENSION LIABILITY**

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***General Information about the Pension Plan***

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

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

**Contributions** - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Employees are required to contribute 8.0% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2020, was 10.6% 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 \$337,279 for the year ended June 30, 2020.

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

At June 30, 2020, the Town reported a liability of \$1,678,897 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Town's proportion was 0.5493%.

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**NET PENSION LIABILITY, CONTINUED**

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For the year ended June 30, 2020, the Town recognized pension expense (gain) of \$627,656. At June 30, 2020, 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	\$ 198,787	-
Changes in assumptions	85,025	
Net difference between projected and actual earnings on pension plan investments	-	420,523
Changes in proportion and differences between Town contributions and proportionate share of contributions	47,696	-
Town contributions subsequent to the measurement date	337,279	-
<b>Total</b>	<b>\$ 668,787</b>	<b>420,523</b>

An amount of \$337,279 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, 2021.

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:

2021	\$ 112,315
2022	(177,088)
2023	(23,975)
2024	(267)

**Actuarial Assumptions** - The total pension liability in the June 30, 2019 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	6.750% per annum, compounded annually
Cost of living benefit increases	1.91% per annum

Mortality rates were based on the RP-2014 Total Dataset Healthy Annuitant Mortality Table.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**NET PENSION LIABILITY, CONTINUED**

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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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
Private equities	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Diversifiers	10.0%	5.9%
Traditional credit	7.5%	3.0%
US Government securities	7.5%	2.3%
Natural resources	5.0%	5.0%
Alternative credit	5.0%	4.2%
<b>Total</b>	<b>100.0%</b>	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.75%. 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 6.75%, 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 (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Town's proportionate share of the net pension liability	\$ 3,824,418	1,678,897	(328,034)

**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, 2020.

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**PENSION PLANS**

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**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, 2020, the Town's contribution to the plan totaled \$85,050.

**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 \$364,619 for the year ended June 30, 2020.

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**OTHER POST-EMPLOYMENT BENEFITS**

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***General Information about the OPEB Plan***

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

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

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

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**OTHER POST-EMPLOYMENT BENEFITS, CONTINUED**

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*Employees Covered by Benefit Terms* – At January 1, 2020, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Active employees	<u>53</u>
Total	<u><u>58</u></u>

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

The Town's total Health Plan OPEB liability of \$892,709 was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date.

*Changes in the Total Health Plan OPEB Liability*

	<b>Total OPEB Liability</b>
Balance at June 30, 2019	\$ 1,082,041
Changes for the year:	
Service Cost	33,104
Interest	44,780
Changes of benefit terms	(19,161)
Differences between expected and actual experience	(327,959)
Changes in assumptions and other inputs	126,261
Benefit payments	(46,357)
Net changes	<u>(189,332)</u>
<b>Balance at June 30, 2020</b>	<b>\$ <u>892,709</u></b>

Change in assumptions and other inputs reflect a change in the discount rate from 4.10% in 2019 to 2.74% in 2020.

For the year ended June 30, 2020, the Town recognized OPEB expense of \$28,800 related to the Health Plan. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	<b>Deferred Outflows Of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	428,721
Changes of assumption or other inputs	<u>264,657</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 264,657</u></b>	<b><u>428,721</u></b>



**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**OTHER POST-EMPLOYMENT BENEFITS, CONTINUED**

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

Year ended June 30:	
2021	\$ (29,923)
2022	(29,923)
2023	(29,923)
2024	(29,922)
2025	6,052
Thereafter	(50,425)

**Actuarial Assumptions and Other Inputs** - The total OPEB liability in the January 1, 2020 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per annum
Salary increases	2.75% per annum
Discount rate	2.74% per annum
Healthcare cost trend rates	8.50% for 2020, decreasing to 3.53% for 2040
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2020 valuation for the Health Plan were based on the results of an actuarial experience study covering from the period of June 30, 2012 through June 30, 2015.

**Discount Rate** - The rate used to measure the total OPEB liability for the Health Plan was 2.74% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

**Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate** - The following presents the Town's total OPEB liability related to the Health Plan calculated using the discount rate of 2.74%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.74%) or 1 percentage-point higher (3.74%) than the current rate:

		<b>1% Decrease (1.74%)</b>	<b>Discount Rate (2.74%)</b>	<b>1% Increase (3.74%)</b>
Total OPEB liability	\$	1,009,089	892,709	795,120

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements, Continued**

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**OTHER POST-EMPLOYMENT BENEFITS, CONTINUED**

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB liability	\$ 784,800	892,709	1,025,684

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**CONTINGENCIES**

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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.

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**RISK MANAGEMENT**

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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, 2020.

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**COMMITMENTS**

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As of June 30, 2020, the Town had several outstanding commitments related to its ongoing projects, consisting primarily of the Baker Road Reconstruction, Lower Main Street Paving Overlay and the South Freeport Road Project. Of the contracts related to those projects, Baker Road Reconstruction has \$104,597 remaining, Lower Main Street Paving has \$62,673 remaining and South Freeport Road Project has \$38,062 remaining. These projects are expected to be completed during FY 2021.

