

**TOWN OF FREEPORT, MAINE**

**Annual Financial Report**

**For the Year Ended  
June 30, 2023**

**TOWN OF FREEPORT, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2023**

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## Independent Auditor's Report

To the Town Council  
Town of Freeport, Maine

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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, 2023, 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.

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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Freeport, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Freeport, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Freeport, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Freeport, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules related to the net pension and OPEB liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 accompanying combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, 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 Town of Freeport, Maine's internal control over financial reporting and compliance.



October 31, 2023  
South Portland, Maine

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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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, 2023. 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, 2023 by \$44,639,305 (net position). Of this amount, \$20,745,389 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 \$27,462,756 (Statement 3) which is an increase of \$525,688 from FY 2022.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,739,946.

The Town of Freeport's outstanding bonds decreased by \$278,400 during the course of the fiscal year; the June 30, 2023 outstanding bonds totaled \$570,600.

**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**  
**June 30, 2023**

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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 2023. Business-type activities were discontinued during the year ended June 30, 2023 and were absorbed into the governmental activities. It distinguishes between capital and other assets, includes the Town's general liabilities and long-term debt obligations, and shows the Town's net position by restricted and unrestricted amounts.



**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
Cash and cash equivalents	\$ 17,431,027	21,893,341	-	-	17,431,027	21,893,341
Investments	10,680,755	6,038,293	-	-	10,680,755	6,038,293
Receivables	2,640,472	2,399,536	-	46,751	2,640,472	2,446,287
Receivable from RSU #5	-	215,000	-	-	-	215,000
Prepaid Items	-	653,854	-	-	-	653,854
Internal balances	-	91,204	-	(91,204)	-	-
Inventory	14,212	16,233	-	-	14,212	16,233
Other assets	-	170,576	-	-	-	170,576
Capital assets, net	21,388,028	19,295,451	-	11,774	21,388,028	19,307,225
Total assets	52,154,494	50,773,488	-	(32,679)	52,154,494	50,740,809
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources related to OPEB	139,961	195,873	-	-	139,961	195,873
Deferred outflows of resources related to pensions	1,079,530	1,098,859	-	-	1,079,530	1,098,859
Total deferred outflows of resources	1,219,491	1,294,732	-	-	1,219,491	1,294,732
<b>LIABILITIES</b>						
Current liabilities	1,353,485	2,125,373	-	989	1,353,485	2,126,362
Noncurrent liabilities	5,064,798	2,497,134	-	-	5,064,798	2,497,134
Total liabilities	6,418,283	4,622,507	-	989	6,418,283	4,623,496
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources related to OPEB	59,512	207,901	-	-	59,512	207,901
Deferred inflows of resources related to pensions	607,748	2,330,573	-	-	607,748	2,330,573
Deferred inflows of resources related to leases	1,649,137	1,801,841	-	-	1,649,137	1,801,841
Total deferred inflows of resources	2,316,397	4,340,315	-	-	2,316,397	4,340,315
<b>NET POSITION</b>						
Net investment in capital assets	19,422,549	19,295,451	-	11,774	19,422,549	19,307,225
Restricted	4,471,367	4,068,749	-	-	4,471,367	4,068,749
Unrestricted	20,745,389	19,741,198	-	(45,442)	20,745,389	19,695,756
Total net position	\$ 44,639,305	43,105,398	-	(33,668)	44,639,305	43,071,730

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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

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

Our next analysis focuses on changes in net position of the Town's governmental and business-type activities. Governmental activities increased the Town of Freeport's net position by \$1,533,907 during the year ended June 30, 2023. Business-type activities were discontinued during the year ended June 30, 2023 and absorbed into the governmental activities. The following analysis provides the key elements of the increases and discontinuation of the business-type activities.

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

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2023**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 2,031,660	\$ 1,962,442	62,118	117,087	2,093,778	2,079,529
Operating grants and contributions	482,461	411,791	-	-	482,461	411,791
Capital grants and contributions	297,290	-	-	-	297,290	-
General revenues:						
Property taxes	29,793,455	28,566,488	-	-	29,793,455	28,566,488
Motor vehicle excise taxes	2,395,302	2,234,991	-	-	2,395,302	2,234,991
Interest and lien costs	34,289	46,537	-	-	34,289	46,537
State revenue sharing	1,264,703	1,087,616	-	-	1,264,703	1,087,616
Homestead exemption	580,524	339,938	-	-	580,524	339,938
BETE reimbursements	536,045	603,841	-	-	536,045	603,841
Other state aid	108,973	116,643	-	-	108,973	116,643
Investment earnings/(loss)	772,220	(899,299)	-	-	772,220	(899,299)
Miscellaneous revenues	146,881	90,786	-	-	146,881	90,786
<b>Total revenues</b>	<b>38,443,803</b>	<b>34,561,774</b>	<b>62,118</b>	<b>117,087</b>	<b>38,505,921</b>	<b>34,678,861</b>
Program expenses:						
General government	3,880,459	3,259,735	-	-	3,880,459	3,259,735
Public safety	4,834,460	4,313,594	-	-	4,834,460	4,313,594
Public works	3,304,159	3,284,612	-	-	3,304,159	3,284,612
Community services	1,791,067	1,500,386	-	-	1,791,067	1,500,386
Community development	1,437,005	1,274,489	-	-	1,437,005	1,274,489
Education	20,513,344	19,919,982	-	-	20,513,344	19,919,982
Unclassified	1,143,278	810,956	-	-	1,143,278	810,956
Interest on debt	6,124	3,459	-	-	6,124	3,459
Nonemergency transportation	-	-	28,450	104,237	28,450	104,237
<b>Total expenses</b>	<b>36,909,896</b>	<b>34,367,213</b>	<b>28,450</b>	<b>104,237</b>	<b>36,938,346</b>	<b>34,471,450</b>
Change in net position	1,533,907	194,561	33,668	12,850	1,567,575	207,411
Net position - beginning	43,105,398	42,910,837	(33,668)	(46,518)	43,071,730	42,864,319
Net position - ending	\$ 44,639,305	43,105,398	-	(33,668)	44,639,305	43,071,730

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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**ANALYSIS OF TOWN POSITION AND OPERATIONS – GOVERNMENTAL FUNDS BUDGETARY BASIS**

In Freeport, the Town maintains its unassigned General Fund balance (the equivalent of a savings account) to \$4.7 million. The Town Council established a figure of approximately \$4.5 million (one and-one-half months of the annual budgets for the Town, RSU #5 Town portion, and County tax) as a minimum level of fund balance to maintain. The Town Council budgeted to use \$675,000 to offset taxes in the FY 2024 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 2023 and the account remained at \$1 million at June 30, 2023. In Statement No. 54, the Governmental Accounting Standards Board (GASB) required Stabilization funds to be used only in situations meeting two criteria: specific and non-routine. The Council defined the need to use the stabilization fund in Freeport as a five percent increase in the combined budgets of the Town, RSU (Town portion) and County tax (Town portion) or a five percent increase in the Town's overall mil rate. In these cases, up to fifty (50) percent of the Tax Rate Stabilization Account may be used annually to offset the property tax rate.

On a budgetary basis, the Town's General Fund operations showed budgeted revenues over expenditures of \$609,340 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 \$1,541,100 decrease in fund balance. As of June 30, 2023, the Town's fund balance policy required the Town to hold just over \$4.5 million in fund balance (one and-a-half months of Town, RSU, and County budgets), and the unassigned fund balance was \$4.7 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 \$4.7 million. Each year, staff presents the fund balance to the Town Council and recommends uses for any amount over the policy guideline. During the FY 2024 presentation, staff will recommend that the Town Council leave the funds, as the Town is just over the maximum level of its policy and expects budgetary impacts next year.

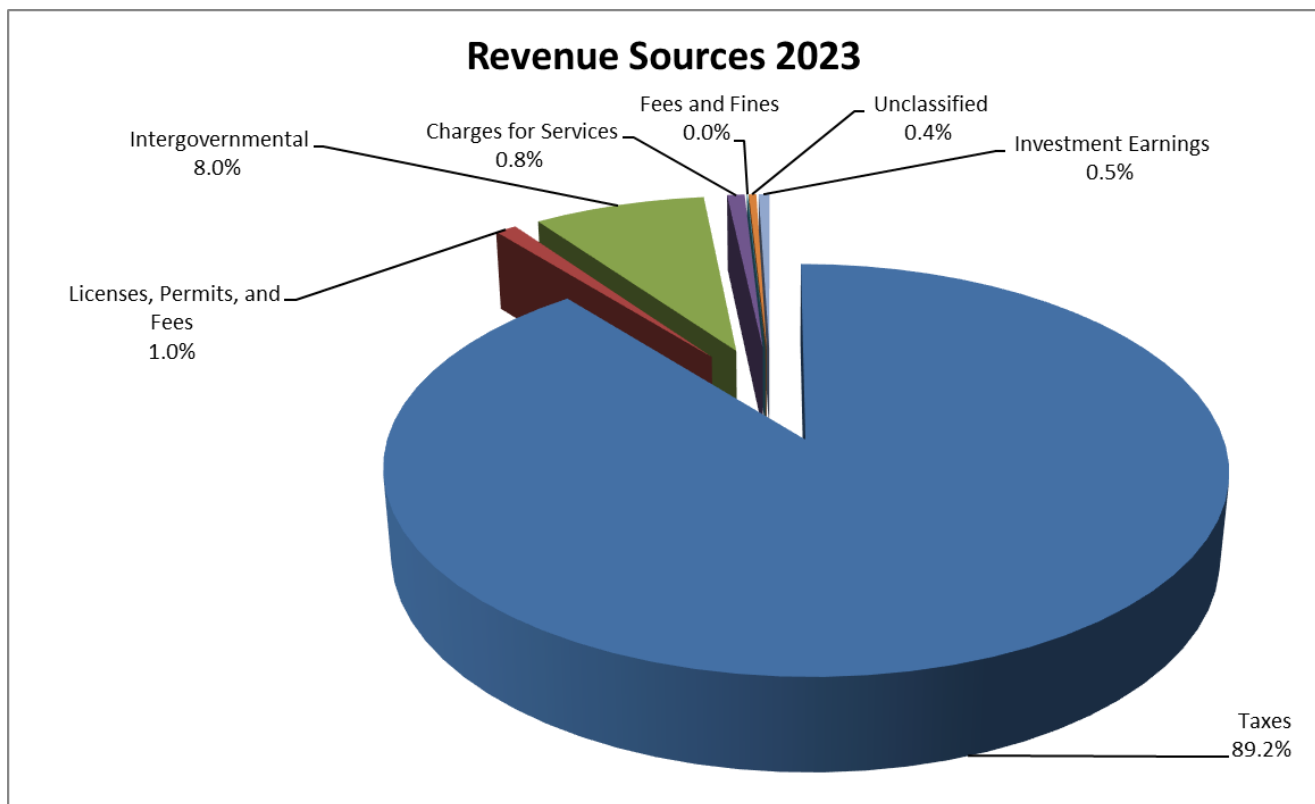
**General Fund Budget-to-Actual Summary**

For fiscal year 2023, revenues exceeded expenditures by \$609,340. The major reason for this is that actual revenues came in \$1,435,935 more than budgeted due primarily to increased excise tax collection and investment earnings, as well as State reimbursements. The Town expenditures were also \$333,405 lower than budgeted. This is primarily due to staffing shortages, in conjunction with correlated reduced health care costs and town-wide budget savings. The property tax collection rate for the year decreased to 98.26% from the previous year's collection rate of 99.04%.

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2023**

**General Fund Revenues Budget to Actual Summary**  
**Budget and Actual – General Fund**  
**For the Year Ended June 30, 2023**

	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>Taxes</b>	\$ 29,655,691	29,655,691	30,423,701	768,010
<b>Licenses and Permits</b>	352,400	352,400	342,312	(10,088)
<b>Intergovernmental</b>	2,319,500	2,319,500	2,741,488	421,988
<b>Charges for Services</b>	223,500	223,500	279,225	55,725
<b>Fees and Fines</b>	48,300	48,300	12,897	(35,403)
<b>Unclassified</b>	54,600	54,600	169,356	114,756
<b>Investment Earnings</b>	50,000	50,000	170,947	120,947
<b>Total Revenues</b>	<b>\$ 32,703,991</b>	<b>32,703,991</b>	<b>34,139,926</b>	<b>1,435,935</b>



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

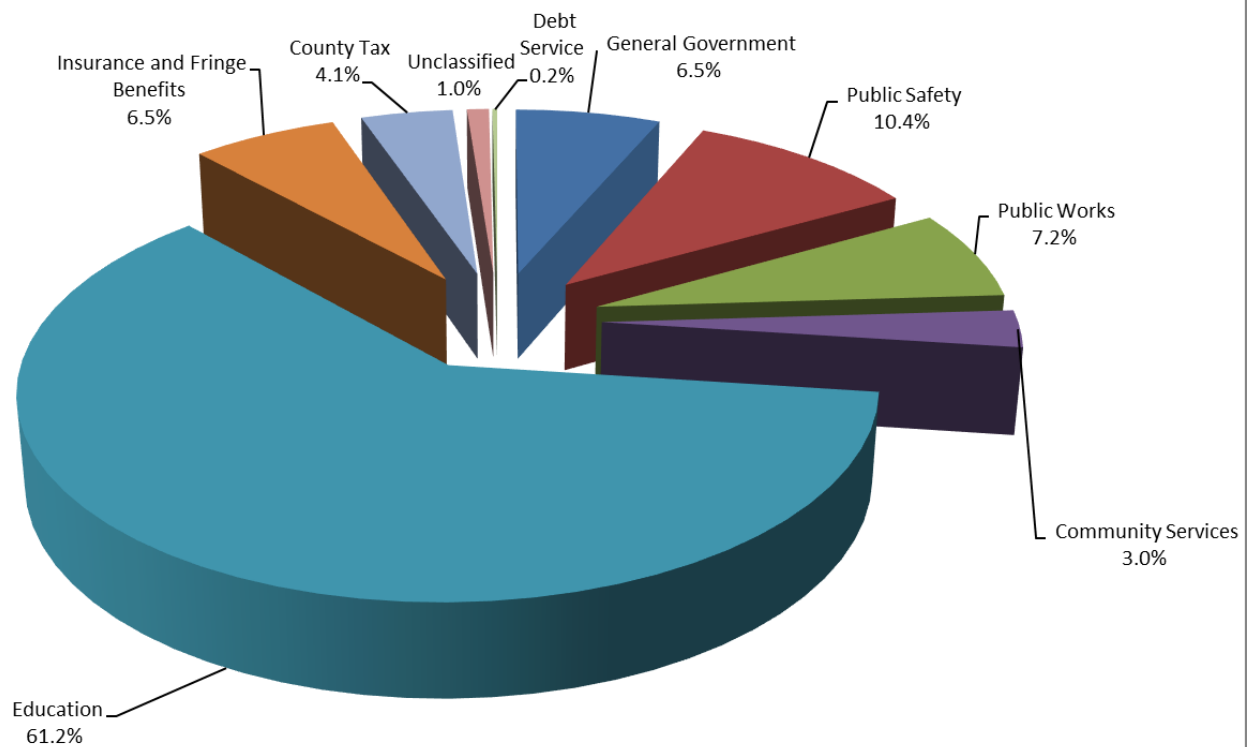
General Fund expenditure budgets are approved by the Town Council at the departmental level, with charter budgetary limits at the function level. Department managers are directed and make every effort to leave five percent surpluses in budgets, especially during tough economic times when revenue could 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, 2023 (see Exhibit A-2 for a more detailed presentation):

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2023**

**General Fund Expenditures Budget-to-Actual Summary**  
**Budget and Actual – General Fund**  
**For the Year Ended June 30, 2023**

	Original	Final	Actual	Variance
General Government	\$ 2,243,375	2,243,375	2,165,317	78,058
Public Safety	3,500,805	3,500,805	3,476,111	24,694
Public Works	2,579,645	2,579,645	2,414,727	164,918
Community Services	924,350	924,350	1,006,835	(82,485)
Education	20,513,344	20,513,344	20,513,344	-
Insurance and Fringe Benefits	2,326,300	2,326,300	2,180,530	145,770
County Tax	1,374,422	1,374,422	1,374,422	-
Unclassified	331,050	331,050	328,619	2,431
Debt Service	70,700	70,700	70,681	19
<b>Total Expenditures</b>	<b>\$ 33,863,991</b>	<b>33,863,991</b>	<b>33,530,586</b>	<b>333,405</b>

**Expenditure Source 2023**



**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2023**

**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 2024 capital budget that was approved in June of 2023 included the following:

**Town of Freeport**  
**Summary of Funding Sources**  
**FY 2024 Capital Program**

	<b>FY 2023</b>	<b>FY 2024</b>			<b>Funding Source</b>	
	<b><u>Council Approved</u></b>	<b><u>Manager Proposed</u></b>	<b><u>Council Deliberation</u></b>	<b><u>Council Appropriated</u></b>	<b><u>Reserve</u></b>	<b><u>TIF</u></b>
<b>Police</b>	120,000	350,000	350,000	350,000	350,000	-
<b>Fire</b>	137,000	35,000	35,000	35,000	35,000	-
<b>Rescue</b>	19,000	430,000	466,000	466,000	466,000	-
<b>Public Works</b>	190,000	336,000	336,000	336,000	336,000	-
<b>Solid Waste</b>	70,000	55,000	55,000	55,000	55,000	-
<b>Comprehensive Town Imp.</b>	375,000	1,050,000	1,110,000	1,061,750	1,110,000	-
<b>Municipal Facilities</b>	460,000	657,000	667,000	667,000	667,000	-
<b>Cable</b>	24,000	29,000	29,000	29,000	29,000	-
<b>Other</b>	50,000	-	40,000	40,000	40,000	-
<b>Destination Freeport TIF</b>	210,000	324,000	324,000	324,000	-	324,000
<b>Total</b>	<b>\$ 1,655,000</b>	<b>3,266,000</b>	<b>3,412,000</b>	<b>3,363,750</b>	<b>3,088,000</b>	<b>324,000</b>

It is notable that the FY 2024 capital improvement plan is funded by June 30, 2023. This is the reason the Town reflects the FY 2024 plan in the MD&A section of the financial statements.

A summary of the Town's capital assets at June 30, 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
<b>General capital assets:</b>		
Land	\$ 2,204,884	2,204,884
Land improvements	3,664,308	3,547,251
Buildings and improvements	8,703,686	8,670,636
Machinery, equipment and other	7,411,683	6,782,616
Vehicles	5,874,184	4,987,923
Infrastructure	15,511,660	15,511,660
Right-to-use leased equipment	1,446,939	-
Construction in process	807,634	720,116
	<b>\$ 45,624,978</b>	<b>42,425,086</b>

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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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 \$2,307,000,000 for 2023, the debt limit was more than \$346 million. The Town's current outstanding bonds are \$570,600, or 0.02% of State Valuation or approximately 0.16% of the Town's debt limit. Another measure of a municipality's debt load is debt-per-capita. As of June 30, 2023, the Town of Freeport's debt per capita was \$70 as compared to the prior year of \$104 (based upon a population of 8,200).

The following is a summary of bond transactions of the Town for the year ended June 30, 2023:

Bonds payable at June 30, 2022	\$ 849,000
Principal payments	(278,400)
<b><u>Bonds payable at June 30, 2023</u></b>	<b><u>\$ 570,600</u></b>

During the current year, the Town also incurred a lease payable of \$1,446,939 for a right-to-use asset related to the rental of space and storage.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

**Economic Factors**

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

In addition, Freeport's downtown storefront vacancy rate remains relatively low, which makes Freeport highly desirable for new retail businesses. The Town has certainly had an impact to its retail landscape and the Town continues to monitor alternative solutions to boost storefront traffic.

**New Fiscal Year Budget**

In adopting the budget for the ensuing fiscal year 2024, 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, while balancing the need for downtown visioning projects and upgrades. The Town Council continued to focus on the tax rate during the FY 2024 budgeting process.

The budget for the fiscal year starting July 1, 2023 was approved by the Town Council with a tax rate of 13.75 mils, which is a \$0.10 increase per \$1,000 of valuation from FY 2023 to FY 2024. The tax bills are sent out twice each year, and during FY 2024 are due on November 15, 2023 and May 15, 2024.