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**SUBSEQUENT EVENTS**

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In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the Towns' investments is not reasonably estimable at this time.

**TOWN OF FREEPORT, MAINE**  
**Required Supplementary Information**

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

Last 10 Fiscal Years\*\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.5493%	0.5431%	0.5180%	0.5248%	0.5292%	0.5823%
Town's proportionate share of the net pension liability	\$1,678,987	1,486,235	2,121,044	2,788,455	1,688,331	896,070
Town's covered-employee payroll	\$3,199,957	2,984,815	2,916,093	2,767,003	2,608,145	2,555,144
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	52.47%	49.79%	72.74%	100.78%	64.73%	35.07%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

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

*\*Only six years of information available.*

**TOWN OF FREEPORT, MAINE**  
**Required Supplementary Information, Continued**

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**Schedule of Town Contributions**  
**Maine Public Employees Retirement System Consolidated Plan**

Last 10 Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$337,279	335,995	301,466	265,364	246,263	187,331	173,612
Contributions in relation to the contractually required contribution	(337,279)	(335,995)	(301,466)	(265,364)	(246,263)	(187,331)	(173,612)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Town's covered-employee payroll	\$3,181,874	3,199,957	2,984,815	2,916,093	2,767,003	2,608,145	2,555,144
Contributions as a percentage of covered-employee payroll	10.60%	10.50%	10.10%	9.10%	8.90%	7.18%	6.79%

*\*Only seven years of information available.*

**TOWN OF FREEPORT, MAINE**  
**Required Supplementary Information, Continued**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total Health Plan OPEB Liability</b>			
Service cost	\$ 33,104	30,313	33,043
Interest	44,780	29,111	40,032
Changes of benefit terms	(19,161)	-	-
Difference between expected and actual experience	(327,959)	-	(248,074)
Changes of assumptions or other inputs	126,261	218,861	(3,764)
Benefit payments	(46,357)	(24,150)	(38,308)
<b>Net change in total Health Plan OPEB Liability</b>	(189,332)	254,135	(217,071)
Total Health Plan OPEB liability - beginning	1,082,041	827,906	1,044,977
Total Health Plan OPEB liability – ending	\$ 892,709	1082,041	827,906
Covered-employee payroll	\$ 2,968,357	2,868,382	2,914,647
Total Health Plan OPEB liability as a percentage of covered-employee payroll	30.07%	37.72%	28.41%

\* Only three years of information available.

**TOWN OF FREEPORT, MAINE**  
**Notes to Required Supplementary Information**

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**Net Pension Liability**

**Changes of Benefit Terms** - None

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

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.750%	6.875%	7.125%	7.250%
Inflation rate	2.75%	2.75%	3.50%	N/A
Salary increases	2.75% to 9.00%	2.75% to 9.00%	3.50% to 9.50%	N/A
Cost of living increase	1.91%	2.20%	2.55%	3.12%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

In 2016 and going forward, mortality rates were based on RP2014 Total Data Set Healthy Annuitant Mortality Table.

**Net OPEB Liability**

**Changes of Benefit Terms** - None

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

<b>Fiscal Year</b>	<b>Discount Rate</b>
2020	2.74%
2019	4.10%
2018	3.44%
2017	3.78%

In 2019, the health care cost trend rate changed from 8.27% to 8.00%. In 2020, the healthcare cost trend rate increased from 8.00% in 2019 to 8.50%.

<b>Fiscal Year</b>	<b>Healthcare Rate</b>
2020	8.50%
2019	8.00%
2018	8.27%

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

## ***GENERAL FUND***

**TOWN OF FREEPORT, MAINE**  
**Comparative Balance Sheets - General Fund**  
**June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,560,926	13,074,958
Investments	372,039	419,733
Accounts receivable	30,612	32,325
Due from other governments	61,035	88,407
Taxes receivable	849,612	477,343
Tax liens	121,333	136,591
Inventory	11,439	10,100
Receivable - RSU #5 debt service payments	821,932	1,198,864
<b>Total assets</b>	<b>\$ 15,828,928</b>	<b>15,438,321</b>
<b>LIABILITIES</b>		
Accounts payable	134,104	147,462
Accrued wages and benefits	234,019	139,525
Interfund loans payable	5,945,638	5,791,314
Development escrows	554,672	158,146
<b>Total liabilities</b>	<b>6,868,433</b>	<b>6,236,447</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	324,721	315,354
Unavailable revenue - RSU #5 debt service payments	821,932	1,198,864
<b>Total deferred inflows of resources</b>	<b>1,146,653</b>	<b>1,514,218</b>
<b>FUND BALANCE</b>		
Nonspendable	11,439	10,100
Committed - Stabilization Fund	1,000,000	1,000,000
Committed - other	522,543	457,340
Committed - reserves	582,967	563,189
Assigned	600,000	600,000
Unassigned	5,096,893	5,057,027
<b>Total fund balance</b>	<b>7,813,842</b>	<b>7,687,656</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,828,928</b>	<b>15,438,321</b>