**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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The following summarizes the major components of the FY 2023 and FY 2024 budgets:

	<b>FY 2023 Appropriation</b>	<b>FY 2024 Appropriation</b>	<b>Increase (Decrease)</b>
<b>REVENUES</b>			
Town Non-Property Taxes	5,609,300	5,893,000	283,700
Property Tax	27,579,692	29,393,987	1,814,295
Fund Balance	675,000	675,000	-
<b>Totals</b>	<b>33,863,992</b>	<b>35,961,987</b>	<b>2,097,995</b>
<b>EXPENDITURES</b>			
Municipal	11,905,525	13,126,985	1,221,460
School	20,513,345	21,239,560	726,215
County Tax	1,288,252	1,436,042	147,790
Transit	86,170	89,100	2,930
Debt Service	70,700	70,300	(400)
<b>Totals</b>	<b>33,863,992</b>	<b>35,961,987</b>	<b>2,097,995</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,

*Caroline Pelletier*  
Interim Town Manager

*Jessica L. Maloy*  
Finance Director

## ***BASIC FINANCIAL STATEMENTS***

**TOWN OF FREEPORT, MAINE**  
**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities	Business-type Activities	Total	Component Unit FEDC
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,431,027	-	17,431,027	110,161
Investments	10,680,755	-	10,680,755	-
Receivables:				
Accounts, net	191,916	-	191,916	-
Due from other governments	134,780	-	134,780	-
Taxes receivable	522,030	-	522,030	-
Tax liens	92,790	-	92,790	-
Lease receivable	1,698,956	-	1,698,956	-
Prepaid items	-	-	-	667
Inventory	14,212	-	14,212	-
Capital assets, not being depreciated	3,012,518	-	3,012,518	-
Capital assets, net of accumulated depreciation	18,375,510	-	18,375,510	-
Total assets	52,154,494	-	52,154,494	110,828
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	1,079,530	-	1,079,530	-
Deferred outflows of resources related to OPEB	139,961	-	139,961	-
Total deferred outflows of resources	1,219,491	-	1,219,491	-
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	1,118,444	-	1,118,444	3,332
Accrued wages and benefits payable	234,408	-	234,408	13,725
Accrued interest	633	-	633	-
Noncurrent liabilities:				
Liabilities due in one year	98,212	-	98,212	-
Other long-term liabilities	1,996,254	-	1,996,254	-
Other postemployment benefits liability	1,015,098	-	1,015,098	-
Net pension liability	1,448,034	-	1,448,034	-
Bonds due in more than one year	507,200	-	507,200	-
Total liabilities	6,418,283	-	6,418,283	17,057
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	607,748	-	607,748	-
Deferred inflows of resources related to OPEB	59,512	-	59,512	-
Deferred inflows of resources related to leases	1,649,137	-	1,649,137	-
Total deferred inflows of resources	2,316,397	-	2,316,397	-
<b>NET POSITION</b>				
Net investment in capital assets	19,422,549	-	19,422,549	-
Restricted for:				
Grants and other programs	2,663,978	-	2,663,978	-
Nonexpendable trust principal	1,720,990	-	1,720,990	-
Expendable trust - income portion	86,399	-	86,399	-
Unrestricted	20,745,389	-	20,745,389	93,771
Total net position	\$ 44,639,305	-	44,639,305	93,771

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

		Program Revenues			Net (expense) revenue and changes in net position			Component Unit
Functions/programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total	FEDC
					Governmental activities	Business-type activities		
Primary government:								
Governmental activities:								
General government	\$ 3,880,459	615,068	121,388	133,695	(3,010,308)	-	(3,010,308)	-
Public safety	4,834,460	492,021	78,150	-	(4,264,289)	-	(4,264,289)	-
Public works	3,304,159	280,594	141,394	-	(2,882,172)	-	(2,882,172)	-
Community services	1,791,067	643,977	122,324	147,864	(876,902)	-	(876,902)	-
Community development	1,437,005	-	-	-	(1,437,005)	-	(1,437,005)	-
Education	20,513,344	-	-	-	(20,513,344)	-	(20,513,344)	-
Unclassified	1,143,278	-	19,205	15,731	(1,108,342)	-	(1,108,342)	-
Interest on debt	6,124	-	-	-	(6,124)	-	(6,124)	-
Total governmental activities	36,909,896	2,031,660	482,461	297,290	(34,098,485)	-	(34,098,485)	-
Business-type activities:								
Nonemergency Transportation	28,450	62,118	-	-	-	33,668	33,668	-
Total business-type activities	28,450	62,118	-	-	-	33,668	33,668	-
Total primary government	\$ 36,938,346	2,093,778	482,461	297,290	(34,098,485)	33,668	(34,064,817)	-
Component Unit:								
Freeport Economic Development Corporation	120,675	-	140,000	-	-	-	-	19,325
General revenues:								
Property taxes, levied for general purposes					\$ 29,793,455	-	29,793,455	-
Motor vehicle excise taxes					2,395,302	-	2,395,302	-
Interest and lien costs					34,289	-	34,289	-
Grants and contributions not restricted to specific programs:								
Homestead exemption					580,524	-	580,524	-
BETE reimbursements					536,045	-	536,045	-
State Revenue Sharing					1,264,703	-	1,264,703	-
Other State aid					108,973	-	108,973	-
Unrestricted investment earnings					772,220	-	772,220	10
Miscellaneous revenues					146,881	-	146,881	2,202
Total general revenues					35,632,392	-	35,632,392	2,212
Change in net position					1,533,907	33,668	1,567,575	21,537
Net position - beginning					43,105,398	(33,668)	43,071,730	72,234
Net position - ending					44,639,305	-	44,639,305	93,771

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 14,489,027	1,079,778	1,862,222	17,431,027
Investments	783,653	8,067,583	1,829,519	10,680,755
Receivables:				
Accounts net of allowance of \$81,101	11,357	171,031	9,528	191,916
Due from other governments	134,780	-	-	134,780
Taxes receivable	522,030	-	-	522,030
Lease	1,698,956	-	-	1,698,956
Tax liens	92,790	-	-	92,790
Interfund loans receivable	-	6,289,116	3,575,373	9,864,489
Inventory	14,212	-	-	14,212
<b>Total assets</b>	<b>17,746,805</b>	<b>15,607,508</b>	<b>7,276,642</b>	<b>40,630,955</b>
<b>LIABILITIES</b>				
Accounts payable	160,603	9,631	169,709	339,943
Accrued wages and benefits	228,331	-	6,077	234,408
Interfund loans payable	7,498,056	1,966,031	400,402	9,864,489
Development escrows	323,596	-	-	323,596
Other unearned revenues	-	-	454,905	454,905
<b>Total liabilities</b>	<b>8,210,586</b>	<b>1,975,662</b>	<b>1,031,093</b>	<b>11,217,341</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	265,585	-	-	265,585
Unavailable revenue - ambulance receivables	-	36,136	-	36,136
Deferred inflows related to leases	1,649,137	-	-	1,649,137
<b>Total deferred inflows of resources</b>	<b>1,914,722</b>	<b>36,136</b>	<b>-</b>	<b>1,950,858</b>
<b>FUND BALANCES</b>				
Nonspendable	14,212	-	1,720,990	1,735,202
Restricted	-	-	2,750,377	2,750,377
Committed	2,192,339	13,595,711	1,778,315	17,566,365
Assigned	675,000	-	-	675,000
Unassigned	4,739,946	-	(4,133)	4,735,813
<b>Total fund balances</b>	<b>7,621,497</b>	<b>13,595,711</b>	<b>6,245,549</b>	<b>27,462,756</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 17,746,805</b>	<b>15,607,508</b>	<b>7,276,642</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.	21,388,028
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Unavailable revenue - property taxes	265,585
Unavailable revenue - ambulance billings	36,136
Deferred inflows/(outflows) related to pensions	471,782
Deferred inflows/(outflows) related to OPEB	80,449
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,065,431)
<b>Net position of governmental activities</b>	<b>\$ 44,639,305</b>

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, 2023**

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 30,423,701	-	1,715,780	32,139,481
Licenses, permits and fees	342,312	-	-	342,312
Intergovernmental	2,741,488	-	418,678	3,160,166
Charges for services	279,225	599,949	792,565	1,671,739
Fees and fines	12,897	-	-	12,897
Gifts and donations	-	-	103,880	103,880
Unclassified	169,356	-	-	169,356
Investment income (loss)	202,456	371,254	198,511	772,220
Total revenues	34,171,435	971,202	3,229,414	38,372,051
Expenditures:				
Current:				
General government	2,165,317	-	-	2,165,317
Public safety	3,476,111	-	62,125	3,538,236
Public works	2,414,727	-	-	2,414,727
Community services	1,006,835	-	328,434	1,335,269
Community development	-	-	1,437,005	1,437,005
Education	20,513,344	-	-	20,513,344
Insurance and fringe benefits	2,180,530	-	-	2,180,530
County and transit tax	1,374,422	-	-	1,374,422
Unclassified	330,376	69,350	46,204	445,930
Capital outlay	1,446,939	1,792,318	578,584	3,817,841
Debt service	70,681	-	-	70,681
Total expenditures	34,979,282	1,861,668	2,452,352	39,293,302
Excess (deficiency) of revenues over (under) expenditures	(807,848)	(890,465)	777,062	(921,251)
Other financing sources (uses):				
Lease proceeds	1,446,939	-	-	1,446,939
Transfers from other funds	435,000	2,485,440	-	2,920,440
Transfers to other funds	(2,585,440)	-	(335,000)	(2,920,440)
Total other financing sources (uses)	(703,501)	2,485,440	(335,000)	1,446,939
Net change in fund balances	(1,511,349)	1,594,975	442,062	525,688
Fund balances, beginning of year	9,132,846	12,000,736	5,803,487	26,937,069
<b>Fund balances, end of year</b>	<b>\$ 7,621,497</b>	<b>13,595,711</b>	<b>6,245,549</b>	<b>27,462,757</b>

*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, 2023**

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Net change in fund balances - total governmental funds (from Statement 4)	\$	525,688
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and reflects a loss on disposal of assets.		2,092,577
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		71,752
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		175,369
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Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and lease 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 proceeds net of repayments.		(1,116,479)
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The Town has bonds that were originally issued for School purposes. These amounts will be funded by Regional School Unit #5 when the debt service payments are due. The Town has recorded a long-term receivable for the amount that will be paid by the School Unit for these bonds. The amount of the receivable at year end was \$0 with principal amounts paid off during the year totaling \$215,000.		(215,000)
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<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>1,533,907</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, 2023**