**TOWN OF FREEPORT, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**Year ended June 30, 2020**

(with comparative actual amounts for the year ended June 30, 2019)

	2020		Variance positive (negative)	2019 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 25,325,480	25,650,524	325,044	24,853,727
Excise taxes and registration fees	1,691,300	1,973,899	282,599	2,056,826
Interest and lien costs	30,000	53,530	23,530	54,808
Total taxes	27,046,780	27,677,953	631,173	26,965,361
Licenses, permits, and fees:				
Building, plumbing and electrical permits	159,500	190,453	30,953	202,137
Town clerk licenses and fees	28,800	31,710	2,910	37,523
Moorings and other harbor fees	75,000	78,670	3,670	78,977
Solid waste permits	1,600	1,375	(225)	1,375
Shellfish licenses	11,000	11,125	125	10,774
Alarm permits	32,000	26,205	(5,795)	32,265
Total licenses, permits, and fees	307,900	339,538	31,638	363,051
Intergovernmental:				
State tree growth reimbursement	60,000	56,990	(3,010)	63,533
State general assistance	20,000	25,539	5,539	25,101
State revenue sharing	595,000	572,787	(22,213)	378,563
State homestead exemption reimbursement	230,000	322,966	92,966	336,095
State BETE reimbursement	550,000	714,793	164,793	799,014
State road assistance	130,000	135,212	5,212	131,520
Public safety contributions	45,500	51,131	5,631	48,849
Other intergovernmental	20,500	27,066	6,566	186,129
Total intergovernmental	1,651,000	1,906,484	255,484	1,968,804
Charges for services:				
Planning	15,500	56,033	40,533	21,317
Transfer station and recycling	133,000	200,174	67,174	191,771
Parking lot	-	17,438	17,438	13,128
Vehicle maintenance	1,500	-	(1,500)	2,016
Engineering	10,000	30,970	20,970	27,290
Hunter Road Fields	4,000	5,050	1,050	5,875
Total charges for services	164,000	309,665	145,665	261,397
Fees and fines:				
Police parking and other fines	40,000	34,116	(5,884)	41,995
Library fines and fees	11,000	10,569	(431)	14,214
Alarm and other fire fees	3,800	2,210	(1,590)	5,055
Total fees and fines	54,800	46,895	(7,905)	61,264

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

	2020		Variance positive (negative)	2019 Actual
	Budget	Actual		
Revenues, continued:				
Unclassified	\$ 22,500	42,210	19,710	67,918
Investment earnings	100,000	153,625	53,625	232,507
Total revenues	29,346,980	30,476,370	1,129,390	29,920,302
Expenditures:				
Current:				
General government:				
Town council	144,900	267,349	(122,449)	154,155
Town manager	119,100	121,938	(2,838)	114,261
Finance and treasury	452,650	430,844	21,806	412,747
Assessing	181,140	171,889	9,251	161,392
Code enforcement	106,250	106,131	119	84,600
Town clerk and elections	138,745	130,235	8,510	125,586
General administration	158,860	147,513	11,347	130,337
Municipal buildings	388,667	355,743	32,924	374,388
Planning	153,175	89,654	63,521	162,972
Total general government	1,843,487	1,821,296	22,191	1,720,438
Public Safety:				
Police department	1,288,370	1,241,828	46,542	1,218,991
Special enforcement	141,905	78,012	63,893	75,458
Fire department	697,300	722,671	(25,371)	702,223
Rescue	467,190	460,913	6,277	419,510
Reception	208,245	190,208	18,037	192,761
Hydrant rental	168,600	184,544	(15,944)	170,649
Street lights	30,000	23,032	6,968	23,032
Total public safety	3,001,610	2,901,208	100,402	2,802,624
Public Works:				
General road operations	928,280	841,512	86,768	859,095
Summer roads	582,500	563,896	18,604	504,543
Winter roads	171,500	136,866	34,634	155,016
Tree program	13,000	6,412	6,588	14,863
Solid waste	481,975	510,184	(28,209)	476,994
Engineering	141,600	125,948	15,652	134,534
Hunter Road Fields maintenance	123,700	121,928	1,772	112,968
Total public works	2,442,555	2,306,746	135,809	2,258,013