				Variance with Final Budget Positive (Negative)	
		Budgeted amounts			
		Original	Final	Actual	
Revenues:					
Taxes	\$	29,655,691	29,655,691	30,423,701	768,010
Licenses, permits and fees		352,400	352,400	342,312	(10,088)
Intergovernmental		2,319,500	2,319,500	2,741,488	421,988
Charges for services		223,500	223,500	279,225	55,725
Fees and fines		48,300	48,300	12,897	(35,403)
Unclassified		54,600	54,600	169,356	114,756
Investment earnings		50,000	50,000	170,947	120,947
Total revenues		32,703,991	32,703,991	34,139,926	1,435,935
Expenditures:					
Current:					
General government		2,243,375	2,243,375	2,165,317	78,058
Public safety		3,500,805	3,500,805	3,476,111	24,694
Public works		2,579,645	2,579,645	2,414,727	164,918
Community services		924,350	924,350	1,006,835	(82,485)
Education		20,513,344	20,513,344	20,513,344	-
Insurance and fringe benefits		2,326,300	2,326,300	2,180,530	145,770
County tax		1,374,422	1,374,422	1,374,422	-
Unclassified		331,050	331,050	328,619	2,431
Debt service		70,700	70,700	70,681	19
Total expenditures		33,863,991	33,863,991	33,530,586	333,405
Excess (deficiency) of revenues over (under) expenditures		(1,160,000)	(1,160,000)	609,340	1,769,340
Other financing sources (uses):					
Use of unassigned fund balance		675,000	675,000	-	(675,000)
Transfers from other funds		485,000	485,000	435,000	(50,000)
Transfers to other funds		-	-	(2,585,440)	(2,585,440)
Total other financing sources (uses)		1,160,000	1,160,000	(2,150,440)	(3,310,440)
Net change in fund balance - budgetary basis		-	-	(1,541,100)	(1,541,100)
Fund balance, beginning of year - budgetary basis				8,524,445	
Fund balance, end of year - budgetary basis				6,983,345	
Reconciliation to GAAP basis:					
Committed reserve funds fund balance				638,152	
Fund balance, end of year - GAAP basis		\$		7,621,497	

*See accompanying notes to financial statements.*



**TOWN OF FREEPORT, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

<b>Business-type Activities - Enterprise Funds</b>		
		<b>Nonemergency Transportation Program</b>
<b>ASSETS</b>		
Current assets:		
Accounts receivable	\$	-
Total current assets		-
Noncurrent assets:		
Property, plant, and equipment		-
Less accumulated depreciation		-
Total noncurrent assets		-
<b>Total assets</b>	<b>\$</b>	<b>-</b>
<b>LIABILITIES</b>		
Current liabilities:		
Interfund loans payable		-
Accrued wages and benefits payable		-
Total current liabilities		-
<b>Total liabilities</b>	<b>\$</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets		-
Unrestricted		-
<b>Total net position</b>	<b>\$</b>	<b>-</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, 2023**

<b>Business-type Activities - Enterprise Funds</b>	
	<b>Nonemergency Transportation Program</b>
Operating revenues:	
Charges for services	\$ 62,118
Total operating revenues	62,118
Operating expenses:	
Wages and benefits	16,676
Depreciation	11,774
Total operating expenses	28,450
Operating income	33,668
Net position, beginning of year	(33,668)
<b>Net position, end of year</b>	<b>\$ -</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the year ended June 30, 2023**

<b>Business-type Activities - Enterprise Funds</b>	
	<b>Nonemergency Transportation Program</b>
Cash flows from operating activities:	
Receipts from customers and users	\$ 108,869
Payments to employees	(17,667)
Net cash provided by operating activities	91,202
Cash flows from non-capital financing activities:	
Interfund borrowing	(91,202)
Net cash used in non-capital financing activities	(91,202)
Change in cash	-
Cash, beginning of year	-
<b>Cash, end of year</b>	<b>\$ -</b>
<b>Reconciliation of operating income/(loss) to net cash provided by operating activities:</b>	
Operating income/(loss)	\$ 33,668
Adjustments to reconcile net income /(loss) to net cash provided by operating activities:	
Depreciation	11,774
(Increase) decrease in operating assets:	
Accounts receivable	46,751
Increase (decrease) in operating liabilities:	
Accrued wages and benefits payable	(991)
Net cash provided by operating activities	91,202

*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.

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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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. General capital asset acquisitions, including entering into contracts giving the Town of Freeport the right to use leased assets, are reported as expenditures in governmental funds.

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

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

The Town reports the following major governmental funds:

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

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

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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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 \$81,101 for the governmental funds as of June 30, 2023. Management has determined that potential uncollectible accounts for intergovernmental, taxes and tax liens receivable are not material.

**E. Investments**

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

**F. Capital Assets**

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

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

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

Property, plant, and equipment of the primary government, including the right-to-use leased assets, are depreciated/amortized using the straight-line method over the assets' estimated useful lives ranging from 3 to 60 years. 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/amortization 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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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. Leases**

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

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

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

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

**J. Pensions**

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

**K. Deferred Inflows and Outflows of Resources**

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



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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**L. Inventory**

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

**M. Interfund Transactions**

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

**N. Use of Estimates**

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

**O. Comparative Data**

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

**P. 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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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<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.

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.

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**A. Budgetary Information**

Each year, the Town Manager submits to the Town Council a budget for the ensuing fiscal year. Hearings are held to obtain public comments. The budget is legally enacted by a council order. The order enacts the total Town appropriation. Budgets are adopted for the General Fund, 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 and Exhibit B. These amounts have been excluded from Exhibit A-2 and Statement 6 for budgetary purposes.

**B. Excess Appropriations**

For the year ended June 30, 2023, expenditures exceeded appropriations in the following departments:

Town Council	\$ 64,587	Solid Waste	58,628
General Admin	15,067	Hunter Rd. Field Maintenance	6,896
Special Enforcement	15,329	General Assistance	206,132
Fire Department	219,789	Bustin Island Corp.	226
Reception	44,796	Abatements	3,300
Hydrant Rental	9,420		
Winter Roads	80		

**C. Deficit Fund Balances**

For the year ended June 30, 2023, the following funds had deficit fund balances:

Library Book Donations	\$4,133
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Deficits will be covered by future revenues or transfers from other funds.

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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, 2023, the Town reported deposits of \$17,431,027 with a bank balance of \$17,778,913. Of the Town's bank balances of \$17,778,913, none was subject to custodial credit risk as it was insured by FDIC or covered by additional collateral.

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

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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As of June 30, 2023, the Freeport Economic Development Corporation reported deposits of \$110,161, with a bank balance of \$110,161. Of the FEDC'S bank balance of \$110,161, 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, 2023, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years
U. S. Government securities	\$ 6,378,018	3,417,667	2,960,351
Money markets	116,819	N/A	-
Mutual funds	4,185,918	N/A	-
<b>Total investments</b>	<b>\$ 10,680,755</b>	<b>3,417,667</b>	<b>2,960,351</b>

**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 \$116,819 -AAA, Fixed income government securities \$6,378,018 -AA. The Town's investment portfolio is comprised of a mix of money market, equity mutual funds and bond mutual funds.

At June 30, 2023, the Town had investments exceeding five percent of the total portfolio as follows:

	Value 6/30/23	S & P Rating	% of Total
United States Treasury Notes	\$ 4,989,092	AA	46.71%
United States Treasury Bills	889,891	AA	8.33%

**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.

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

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**PROPERTY TAX**

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Property taxes for the current period were committed on September 15, 2022, on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. For real property, payment of taxes was due in equal installments on November 15, 2022 and May 15, 2023. Personal property taxes were due in full on November 15, 2022. Interest at the rate of 8% 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 2023 assessed value was 100% of the estimated market value and 94% of the 2023 state valuation of \$2,307,000,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$337,048 for the period ended June 30, 2023.

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, 2023 and 2022 levies:

	<u>2022</u>	<u>2021</u>
Assessed value	\$ 2,170,880,702	2,128,095,497
Tax rate (per \$1,000)	13.65	13.35
Commitment	29,632,522	28,410,075
Supplemental taxes assessed	153,318	156,403
Total assessments	29,785,840	28,566,478
Less:		
Collections and abatements	29,267,071	28,291,192
<b>Receivable at June 30</b>	<b>\$ 518,769</b>	<b>275,286</b>
Collection rate	98.26%	99.04%

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**SIGNIFICANT TAXPAYER**

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For the year ended June 30, 2023, the Town of Freeport committed and collected \$2,747,220 in real estate and personal property tax revenue from L.L. Bean, Inc. This commitment represents approximately 9.27% of total taxable valuation.

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2023</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 720,116	87,518	-	807,634
Land	<u>2,204,884</u>	-	-	<u>2,204,884</u>
Total capital assets, not being depreciated	2,925,000	87,518	-	3,012,518
Capital assets, being depreciated:				
Land improvements	\$ 3,547,251	117,057	-	3,664,308
Buildings and building improvements	8,670,636	33,050	-	8,703,686
Machinery and equipment and other	6,782,616	755,891	126,824	7,411,683
Right-to-use leased equipment	-	1,446,939	-	1,446,939
Vehicles	4,987,923	1,057,926	171,665	5,874,184
Infrastructure	<u>15,511,660</u>	-	-	<u>15,511,660</u>
Total capital assets being depreciated	39,500,086	3,410,863	298,489	42,612,460
Less accumulated depreciation:				
Land improvements	1,837,233	130,072	-	1,967,305
Buildings and building improvements	5,561,995	199,781	-	5,761,776
Machinery, equipment, and other	5,322,058	241,029	125,720	5,437,367
Right-to-use leased equipment	-	72,650	-	72,650
Vehicles	3,637,367	257,242	120,354	3,774,255
Infrastructure	<u>6,770,982</u>	452,615	-	<u>7,223,597</u>
Total accumulated depreciation	23,129,635	1,353,389	246,074	24,236,950
Total capital assets being depreciated, net	16,370,451	2,057,474	52,415	18,375,510
<b>Governmental activities capital assets, net</b>	<b><u>\$ 19,295,451</u></b>	<b><u>2,144,992</u></b>	<b><u>52,415</u></b>	<b><u>21,388,028</u></b>

Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2023 as follows:

<b>Governmental activities:</b>	
General government	\$ 66,260
Public safety	278,601
Public works, including depreciation of general infrastructure assets	830,279
Community services	167,358
Unclassified	<u>10,891</u>
<b>Total depreciation expense – governmental activities</b>	<b><u>\$ 1,353,389</u></b>

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

**CAPITAL ASSETS, CONTINUED**

	Balance July 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2023</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>151,194</u>	<u>-</u>
<u>Less accumulated depreciation</u>	<u>139,420</u>	<u>11,774</u>	<u>151,194</u>	<u>-</u>
Total capital assets being depreciated, net	11,774	11,774	-	-
<b><u>Business-type activities capital assets, net</u></b>	<b><u>\$ 11,774</u></b>	<b><u>(11,774)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

Depreciation expense of \$11,774 for business-type activities was all charged to the Nonemergency Transportation (NET) enterprise fund.