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

	2020		Variance positive (negative)	2019 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Community services:				
Human services agencies	\$ 39,800	39,800	-	31,550
General assistance	111,140	105,069	6,071	107,196
Public library	473,970	443,949	30,021	453,890
Cable TV	86,890	51,906	34,984	83,955
Promotions	12,700	8,850	3,850	3,454
Shellfish commission	3,500	2,305	1,195	757
Amtrak station operations	106,960	97,198	9,762	91,359
Other	13,550	7,522	6,028	7,261
Total community services	848,510	756,599	91,911	779,422
Education	18,818,939	18,580,496	238,443	18,133,850
Insurance and fringe benefits:				
Employee benefits	1,810,500	1,702,480	108,020	1,612,672
Insurances	102,000	100,322	1,678	99,044
Total insurance and fringe benefits	1,912,500	1,802,802	109,698	1,711,716
County tax	1,192,404	1,192,404	-	1,109,052
Unclassified:				
Bustin's Island Corporation	206,000	205,161	839	206,966
Miscellaneous and contingency	24,050	19,199	4,851	19,745
Abatements	25,000	23,632	1,368	21,387
Total unclassified	255,050	247,992	7,058	248,098
Debt service	106,925	106,923	2	141,827
Total expenditures	30,421,980	29,716,466	705,514	28,905,040
Excess (deficiency) of revenues over (under) expenditures	(1,075,000)	759,904	1,834,904	1,015,262

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

	2020			2019 Actual
	Budget	Actual	Variance positive (negative)	
Other financing sources (uses):				
Budgeted utilization of surplus	\$ 600,000	-	(600,000)	-
Transfers in	475,000	417,564	(57,436)	520,540
Transfers out	-	(1,071,060)	(1,071,060)	(600,000)
Total other financing sources (uses)	1,075,000	(653,496)	(1,728,496)	(79,460)
Net change in fund balance - budgetary basis	-	106,408	106,408	935,802
Fund balance, beginning of year - budgetary basis		7,124,467		6,188,665
Fund balance, end of year - budgetary basis		7,230,875		7,124,467
Reconciliation of fund balance to GAAP basis:				
Committed reserve funds fund balance		582,967		563,189
<b>Fund Balance, end of year - GAAP Basis</b>	<b>\$</b>	<b>7,813,842</b>		<b>7,687,656</b>

## ***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, 2020**

	Fund Balance June 30, 2019	Revenues Charges for Services	Interest	Expenditures	Transfers in (out)	Fund Balance June 30, 2020
<b>Capital Project Reserves</b>						
Administration - general	\$ 109,634	-	4,426	239	(80,000)	33,821
Boards and commissions	13,156	-	1,236	66	(75,000)	(60,674)
Building maintenance	474,043	-	17,878	943	(8,900)	482,078
Cable TV equipment	487,204	107,564	16,913	916	(321,564)	289,201
Energy savings	32,129	-	1,225	65	6,918	40,207
Fire equipment	911,722	-	35,859	2,072	(601,358)	344,151
Hedgehog mountain	21,578	-	824	44	-	22,358
Land purchase	146,730	-	2,758	-	-	149,488
Land trust	25,062	-	957	51	-	25,968
Municipal parking lot	453,008	17,438	17,268	10,914	-	476,800
Police equipment	317,578	-	12,913	699	(75,000)	254,792
Public infrastructure	1,143,356	-	47,537	3,017	495,377	1,683,253
Public works equipment	1,003,675	-	37,950	2,003	(80,000)	959,622
Recycling equipment	152,028	-	5,817	308	(113,000)	44,537
Rescue equipment	692,861	235,596	27,920	1,507	(263,000)	691,870
Total capital project reserves	5,983,764	360,598	231,481	22,844	(1,115,527)	5,437,472
<b>General Fund Reserves</b>						
Unemployment compensation fund	456,710	-	17,431	1,501	-	472,640
Other	106,479	-	4,063	215	-	110,327
Total general fund reserves	563,189	-	21,494	1,716	-	582,967
Total Reserve Funds	\$ 6,546,953	360,598	252,975	24,560	(1,115,527)	6,020,439

## ***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, 2020**

	Fund Balance (deficit) June 30, 2019	Revenues		Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2020
		Charges for Services	Interest			
<b>Police Department Capital Project Funds:</b>						
Communication upgrade	\$ 81,714	-	-	25,744	50,000	105,970
Bullet proof vests & protective equipment	13,985	-	-	16,312	-	(2,327)
Building enhancements	108	-	-	-	-	108
In-Car cameras	702	-	-	-	-	702
Boat and motor replacement	5,000	13,500	-	9,885	-	8,615
Vehicle replacement	116,066	-	-	81,999	50,000	84,067
Total police department	217,575	13,500	-	133,940	100,000	197,135
<b>Fire Department Capital Project Funds:</b>						
Protective clothing	8,104	-	-	-	-	8,104
Engine/Tanker apparatus	-	-	-	-	800,000	800,000
Engine five	2,877	-	-	1,897	-	980
Engine three	17,360	-	-	15,497	13,000	14,863
EMP Portable Digital Signs	15,000	-	-	4,908	-	10,092
Communication upgrade	55,198	-	-	-	50,000	105,198
Service vehicle	4,995	-	-	319	-	4,676
Chief's vehicle	-	-	-	-	45,000	45,000
Thermal imaging cameras	17,500	-	-	-	(17,500)	-
Total fire department	121,034	-	-	22,621	890,500	988,913
<b>Rescue Department Capital Project Funds:</b>						
Vehicle Exhaust Ventillation System	-	-	-	-	13,000	13,000
Ambulance replacement	286,386	-	-	50	-	286,336
Communication upgrade	125,196	-	-	-	50,000	175,196
Rescue equipment	2,906	-	-	-	-	2,906
Dormitory Renovations	35,000	-	-	16,208	-	18,792
Total rescue department	449,488	-	-	16,258	63,000	496,230
<b>Public Works Capital Project Funds:</b>						
Grader repair	2,579	-	-	-	-	2,579
Dump truck replacement, sander & plow	164,192	-	-	164,971	-	(779)
Wood chipper refurbishment	2,006	-	-	-	-	2,006
Loader	18,770	-	-	-	-	18,770
Sidewalk plow-shared with TIF	7,668	-	-	-	-	7,668
Roadside Mower	-	-	-	-	10,000	10,000
Pick-up truck replacement	15,908	-	-	-	-	15,908
Oil/Water separator	-	-	-	-	60,000	60,000
Backhoe/Excavator	21,781	-	-	-	10,000	31,781
Total public works	232,904	-	-	164,971	80,000	147,933
<b>Recycling Capital Project Funds:</b>						
Landfill closing	165,450	-	-	-	(42,000)	123,450
Containers	21,849	-	-	15,000	-	6,849
Loader	30,000	-	-	-	95,000	125,000
Other	53,986	-	-	1,200	60,000	112,786
Total recycling	271,285	-	-	16,200	113,000	368,085



**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, 2020**

	Fund Balance (deficit) June 30, 2019	Revenues			Transfers in (out)	Fund Balance (deficit) June 30, 2020
		Charges for Services	Interest	Expenditures		
Comprehensive Town Improvement Funds:						
Curtis Road reconstruction	\$ 139,956	-	-	-	-	139,956
Litchfield Road reconstruction	156,348	-	-	-	(156,348)	-
South Freeport Village project	26,781	-	-	-	(26,781)	-
Percy, Pratt and Pownal Road Reconstruction	75,000	-	-	68,880	-	6,120
Baker Road reconstruction	115,176	-	-	17,711	-	97,465
Cousin's River Bridge - (PACTS)	-	-	-	-	140,000	140,000
Cousin's River Bridge - Bike/Pedestrian Connector	-	-	-	-	150,000	150,000
Lower Main Street paving overlay	62,673	-	-	23,223	-	39,450
Main St. paving and drainage match	28,494	-	-	-	-	28,494
Flying Point Road-2011 reconstruction	23,044	-	-	-	(23,044)	-
US Route 1 South (PACTS)	45,736	-	-	-	-	45,736
Concord Gully Brook watershed restoration	119,805	-	-	46,628	25,000	98,177
Greenspace Project	16,000	-	-	-	-	16,000
South Street project	153,011	-	-	-	-	153,011
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)	38,062	-	-	-	-	38,062
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
Grant Road reconstruction	-	-	-	-	440,000	440,000
Freeport fields and trails project	65,537	-	-	-	-	65,537
Culvert replacement	33,434	-	-	-	-	33,434
Other	46,552	-	-	1,795	(2)	44,755
Total comprehensive Town improvement	1,564,195	-	-	158,237	519,623	1,925,581
Municipal Buildings and Other Improvement Funds:						
Computer system upgrade/connectivity town-wide	136,121	-	-	59,626	75,000	151,495
Dunning boat yard	31,445	-	-	-	-	31,445
Cable TV	68,954	-	-	8,212	24,000	84,742
Valuation update	60,450	-	-	16,751	5,000	48,699
Building winterization	131,215	-	-	-	2,347	133,562
Public safety renovation (sallyport, flooring, etc.)	1,119	-	-	-	-	1,119
Town hall exterior	60,000	-	-	1,298	-	58,702
Public works roofing projects	109,718	1,040	-	-	-	110,758
LED lighting conversion	(6,834)	6,833	-	-	-	(1)
Copier replacement	6,827	-	-	6,890	15,000	14,937
Library building exterior	30,000	-	-	-	-	30,000
Vehicle replacement	4,998	-	-	-	-	4,998
Other	199,010	-	-	50,090	41,553	190,473
Total municipal buildings and other	833,023	7,873	-	142,867	162,900	860,929
Boards and Committees Improvement Funds:						
Directional signage	-	-	-	-	15,000	15,000
Downtown revisioning study	-	-	-	-	50,000	50,000
Historic society archiving	16,387	-	-	15,000	-	1,387
comprehensive plan update	-	-	-	-	25,000	25,000
Florida Lake bridge replacement	12,750	-	-	12,302	-	448
Quiet zone Study	6,732	-	-	-	60,000	66,732
Hedgehog Mountain bridge replacement	1,000	-	-	-	-	1,000
Withdrawal committee	7,827	-	-	-	-	7,827
Other	944	-	-	-	-	944
Total boards and committees	45,640	-	-	27,302	150,000	168,338
Capital Reserves - See Exhibit B for Details	5,983,764	360,598	231,481	22,844	(1,115,527)	5,437,472
Total capital project funds	9,718,908	381,971	231,481	705,240	963,496	10,590,616