**LEASES**

**Lease Receivable** - The Town of Freeport currently has three leases with communication companies for space on its water tanks, a building and land, and parking lot, which had the following amounts as of June 30, 2023:

Name of Lease	Receivable	Deferred Inflow	Payment
Communication Lease #1	\$ 434,638	418,185	4,216 increasing 4% each year.
Communication Lease #2	464,298	445,041	2,070 increasing every 5 years.
Communication Lease #3	298,291	287,598	4,214 increasing 4% each year.
Parking Lease	-	-	1,167
Soule School Lease	501,729	498,313	1,485 increasing/decreasing every 5 years based on the change in the consumer price index.
Total	\$1,698,956	1,649,137	

- The first communication lease is in the fourth out of five possible extension terms and the remaining lease term, including extensions, will last for eight (8) years. The Town recognized \$43,015 in lease revenue and \$8,248 in interest revenue during the current fiscal year related to this lease.
- The second communication lease is in the first out of four possible extension terms and the remaining lease term, including extensions will last for seventeen (17) years. The Town recognized \$16,323 in lease revenue and \$8,517 in interest revenue during the current fiscal year related to this lease.
- The third communication lease is in the third out of four possible extension terms and the remaining lease term, including extensions will last for six (6) years. The town recognized \$43,630 in lease revenue and \$5,800 in interest revenue during the current fiscal year related to this lease.
- The parking lease is in the second year of a two-year lease for parking spaces, with a possible extension to be determined at the end of the lease by both the Town and the lessee. The Town recognized \$13,750 in lease revenue and \$250 in interest revenue during the current fiscal year related to this lease.

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

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**LEASES, CONTINUED**

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- The Soule school lease was renewed in January 2022 for a term of 20 years with a possible 20-year extension. The Town recognized \$8,642 in lease revenue and \$9,182 in interest revenue during the current fiscal year related to this lease.

**Lease Payable** - The Town of Freeport currently has a lease with Freeport Community Services for use of their office and storage space ending in FY 2061. The value of the right-to-use lease asset is \$1,446,939. An initial lease liability was recorded in the amount of \$1,446,939 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$1,394,879. The Town is required to make annual principal and interest payments of \$51,128. The future principal and interest payments as of June 20, 2023, were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 25,812	25,316	51,128
2025	26,281	24,848	51,129
2026	26,758	24,371	51,129
2027	27,243	23,885	51,128
2028	27,738	23,390	51,128
2029-2033	146,426	109,216	255,642
2034-2038	160,204	95,437	255,641
2039-2043	175,280	80,362	255,642
2044-2048	191,773	63,868	255,641
2049-2053	209,819	45,822	255,641
2054-2058	229,564	26,078	255,642
2059-2061	147,981	5,404	153,385
<b>Totals</b>	<b>\$ 1,394,879</b>	<b>547,997</b>	<b>1,942,876</b>

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**INTERFUND TRANSACTIONS**

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During the course of normal operations, the Town has many transactions between funds including expenditures and transfers. Interfund receivables and payables at June 30, 2023 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	\$ -	7,498,056	(2,150,440)
Capital project funds	6,289,116	1,966,031	2,485,440
Nonmajor governmental funds:			
Special revenue funds:			
Winslow Park	-	378,961	-
TIF funds	999,548	-	(5,000)
Bartol building lease	504,465	-	-
Tower lease	875,282	-	(225,000)
Town grants and programs	1,067,318	-	(105,000)
Leon Gorman Park	128,760	-	-
Permanent funds	-	21,441	-
<b>Totals</b>	<b>\$ 9,864,489</b>	<b>9,864,489</b>	<b>-</b>



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

**FUND BALANCE**

The General Fund unassigned fund balance total of \$4,739,946 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, 2023, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Inventory	\$ 14,212	-	-	-
Accrued compensation	-	-	554,187	-
Tax rate stabilization	-	-	1,000,000	-
Unemployment fund compensation	-	-	515,458	-
Other	-	-	122,694	-
Subsequent year budget	-	-	-	675,000
Capital Projects Funds	-	-	13,595,711	-
Nonmajor Governmental Funds:				
Special Revenue Funds:				
Winslow Park	-	792,508	-	-
TIF	-	851,454	-	-
Leon Gorman Park	-	128,712	-	-
Bartol building lease	-	-	504,202	-
Tower lease	-	-	875,282	-
Other grants and programs	-	891,304	398,832	-
Permanent Funds:				
Principal	1,720,990	-	-	-
Unexpended Income	-	86,399	-	-
<b>Totals</b>	<b>\$ 1,735,202</b>	<b>2,750,377</b>	<b>17,566,366</b>	<b>675,000</b>

The above table excludes a deficit fund balance in the other grants and programs of \$4,133, which has been shown as an unassigned fund balance.

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

The Town's net investment in capital assets was calculated as follows at June 30, 2023:

	<u>Governmental Activities</u>
Capital assets	\$ 45,624,978
Accumulated depreciation	(24,236,950)
Lease payable	(1,394,879)
Bonds payable	(570,600)
<b>Net investment in capital assets</b>	<b>\$ 19,422,549</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, 2023 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	\$ 849,000	-	278,400	570,600	63,400
Accrued compensated absences	478,122	76,065	-	554,187	-
Lease	-	1,446,939	52,060	1,394,879	25,812
Other post-employment benefits	1,079,012	-	63,914	1,015,098	-
Net pension liability/ (asset)	(170,576)	1,618,610	-	1,448,034	-
Landfill closure and post closure care costs	91,000	-	9,000	82,000	9,000
<b>Total governmental activity long-term liabilities</b>	<b>\$ 2,326,558</b>	<b>3,141,614</b>	<b>403,374</b>	<b>5,064,798</b>	<b>98,212</b>

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**LONG-TERM DEBT**

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Bonds payable at June 30, 2023 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, 2023</u>
<b>Governmental activities:</b>					
2021 bike/pedestrian bridge	11/4/2021	\$ 634,000	2031	1.5%	570,600
<b>Total bonds payable</b>					<b>\$ 570,600</b>

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 \$570,600 at June 30, 2023 was within the statutory limit.

The annual requirements to amortize bonds outstanding at June 30, 2023 are as follows. Such amounts exclude overlapping debt requirements.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 63,400	6,876	70,276
2025	63,400	6,422	69,822
2026	63,400	5,893	69,293
2027	63,400	5,265	68,665
2028	63,400	4,517	67,917
2029-2033	253,600	8,578	262,178
<b>Totals</b>	<b>\$ 570,600</b>	<b>37,551</b>	<b>608,151</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, 2023, the Town's share was \$1,057,973 (3.53%) of Cumberland County's outstanding debt of \$29,931,420.

The Town's proportionate share of Regional School Unit No. 5's debt of \$11,889,825 is \$7,844,907 (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, 2023:

	<u>Years remaining</u>	<u>Cost per year</u>	<u>Total cost</u>
Post closure monitoring:			
Section closed in 1995 - 30 years of monitoring	2	\$ 5,000	10,000
Section closed in 2016:			
First ten-year period of post closure monitoring	3	4,000	12,000
Subsequent 20-year period of post-closure monitoring	20	3,000	60,000
<b><u>Total landfill liability</u></b>			<b><u>\$ 82,000</u></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 \$82,000 over the next 24 years. As such, the Town has recognized an estimate for post closure monitoring and maintenance costs of \$82,000 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.

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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.

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

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**JOINTLY GOVERNED ORGANIZATIONS, CONTINUED**

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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, 2023, the most recent information available, includes total assets of \$68,741,299, total liabilities of \$26,537,952 and unrestricted net position of \$10,453,126. The liabilities include an accrual for landfill closure and postclosure care amounting to \$18,000,767. 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, 2023, the Town abated real estate property taxes totaling \$1,281,542 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 2022</u>
TIF II Desert Rd. Phase II	1996-97 30 Years	Berenson Assoc.	75%	\$341,466
TIF II Desert Rd. Phase II	2007-08 20 Years	Berenson Assoc.	85%	750,977
TIF VI Housing	2011-12 30 Years	Freeport Housing Trust	50%	12,402
TIF VII Concord Gully	2021-22 30 Years	L.L. Bean	77%	157,622
TIF VIII Quarry Ridge	2021-22 30 Years	Quarry Ridge	50%	9,538

**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 8.2%-9.7% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2022, was 11.4%-13.4% 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 \$481,010 for the year ended June 30, 2023.

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

At June 30, 2023, the Town reported a liability/(asset) of \$1,448,034 for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

The Town's proportion of the net pension liability/(asset) 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, 2022, the Town's proportion was 0.5447%.

For the year ended June 30, 2023, the Town recognized pension expense (gain) of \$396,124. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

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**NET PENSION LIABILITY, CONTINUED**

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 269,108	-
Net difference between projected and actual earnings on pension plan investments	-	607,748
Changes in assumptions	293,901	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	35,511	-
Town contributions subsequent to the measurement date	481,010	-
<b>Total</b>	<b>\$ 1,079,530</b>	<b>607,748</b>

An amount of \$481,010 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, 2024.

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:

2023	\$ 205,128
2024	(122,242)
2025	(377,567)
2026	285,453

**Actuarial Assumptions** - The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality Table projected generationally using the RPEC\_2020 model.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020.

**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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	6.0%
US Government securities	2.3%
Private equities	7.6%
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.0%
Alternative credit	7.2%
Diversifiers	5.9%

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

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

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 4,277,906	1,448,034	(890,955)

**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, 2023.

**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, 2023, the Town's contribution to the plan totaled \$92,099.

**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 \$419,466 for the year ended June 30, 2023.

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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 June 30, 2023, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Active employees	<u>43</u>
Total	<u><u>49</u></u>

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

The Town's total Health Plan OPEB liability of \$1,015,098 was measured as of January 1, 2023 and was determined by applying roll forward procedures to an actuarial valuation as of January 1, 2022.

*Changes in the Total Health Plan OPEB Liability*

	<b>Total OPEB Liability</b>
Balance at June 30, 2022	\$ 1,079,012
Changes for the year:	
Service Cost	44,444
Interest	22,783
Differences between expected and actual experience	-
Changes in assumptions and other inputs	(96,022)
Benefit payments	<u>(35,119)</u>
Net changes	<u>(63,914)</u>
Balance at June 30, 2023	<u><u>\$ 1,015,098</u></u>

Change in assumptions and other inputs reflect a change in the discount rate from 2.06% in 2022 to 3.72% in 2023.