## ***OTHER GOVERNMENTAL FUNDS***

**TOWN OF FREEPORT, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 767,527	-	767,527
Investments	-	1,870,913	1,870,913
Accounts receivable	5,000	-	5,000
Interfund loans receivable	3,050,308	-	3,050,308
<b>Total assets</b>	<b>\$ 3,822,835</b>	<b>1,870,913</b>	<b>5,693,748</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	188,742	-	188,742
Accrued wages and benefits	4,253	-	4,253
Interfund loans payable	169,603	8,218	177,821
<b>Total liabilities</b>	<b>362,598</b>	<b>8,218</b>	<b>370,816</b>
Fund balances:			
Nonspendable	-	1,757,411	1,757,411
Restricted	1,832,002	105,284	1,937,286
Committed	1,628,235	-	1,628,235
<b>Total fund balances</b>	<b>3,460,237</b>	<b>1,862,695</b>	<b>5,322,932</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,822,835</b>	<b>1,870,913</b>	<b>5,693,748</b>

**TOWN OF FREEPORT, MAINE**  
**All Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2020**

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
Revenues:			
Property taxes	\$ 1,494,923	-	1,494,923
Charges for services	709,406	-	709,406
Gifts and donations	97,759	153,500	251,259
Intergovernmental	18,962	-	18,962
Investment earnings	15,090	85,879	100,969
Total revenues	2,336,140	239,379	2,575,519
Expenditures:			
Current:			
Community services	297,683	10,935	308,618
Community development	1,461,923	-	1,461,923
Public safety	1,663	-	1,663
Unclassified	34,715	703	35,418
Capital outlay	91,580	-	91,580
Total expenditures	1,887,564	11,638	1,899,202
Excess (deficiency) of revenues over (under) expenditures	448,576	227,741	676,317
Other financing sources (uses):			
Transfers to other funds	(310,000)	-	(310,000)
Total other financing sources (uses)	(310,000)	-	(310,000)
Net change in fund balance	138,576	227,741	366,317
Fund balances, beginning of year	3,321,661	1,634,954	4,956,615
<b>Fund balances, end of year</b>	<b>\$ 3,460,237</b>	<b>1,862,695</b>	<b>5,322,932</b>

## ***NONMAJOR SPECIAL REVENUE FUNDS***

**TOWN OF FREEPORT, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

		Tax Increment Financing Funds					Bartol Building Lease Fund	Tower Lease Fund	Town Grants & Programs	Leon Gorman Park	Totals
		Winslow Park	TIF II Desert Road Phase II	TIF IV Destination	TIF V Hotel	TIF VI Housing					2020
ASSETS											
Cash and cash equivalents	\$	767,527	-	-	-	-	-	-	-	-	767,527
Accounts receivable		-	-	5,000	-	-	-	-	-	-	5,000
Interfund loans receivable		-	56,388	505,143	7,935	-	532,821	763,856	1,059,242	124,923	3,050,308
Total assets	\$	767,527	56,388	510,143	7,935	-	532,821	763,856	1,059,242	124,923	3,822,835
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable		8,527	-	179,195	-	-	512	-	-	508	188,742
Accrued wages and benefits		4,253	-	-	-	-	-	-	-	-	4,253
Interfund loans payable		169,603	-	-	-	-	-	-	-	-	169,603
Total liabilities		182,383	-	179,195	-	-	512	-	-	508	362,598
Fund balances:											
Restricted		585,144	56,388	330,948	7,935	-	-	-	727,172	124,415	1,832,002
Committed		-	-	-	-	-	532,309	763,856	332,070	-	1,628,235
Total fund balances		585,144	56,388	330,948	7,935	-	532,309	763,856	1,059,242	124,415	3,460,237
Total liabilities and fund balances	\$	767,527	56,388	510,143	7,935	-	532,821	763,856	1,059,242	124,923	3,822,835