For the year ended June 30, 2023, the Town recognized OPEB expense of \$39,626 related to the Health Plan. At June 30, 2023, 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	\$ -	139,961
Changes of assumption or other inputs	<u>59,512</u>	<u>-</u>
Total	<u><u>\$ 59,512</u></u>	<u><u>139,961</u></u>

**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:	
2024	\$ (27,600)
2025	8,375
2026	(22,890)
2027	(22,892)
2028	2,321
Thereafter	(17,763)

**Actuarial Assumptions and Other Inputs** – The total OPEB liability in the January 1, 2023 measurement 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	3.00% per annum
Salary increases	2.75% per annum
Discount rate	3.72% per annum
Healthcare cost trend rates	7.26% for 2023, decreasing to 4.55% for 2043
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2022 valuation for the Health Plan were based on the results of an actuarial experience study covering from the period of June 30, 2016 through June 30, 2020.

**Discount Rate** - The rate used to measure the total OPEB liability for the Health Plan was 3.72% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

**Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate** - The following presents the Town's total OPEB liability related to the Health Plan calculated using the discount rate of 3.72%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.72%) or 1 percentage-point higher (4.72%) than the current rate:

		<b>1% Decrease (2.72%)</b>	<b>Discount Rate (3.72%)</b>	<b>1% Increase (4.72%)</b>
Total OPEB liability	\$	1,148,965	1,015,098	903,866

**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	\$ 881,124	1,015,098	1,183,091

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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, 2023.

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**COMMITMENTS**

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As of June 30, 2023, the Town had several outstanding commitments related to its ongoing projects, consisting primarily of the Spar Cove Road Reconstruction and the Cousin’s River Bridge Bike/Ped Connector. Of the contracts related to those projects, Spar Cove Road Reconstruction has \$94,833 remaining and Cousin’s River Bridge Bike/Pedestrian Connector Project has \$122,682 remaining. These projects are expected to be completed during FY 2024.

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**RESTATEMENT**

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In FY 2022, the Town implemented GASB 87, *Leases*, and recognized lease receivables and deferred inflows of resources on the Statement of Net Position and Statement of Activities. However, according to GASB 87, lease receivables and deferred inflows of resources are required to be recognized on the fund financial statements. The prior year amounts for the General Fund have been restated by adding the prior year lease receivable and deferred inflows related to leases of \$1,824,316 on Exhibit A-1. As the net change in the balances of \$22,475 was immaterial to the General Fund, the change has been flowed through FY 2023 activity.

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

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

Last 10 Fiscal Years\*\*

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

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

*\*Only nine years of information available.*

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

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

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 481,010	427,332	363,456	337,279	335,995	301,466	265,364	246,263	187,331	173,612
Contributions in relation to the contractually required contribution	(481,010)	(427,332)	(363,456)	(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>	<b>-</b>	<b>-</b>	<b>-</b>
Town's covered payroll	\$3,996,808	3,683,115	3,365,333	3,181,874	3,199,957	2,984,815	2,916,093	2,767,003	2,608,145	2,555,144
Contributions as a percentage of Covered payroll	12.03%	11.60%	10.80%	10.60%	10.50%	10.10%	9.10%	8.90%	7.18%	6.79%

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

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

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

\* Only six years of information available.

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

**Net Pension Liability**

**Changes of Benefit Terms** - None

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

	<u>2021</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.500%	6.750%	6.875%	7.125%	7.250%
Inflation rate	2.75%	2.75%	2.75%	3.50%	N/A
Salary increases	2.75% to 11.48%	2.75% to 9.00%	2.75% to 9.00%	3.50% to 9.50%	N/A
Cost of living increase	1.91%	1.91%	2.20%	2.55%	3.12%

**Mortality rates:**

In 2015, mortality rates were based on the RP 2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 through 2020, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table. In 2021, mortality rates were based on the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality Table projected generationally using the RPEC\_2020 model.

**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>
2023	3.72%
2022	2.06%
2021	2.12%
2020	2.74%
2019	4.10%
2018	3.44%

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

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

## ***GENERAL FUND***



**TOWN OF FREEPORT, MAINE**  
**Comparative Balance Sheets - General Fund**  
**June 30, 2023 and 2022**

	<b>2023</b>	<b>Restated 2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,489,027	16,514,358
Investments	783,653	395,668
Accounts receivable	11,357	34,940
Due from other governments	134,780	4,301
Taxes receivable	522,030	275,286
Lease Receivable	1,698,956	1,824,316
Tax liens	92,790	87,262
Inventory	14,212	16,233
Receivable - RSU #5 debt service payments	-	215,000
<b>Total assets</b>	<b>17,746,805</b>	<b>19,367,364</b>
<b>LIABILITIES</b>		
Accounts payable	160,603	206,262
Accrued wages and benefits	228,331	167,139
Interfund loans payable	7,498,056	6,682,547
Development escrows	323,596	957,234
<b>Total liabilities</b>	<b>8,210,586</b>	<b>8,013,182</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	265,585	182,020
Unavailable revenue - RSU #5 debt service payments	-	215,000
Deferred inflows related to leases	1,649,137	1,824,316
<b>Total deferred inflows of resources</b>	<b>1,914,722</b>	<b>2,221,336</b>
<b>FUND BALANCE</b>		
Nonspendable	14,212	16,233
Committed - Stabilization Fund	1,000,000	1,000,000
Committed - other	554,187	478,122
Committed - reserves	638,152	608,401
Assigned	675,000	675,000
Unassigned	4,739,946	6,355,090
<b>Total fund balance</b>	<b>7,621,497</b>	<b>9,132,846</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 17,746,805</b>	<b>19,367,364</b>

**TOWN OF FREEPORT, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**Year ended June 30, 2023**

(with comparative actual amounts for the year ended June 30, 2022)

	2023		Variance positive (negative)	2022 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 27,579,691	27,994,110	414,419	27,168,070
Excise taxes and registration fees	2,051,000	2,395,302	344,302	2,234,991
Interest and lien costs	25,000	34,289	9,289	46,537
Total taxes	29,655,691	30,423,701	768,010	29,449,598
Licenses, permits and fees:				
Building, plumbing and electrical permits	208,000	186,406	(21,594)	213,474
Town clerk licenses and fees	26,100	32,029	5,929	30,008
Moorings and other harbor fees	75,000	81,643	6,643	81,405
Solid waste permits	1,300	825	(475)	1,375
Shellfish licenses	10,000	11,657	1,657	11,781
Alarm permits	32,000	29,752	(2,248)	17,643
Total licenses, permits and fees	352,400	342,312	(10,088)	355,686
Intergovernmental:				
State tree growth reimbursement	50,000	61,724	11,724	61,422
State general assistance	5,000	52,299	47,299	5,844
State revenue sharing	1,150,000	1,264,703	114,703	1,087,616
State homestead exemption reimbursement	350,000	580,524	230,524	339,938
State BETE reimbursement	550,000	536,045	(13,955)	603,841
State road assistance	125,000	135,444	10,444	136,192
Public safety contributions	63,000	63,500	500	61,716
Other intergovernmental	26,500	47,249	20,749	55,221
Total intergovernmental	2,319,500	2,741,488	421,988	2,351,790
Charges for services:				
Planning	20,500	23,094	2,594	19,590
Transfer station and recycling	183,000	226,438	43,438	237,982
Parking lot	-	11,588	11,588	10,148
Engineering	15,000	12,155	(2,845)	13,835
Hunter Road Fields	5,000	5,950	950	1,300
Total charges for services	223,500	279,225	55,725	282,855
Fees and fines:				
Police parking and other fines	40,000	1,372	(38,628)	17,790
Library fines and fees	6,000	9,635	3,635	7,916
Alarm and other fire fees	2,300	1,890	(410)	2,357
Total fees and fines	48,300	12,897	(35,403)	28,063

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

	2023			2022 Actual
	Budget	Actual	Variance positive (negative)	
Revenues, continued:				
Unclassified	\$ 54,600	169,356	114,756	91,345
Investment earnings	50,000	170,947	120,947	25,299
Total revenues	32,703,991	34,139,926	1,435,935	32,584,636
Expenditures:				
Current:				
General government:				
Town council	172,600	237,187	(64,587)	172,407
Town manager	135,005	123,058	11,947	132,823
Finance and treasury	531,120	513,225	17,895	424,667
Assessing	200,015	191,640	8,375	200,084
Code enforcement	131,875	130,684	1,191	122,665
Town clerk and elections	154,110	141,565	12,545	129,595
General administration	177,990	193,057	(15,067)	144,818
Municipal buildings	493,410	469,175	24,235	413,195
Planning	247,250	165,726	81,524	149,882
Total general government	2,243,375	2,165,317	78,058	1,890,137
Public Safety:				
Police department	1,586,150	1,477,156	108,994	1,475,841
Special enforcement	104,715	120,044	(15,329)	93,076
Fire department	863,700	1,083,489	(219,789)	760,330
Rescue	504,890	306,824	198,066	388,689
Reception	229,350	274,146	(44,796)	218,005
Hydrant rental	182,000	191,420	(9,420)	188,373
Street lights	30,000	23,032	6,968	23,032
Total public safety	3,500,805	3,476,111	24,694	3,147,346
Public Works:				
General road operations	1,064,430	991,955	72,475	875,907
Summer roads	434,500	285,957	148,543	250,914
Winter roads	181,000	181,080	(80)	171,245
Tree program	20,000	19,770	230	6,997
Solid waste	593,000	651,628	(58,628)	566,865
Engineering	160,600	151,326	9,274	149,149
Hunter Road Fields maintenance	126,115	133,011	(6,896)	122,782
Total public works	2,579,645	2,414,727	164,918	2,143,859

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

	2023		Variance positive (negative)	2022 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Community services:				
Human services agencies	\$ 40,800	39,000	1,800	29,750
General assistance	42,000	248,132	(206,132)	84,434
Public library	525,620	500,927	24,693	488,505
Cable TV	144,710	125,324	19,386	102,902
Promotions	22,700	20,512	2,188	11,949
Shellfish commission	3,500	-	3,500	-
Amtrak station operations	83,770	61,022	22,748	54,134
Other	61,250	11,918	49,332	14,504
Total community services	924,350	1,006,835	(82,485)	786,179
Education	20,513,344	20,513,344	-	19,919,982
Insurance and fringe benefits:				
Employee benefits	2,218,300	2,075,165	143,135	1,800,784
Insurances	108,000	105,365	2,635	101,160
Total insurance and fringe benefits	2,326,300	2,180,530	145,770	1,901,944
County and transit tax	1,374,422	1,374,422	-	1,368,958
Unclassified:				
Bustin's Island Corporation	277,000	277,226	(226)	243,721
Miscellaneous and contingency	29,050	23,093	5,957	23,053
Abatements	25,000	28,300	(3,300)	17,874
Total unclassified	331,050	328,619	2,431	284,649
Debt service	70,700	70,681	19	38,269
Total expenditures	33,863,991	33,530,586	333,405	31,481,322
Excess (deficiency) of revenues over (under) expenditures	(1,160,000)	609,340	1,769,340	1,103,314

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

	2023			2022 Actual
	Budget	Actual	Variance positive (negative)	
Other financing sources (uses):				
Budgeted utilization of surplus	\$ 675,000	-	(675,000)	-
Transfers in	485,000	435,000	(50,000)	450,000
Transfers out	-	(2,585,440)	(2,585,440)	(600,000)
Total other financing sources (uses)	1,160,000	(2,150,440)	(3,310,440)	(150,000)
Net change in fund balance - budgetary basis	-	(1,541,100)	(1,541,100)	953,314
Fund balance, beginning of year - budgetary basis		8,524,445		7,571,131
Fund balance, end of year - budgetary basis		6,983,345		8,524,445
Reconciliation of fund balance to GAAP basis:				
Committed reserve funds fund balance		638,152		608,401
<b>Fund Balance, end of year - GAAP Basis</b>	<b>\$</b>	<b>7,621,497</b>		<b>9,132,846</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, 2023**

	<b>Fund Balance June 30, 2022</b>	<b>Charges for Services</b>	<b>Revenues Interest</b>	<b>Expenditures</b>	<b>Transfers in (out)</b>	<b>Fund Balance June 30, 2023</b>
<b>Capital Project Reserves</b>						
Administration - general	\$ 193,135	-	11,655	468	(117,500)	86,822
Boards and commissions	137,327	-	6,943	279	(32,172)	111,819
Building maintenance	719,482	-	39,212	1,574	(499,500)	257,620
Cable TV equipment	191,074	122,016	10,296	413	(125,960)	197,012
Energy savings	41,892	-	2,118	85	-	43,925
Fire equipment	363,864	-	27,699	1,025	540,979	931,517
Hedgehog mountain	23,575	-	1,192	48	-	24,719
Land purchase	149,771	-	1,023	-	-	150,794
Land trust	27,382	-	1,384	56	-	28,711
Municipal parking lot	495,732	11,588	25,112	14,008	-	518,423
Police equipment	334,621	-	20,761	790	-	354,593
Public infrastructure	1,911,960	-	111,087	4,281	498,691	2,517,457
Public works equipment	804,465	-	45,520	1,810	(136,000)	712,176
Recycling equipment	68,420	-	3,446	129	7,027	78,763
Rescue equipment	824,946	446,845	42,106	1,690	(666,000)	646,208
<b>Total capital project reserves</b>	<b>6,287,646</b>	<b>580,449</b>	<b>349,554</b>	<b>26,655</b>	<b>(530,435)</b>	<b>6,660,559</b>
<b>General Fund Reserves</b>						
Unemployment compensation fund	492,070	-	24,879	1,492	-	515,458
Other	116,331	-	6,629	266	-	122,694
<b>Total general fund reserves</b>	<b>608,401</b>	<b>-</b>	<b>31,509</b>	<b>1,757</b>	<b>-</b>	<b>638,152</b>
<b>Total Reserve Funds</b>	<b>\$ 6,896,047</b>	<b>580,449</b>	<b>381,062</b>	<b>28,412</b>	<b>(530,435)</b>	<b>7,298,711</b>

## ***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, 2023**

	Fund Balance (deficit) June 30, 2022	Revenues			Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2023
		Charges for Services	Bond Proceeds	Interest			
<b>Police Department Capital Project Funds:</b>							
Communication upgrade	\$ 15,436	-	-	-	219	-	15,217
Bullet proof vests & protective equipment	9,833	-	-	-	2,950	50,000	56,883
Building enhancements	108	-	-	-	-	-	108
In-Car cameras	702	-	-	-	-	-	702
Boat and motor replacement	8,615	-	-	-	-	180,000	188,615
Vehicle replacement	181,192	-	-	-	84,171	120,000	217,021
Total police department	215,886	-	-	-	87,340	350,000	478,546
<b>Fire Department Capital Project Funds:</b>							
Protective clothing	8,104	-	-	-	-	-	8,104
Engine/tanker apparatus	800,000	-	-	-	692,383	-	107,617
Engine five	980	-	-	-	-	(980)	-
Engine three	14,863	-	-	-	-	15,000	29,863
EMP portable digital signs	10,092	-	-	-	-	-	10,092
Service vehicle	3,676	-	-	-	-	-	3,676
SCBA bottles and fill station	137,000	-	-	-	107,838	-	29,162
Pressure fans	-	-	-	-	-	20,000	20,000
Total fire department	974,715	-	-	-	800,221	34,020	208,514
<b>Rescue Department Capital Project Funds:</b>							
Vehicle exhaust ventilation system	-	-	-	-	-	-	-
Ambulance replacement	26,478	-	-	-	-	450,000	476,478
Communication upgrade	36,807	1,500	-	-	19,870	-	18,437
Rescue equipment	2,906	-	-	-	205	-	2,701
Dormitory Renovations	7,032	-	-	-	-	16,000	23,032
Total rescue department	73,223	1,500	-	-	20,075	466,000	520,648
<b>Public Works Capital Project Funds:</b>							
Grader repair	1,096	-	-	-	215	-	881
Dump truck replacement, sander & plow	225,731	18,000	-	-	251,494	250,000	242,237
Loader	18,770	-	-	-	-	-	18,770
Sidewalk plow-shared with TIF	7,668	-	-	-	-	86,000	93,668
Pick-up truck replacement	6,371	-	-	-	7,250	-	(879)
Oil/Water separator	-	-	-	-	-	-	-
Street sweeper	140,000	-	-	-	118,700	-	21,300
Backhoe/Excavator	22,081	-	-	-	-	-	22,081
Total public works	421,717	18,000	-	-	377,659	336,000	398,058
<b>Recycling Capital Project Funds:</b>							
Landfill closing	123,450	-	-	-	-	-	123,450
Containers	6,849	-	-	-	-	-	6,849
Loader	2,987	-	-	-	-	-	2,987
Facility lighting	37,500	-	-	-	-	-	37,500
Other	139,638	-	-	-	66,400	42,972	116,210
Total recycling	310,424	-	-	-	66,400	42,972	286,996

**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, 2023**

	Fund Balance (deficit) June 30, 2022	Revenues			Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2023
		Charges for Services	Bond Proceeds	Interest			
<b>Comprehensive Town Improvement Funds:</b>							
Arnold Road reconstruction	\$ 250,000	-	-	-	97,672	-	152,328
ADA compliance work	75,000	-	-	-	-	-	75,000
Train Station improvements	80,000	-	-	-	-	-	80,000
Percy, Pratt and Pownal Road reconstruction	120	-	-	-	-	-	120
Road condition survey - Asset management planning	25,000	-	-	-	-	-	25,000
Cousin's River Bridge - (PACTS)	140,000	-	-	-	-	-	140,000
Cousin's River Bridge - Bike/Pedestrian Connector	122,682	-	-	-	-	-	122,682
Mallett Drive/Durham Road reconstruction	-	-	-	-	-	500,000	500,000
Main St. paving and drainage match	28,494	-	-	-	18,200	-	10,294
DOT bridge work	634,000	-	-	21,700	-	-	655,700
Spar Cove Road rebuild	117,728	-	-	-	22,895	-	94,833
US Route 1 South (PACTS)	45,736	-	-	-	-	-	45,736
Concord Gully Brook watershed restoration	60,915	-	-	-	-	25,000	85,915
Greenspace project	16,000	-	-	-	-	-	16,000
South Street project	153,011	-	-	-	-	(6,595)	146,416
Desert Road match	19,393	-	-	-	-	-	19,393
US Route 1 North (PACTS)	134,991	-	-	-	-	-	134,991
Electric vehicle chargers	-	-	-	-	-	25,000	25,000
Desert Road business park	235,000	-	-	-	-	-	235,000
Flying Point Road reconstruction	-	-	-	-	-	400,000	400,000
Freeport fields and trails project	140,537	-	-	-	-	26,750	167,287
Culvert replacement	33,434	-	-	-	-	-	33,434
Other	38,159	-	-	-	1,508	91,595	128,246
<b>Total comprehensive town improvement</b>	<b>2,350,200</b>	<b>-</b>	<b>-</b>	<b>21,700</b>	<b>140,275</b>	<b>1,061,750</b>	<b>3,293,375</b>
<b>Municipal Buildings and Other Improvement Funds:</b>							
Computer system upgrade/connectivity town-wide	237,794	-	-	-	129,293	100,000	208,501
Dunning boat yard	31,445	-	-	-	-	-	31,445
Cable TV	128,915	-	-	-	18,409	25,960	136,466
Valuation update	58,213	-	-	-	-	7,500	65,713
Building winterization	125,497	-	-	-	3,050	-	122,447
Town hall exterior	43,388	-	-	-	-	-	43,388
Town hall upgrades	25,000	-	-	-	-	-	25,000
Red Light upgrade	30,000	-	-	-	-	30,000	60,000
Copier replacement	14,937	-	-	-	12,777	-	2,160
Library building exterior	59,315	-	-	-	49,140	-	10,175
Town wharf work	122,500	-	-	-	8,680	7,500	121,320
Other	246,583	-	-	-	121,694	522,000	646,889
<b>Total municipal buildings and other</b>	<b>1,123,587</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>343,043</b>	<b>692,960</b>	<b>1,473,504</b>
<b>Boards and Committees Improvement Funds:</b>							
Directional signage	15,000	-	-	-	-	-	15,000
Ordinance work	-	-	-	-	-	40,000	40,000
Historic society archiving	1,387	-	-	-	-	-	1,387
comprehensive plan update	150,000	-	-	-	-	-	150,000
Florida Lake bridge replacement	448	-	-	-	-	-	448
Quiet zone study	66,732	-	-	-	-	-	66,732
Hedgehog Mountain bridge replacement	1,000	-	-	-	-	-	1,000
Withdrawal committee	7,827	-	-	-	-	(7,827)	-
Other	944	-	-	-	-	-	944
<b>Total boards and committees</b>	<b>243,338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,173</b>	<b>275,511</b>
Capital Reserves - See Exhibit B for Details	6,287,646	580,449	-	349,554	26,655	(530,435)	6,660,559
<b>Total capital project funds</b>	<b>12,000,736</b>	<b>599,949</b>	<b>-</b>	<b>371,254</b>	<b>1,861,668</b>	<b>2,485,440</b>	<b>13,595,711</b>