**TOWN OF FREEPORT, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2020**

	Tax Increment Financing Funds					Bartol Building Lease Fund	Tower Lease Fund	Town Grants & Programs	Leon Gorman Park	Totals 2020
	Winslow Park	TIF II Desert Road Phase II	TIF IV Destination	TIF V Hotel	TIF VI Housing					
Revenues:										
Property taxes	\$ -	1,195,578	286,000	-	13,345	-	-	-	-	1,494,923
Charges for services	267,606	-	-	-	-	-	312,878	128,922	-	709,406
Gifts and donations	-	-	-	-	-	-	-	97,759	-	97,759
Intergovernmental	-	-	-	-	-	-	-	18,962	-	18,962
Investment earnings	10,161	-	-	-	-	-	-	-	4,929	15,090
Total revenues	277,767	1,195,578	286,000	-	13,345	-	312,878	245,643	4,929	2,336,140
Expenditures:										
Current:										
Community services	239,670	-	-	-	-	14,971	-	36,163	6,879	297,683
Community development	-	1,195,578	253,000	-	13,345	-	-	-	-	1,461,923
Public Safety	-	-	-	-	-	-	-	1,663	-	1,663
Unclassified	-	-	-	-	-	-	-	34,715	-	34,715
Capital	-	-	91,580	-	-	-	-	-	-	91,580
Total expenditures	239,670	1,195,578	344,580	-	13,345	14,971	-	72,541	6,879	1,887,564
Excess (deficiency) of revenues over (under) expenditures	38,097	-	(58,580)	-	-	(14,971)	312,878	173,102	(1,950)	448,576
Other financing sources (uses):										
Transfer to other funds	-	-	-	(5,000)	-	-	(225,000)	(80,000)	-	(310,000)
Total other financing sources (uses)	-	-	-	(5,000)	-	-	(225,000)	(80,000)	-	(310,000)
Net change in fund balances	38,097	-	(58,580)	(5,000)	-	(14,971)	87,878	93,102	(1,950)	138,576
Fund balances, beginning of year	547,047	56,388	389,528	12,935	-	547,280	675,978	966,140	126,365	3,321,661
Fund balances, end of year	\$ 585,144	56,388	330,948	7,935	-	532,309	763,856	1,059,242	124,415	3,460,237

**TOWN OF FREEPORT, MAINE**  
**Town Grants and Programs**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2020**

	Fund Balance (deficit) June 30, 2019	Revenues Inter- governmental	Gifts and donations	Charges for services	Expenditures	Revenues over (under) expenditures	Other sources and (uses)	Fund Balance (deficit) June 30, 2020
Town Grants and Programs:								
Road Impact Fees	\$ 228,696	-	-	98,401	-	98,401	(80,000)	247,097
Stormwater Connection Fees	53,676	-	-	1,678	-	1,678	-	55,354
Sandy Beach Stairs/SHIP Grant	22,722	-	-	-	-	-	-	22,722
Maine Arts Commission	2,022	-	-	-	-	-	-	2,022
Project Canopy Grant	8,657	-	-	-	-	-	-	8,657
CDBG-Elders Bus	2,139	-	-	-	-	-	-	2,139
Regional Efficiency grant	1,249	-	-	-	-	-	-	1,249
CDBG-Weatherization	7,357	-	-	-	-	-	-	7,357
CDBG-Habitat for Humanity	455	-	-	-	-	-	-	455
Police Speed Enforcement/Seat Belt	11,774	-	-	-	-	-	-	11,774
Village Open Spaces	12,457	-	-	-	-	-	-	12,457
FEMA	61,085	-	-	-	-	-	-	61,085
Shellfish Water Testing	26,532	-	-	2,147	-	2,147	-	28,679
Fuel Assistance Fund-Freeport	9,972	-	14,576	-	11,207	3,369	-	13,341
Fuel Assistance Fund-Yarmouth	(119)	-	11,100	(119)	10,981	119	-	-
Freeport Housing Trust Rental Assistance Grant	4,963	-	-	-	1,160	(1,160)	-	3,803
COVID Relief Grant Fund	-	-	19,500	-	7,915	11,585	-	11,585
Fire and Rescue Annual Appeal Donations	64,177	-	9,555	-	1,040	8,515	-	72,692
Library Donations	74,438	-	9,433	-	2,522	6,911	-	81,349
Fire Department Burn Building Donations	3,653	-	230	-	-	230	-	3,883
Police Donations	3,841	-	176	-	623	(447)	-	3,394
Rescue Donations	578	-	200	-	-	200	-	778
Library Book Donations	5,026	-	12,438	-	9,282	3,156	-	8,182
Public Works Donations	2,834	-	844	-	1,011	(167)	-	2,667
Dollars for Scholars	1,779	-	-	-	-	-	-	1,779
Soule School Lease	196,501	-	-	16,802	8,274	8,528	-	205,029
Dunning Boat Yard Lease	117,147	-	-	9,894	-	9,894	-	127,041
Other	42,529	18,962	19,707	-	18,526	20,143	-	62,672
<b>Total Town Grants and Programs</b>	<b>\$ 966,140</b>	<b>18,962</b>	<b>97,759</b>	<b>128,922</b>	<b>72,541</b>	<b>173,102</b>	<b>(80,000)</b>	<b>1,059,242</b>



## ***NONMAJOR PERMANENT FUNDS***

**TOWN OF FREEPORT, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Cemetery Care	Library Funds	School Scholarship Funds	Benevolent Funds	Totals
<b>ASSETS</b>					
Investments	\$ 360,900	428,775	367,169	714,069	1,870,913
<b>Total assets</b>	<b>360,900</b>	<b>428,775</b>	<b>367,169</b>	<b>714,069</b>	<b>1,870,913</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund loans payable	-	-	7,710	508	8,218
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>7,710</b>	<b>508</b>	<b>8,218</b>
Fund balances:					
Nonspendable-Principal	360,900	401,141	327,629	667,741	1,757,411
Restricted-Unexpended income	-	27,634	31,830	45,820	105,284
<b>Total fund balances</b>	<b>360,900</b>	<b>428,775</b>	<b>359,459</b>	<b>713,561</b>	<b>1,862,695</b>
<b>Total liabilities and fund balances</b>	<b>\$ 360,900</b>	<b>428,775</b>	<b>367,169</b>	<b>714,069</b>	<b>1,870,913</b>

**TOWN OF FREEPORT, MAINE**  
**Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**For the year ended June 30, 2020**

		Principal Revenues			Unexpended Income					
		Fund Balance	Unrealized/	Gifts and	Fund Balance	Fund Balance	Interest		Fund Balance	Total
		June 30, 2019	Gains (Losses)	Donations	June 30, 2020	(deficit)	Income	Expenditures	(deficit)	June 30, 2020
						June 30, 2019			June 30, 2020	June 30, 2020
Cemetery Care:										
Perpetual Care:										
850	Burr	\$ 169,369	4,012	-	173,381	(17,977)	3,600	309	(14,686)	158,695
851	Grove	65,783	1,580	-	67,363	(6,049)	1,419	122	(4,752)	62,611
852	Webster	18,155	443	-	18,598	(1,400)	398	34	(1,036)	17,562
853	Woodlawn	26,265	601	-	26,866	(3,570)	539	47	(3,078)	23,788
854	South Freeport	66,199	1,629	-	67,828	(4,556)	1,464	126	(3,218)	64,610
855	Flying Point	9,609	226	-	9,835	(1,076)	203	17	(890)	8,945
856	Town maintained	3,120	95	-	3,215	505	86	7	584	3,799
802	Davis Mausoleum	1,185	49	-	1,234	668	44	4	708	1,942
803	Carrie Thomas	689	22	-	711	153	20	2	171	882
804	A.O. Woodard	13,993	450	-	14,443	3,251	407	35	3,623	18,066
Total Cemetery Funds		374,367	9,107	-	383,474	(30,051)	8,180	703	(22,574)	360,900
Library Funds:										
710	Albert Conley	47,062	2,060	-	49,122	17,566	1,461	129	18,898	68,020
711	Paul and Emma Bennett	22,500	701	-	23,201	(507)	497	43	(53)	23,148
712	Eleanor Brewer	9,943	388	-	10,331	2,211	275	25	2,461	12,792
713	Bartol Association	52,360	1,686	-	54,046	514	1,195	106	1,603	55,649
714	Grace Ritchie	3,622	108	-	3,730	(236)	77	7	(166)	3,564
758	Loth Library	-	(1,664)	76,750	75,086	-	655	71	584	75,670
757	Jane Hall	179,827	5,798	-	185,625	1,405	4,104	1,202	4,307	189,932
Total Library Funds		315,314	9,077	76,750	401,141	20,953	8,264	1,583	27,634	428,775
School Scholarship Funds:										
720	Fitts Award	3,647	126	-	3,773	315	90	8	397	4,170
721	Salomon Plummer	12,196	392	-	12,588	96	278	25	349	12,937
722	Wallace True	7,398	265	-	7,663	916	188	866	238	7,901
723	Millard and Enid Crooker	36,280	1,195	-	37,475	293	837	74	1,056	38,531
724	Alice Pollock	15,687	552	-	16,239	1,510	390	534	1,366	17,605
725	Auldis Foster	2,795	102	-	2,897	396	72	6	462	3,359
726	Kenneth Thompson	11,183	396	-	11,579	1,237	281	575	943	12,522
742	Christine Small Cushing	227,406	8,009	-	235,415	22,852	5,668	1,501	27,019	262,434
Total School Scholarship Funds		316,592	11,037	-	327,629	27,615	7,804	3,589	31,830	359,459
Benevolent Funds:										
740	George Davis	16,203	591	-	16,794	2,344	420	37	2,727	19,521
741	Arthur L. Gould	556,871	18,990	-	575,861	34,746	13,418	4,760	43,404	619,265
743	Dorsey Loth	-	(1,664)	76,750	75,086	-	655	966	(311)	74,775
Total Benevolent Funds		573,074	17,917	76,750	667,741	37,090	14,493	5,763	45,820	713,561
Total		\$ 1,579,347	47,138	153,500	1,779,985	55,607	38,741	11,638	82,710	1,862,695