## ***OTHER GOVERNMENTAL FUNDS***

**TOWN OF FREEPORT, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2023**

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,862,222	-	1,862,222
Investments	-	1,829,519	1,829,519
Accounts receivable	9,528	-	9,528
Interfund loans receivable	3,575,373	-	3,575,373
<b>Total assets</b>	<b>5,447,123</b>	<b>1,829,519</b>	<b>7,276,642</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	169,020	689	169,709
Accrued wages and benefits	6,077	-	6,077
Interfund loans payable	378,961	21,441	400,402
Other unearned revenues	454,905	-	454,905
<b>Total liabilities</b>	<b>1,008,963</b>	<b>22,130</b>	<b>1,031,093</b>
Fund balances:			
Nonspendable	-	1,720,990	1,720,990
Restricted	2,663,978	86,399	2,750,377
Committed	1,778,315	-	1,778,315
Unassigned	(4,133)	-	(4,133)
<b>Total fund balances</b>	<b>4,438,160</b>	<b>1,807,389</b>	<b>6,245,549</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,447,123</b>	<b>1,829,519</b>	<b>7,276,642</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, 2023**

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
Revenues:			
Property taxes	\$ 1,715,780	-	1,715,780
Charges for services	792,565	-	792,565
Gifts and donations	103,880	-	103,880
Intergovernmental	418,678	-	418,678
Investment income (loss)	23,605	174,906	198,511
Total revenues	3,054,508	174,906	3,229,414
Expenditures:			
Current:			
Community services	311,822	16,612	328,434
Community development	1,437,005	-	1,437,005
Public safety	62,125	-	62,125
Unclassified	37,265	8,939	46,204
Capital outlay	578,584	-	578,584
Total expenditures	2,426,801	25,551	2,452,352
Excess (deficiency) of revenues over (under) expenditures	627,707	149,355	777,062
Other financing sources (uses):			
Transfers to other funds	(335,000)	-	(335,000)
Total other financing sources (uses)	(335,000)	-	(335,000)
Net change in fund balance	292,707	149,355	442,062
Fund balances, beginning of year	4,145,453	1,658,034	5,803,487
<b>Fund balances, end of year</b>	<b>\$ 4,438,160</b>	<b>1,807,389</b>	<b>6,245,549</b>

***NONMAJOR SPECIAL REVENUE FUNDS***

**TOWN OF FREEPORT, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2023**

		Tax Increment Financing Funds						Bartol			Leon	
	Winslow	TIF II	TIF IV	TIF V	TIF VI	TIF VII	TIF VIII	Building	Tower	Town	Gorman	Totals
	Park	Desert Road	Destination	Hotel	Housing	Concord Gully	Quarry Ridge	Lease	Lease	Grants &	Park	2023
		Phase II						Fund	Fund	Programs		
ASSETS												
Cash and cash equivalents	\$	1,188,007	-	-	-	-	-	-	-	674,215	-	1,862,222
Accounts receivable		-	-	9,528	-	-	-	-	-	-	-	9,528
Interfund loans receivable		-	56,388	527,962	161,158	-	226,169	27,871	504,465	875,282	1,067,318	3,575,373
Total assets		1,188,007	56,388	537,490	161,158	-	226,169	27,871	504,465	875,282	1,741,533	5,447,123
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable		10,461	-	-	-	-	157,622	-	264	-	48	169,020
Accrued wages and benefits		6,077	-	-	-	-	-	-	-	-	-	6,077
Interfund loans payable		378,961	-	-	-	-	-	-	-	-	-	378,961
Other unearned revenue		-	-	-	-	-	-	-	-	454,905	-	454,905
Total liabilities		395,499	-	-	-	-	157,622	-	264	-	48	1,008,963
Fund balances:												
Restricted		792,508	56,388	537,490	161,158	-	68,547	27,871	-	-	128,712	2,663,978
Committed		-	-	-	-	-	-	-	504,201	875,282	-	1,778,315
Unassigned		-	-	-	-	-	-	-	-	(4,133)	-	(4,133)
Total fund balances		792,508	56,388	537,490	161,158	-	68,547	27,871	504,201	875,282	1,286,003	4,438,160
Total liabilities and fund balances	\$	1,188,007	56,388	537,490	161,158	-	226,169	27,871	504,465	875,282	1,741,533	5,447,123

**TOWN OF FREEPORT, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2023**

	Tax Increment Financing Funds							Bartol Building Lease Fund	Tower Lease Fund	Town Grants & Programs	Leon Gorman Park	Totals 2023
	Winslow Park	TIF II Desert Road Phase II	TIF IV Destination	TIF V Hotel	TIF VI Housing	TIF VII Concord Gully	TIF VIII Quarry Ridge					
Revenues:												
Property taxes	\$ -	1,092,443	273,000	92,691	12,402	226,169	19,075	-	-	-	-	1,715,780
Charges for services	419,026	-	-	-	-	-	-	10,485	243,981	119,073	-	792,565
Gifts and donations	-	-	50,000	-	-	-	-	-	-	53,880	-	103,880
Intergovernmental	-	-	-	-	-	-	-	-	-	418,678	-	418,678
Investment earnings/(losses)	10,049	-	-	-	-	-	-	-	-	7,070	6,486	23,605
Total revenues	429,075	1,092,443	323,000	92,691	12,402	226,169	19,075	10,485	243,981	598,701	6,486	3,054,508
Expenditures:												
Current:												
Community services	258,908	-	-	-	-	-	-	12,171	-	35,972	4,771	311,822
Community development	-	1,092,443	165,000	-	12,402	157,622	9,538	-	-	-	-	1,437,005
Public Safety	-	-	-	-	-	-	-	-	-	62,125	-	62,125
Unclassified	-	-	3,795	-	-	-	-	-	-	33,470	-	37,265
Capital	119,686	-	161,608	-	-	-	-	-	-	297,290	-	578,584
Total expenditures	378,594	1,092,443	330,403	-	12,402	157,622	9,538	12,171	-	428,857	4,771	2,426,801
Excess (deficiency) of revenues over (under) expenditures	50,481	-	(7,403)	92,691	-	68,547	9,537	(1,686)	243,981	169,844	1,715	627,707
Other financing sources (uses):												
Transfer to other funds	-	-	-	(5,000)	-	-	-	-	(225,000)	(105,000)	-	(335,000)
Total other financing sources (uses)	-	-	-	(5,000)	-	-	-	-	(225,000)	(105,000)	-	(335,000)
Net change in fund balances	50,481	-	(7,403)	87,691	-	68,547	9,537	(1,686)	18,981	64,844	1,715	292,707
Fund balances, beginning of year	742,027	56,388	544,893	73,467	-	-	18,334	505,887	856,301	1,221,159	126,997	4,145,453
Fund balances, end of year	\$ 792,508	56,388	537,490	161,158	-	68,547	27,871	504,201	875,282	1,286,003	128,712	4,438,160



**TOWN OF FREEPORT, MAINE**  
**Town Grants and Programs**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2023**

	Fund Balance (deficit) June 30, 2022	Revenues				Revenues over (under) expenditures	Other sources and (uses)	Fund Balance (deficit) June 30, 2023
		Inter- governmental	Gifts and donations	Charges for services	Expenditures			
Town Grants and Programs:								
Road Impact Fees	\$ 350,697	-	-	90,600	-	90,600	(105,000)	336,297
Stormwater Connection Fees	58,710	-	-	1,678	-	1,678	-	60,388
Sandy Beach Stairs/SHIP Grant	22,722	-	-	-	-	-	-	22,722
Maine Arts Commission	2,022	-	-	-	-	-	-	2,022
Sustainability Grant	-	121,388	-	-	13,930	107,458	-	107,458
Project Canopy Grant	8,657	-	-	-	-	-	-	8,657
CDBG-Elders Bus	2,139	-	-	-	-	-	-	2,139
Regional Efficiency grant	1,249	-	-	-	-	-	-	1,249
CDBG-Weatherization	7,357	-	-	-	-	-	-	7,357
ARPA	-	297,290	-	7,070	297,290	7,070	-	7,070
CDBG-Habitat for Humanity	455	-	-	-	-	-	-	455
Police Speed Enforcement/Seat Belt	11,774	-	-	-	-	-	-	11,774
Village Open Spaces	31,630	-	-	-	-	-	-	31,630
FEMA	61,085	-	-	-	8,665	(8,665)	-	52,420
Shellfish Water Testing	32,884	-	-	2,052	-	2,052	-	34,936
Fuel Assistance Fund-Freeport	42,679	-	5,900	-	-	5,900	-	48,579
Freeport Housing Trust Rental Assistance Grant	1,888	-	-	-	-	-	-	1,888
Fire and Rescue Annual Appeal Donations	60,726	-	14,650	-	62,125	(47,475)	-	13,251
Library Donations	90,239	-	14,125	-	12,311	1,814	-	92,053
Fire Department Burn Building Donations	4,387	-	-	-	922	(922)	-	3,465
Police Donations	2,706	-	-	-	-	-	-	2,706
Rescue Donations	458	-	100	-	-	100	-	558
Library Book Donations	3,534	-	15,685	-	23,352	(7,667)	-	(4,133)
Public Works Donations	2,724	-	744	-	309	435	-	3,159
Dollars for Scholars	1,779	-	-	-	-	-	-	1,779
Soule School Lease	230,754	-	-	8,913	-	8,913	-	239,667
Dunning Boat Yard Lease	141,795	-	-	15,830	5,530	10,300	-	152,095
Other	46,109	-	2,676	-	4,423	(1,747)	-	44,362
<b>Total Town Grants and Programs</b>	<b>1,221,159</b>	<b>418,678</b>	<b>53,880</b>	<b>126,143</b>	<b>428,857</b>	<b>169,844</b>	<b>(105,000)</b>	<b>1,286,003</b>

## ***NONMAJOR PERMANENT FUNDS***

**TOWN OF FREEPORT, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Balance Sheet**  
**June 30, 2023**

	Cemetery Care	Library Funds	Benevolent Funds	Totals
<b>ASSETS</b>				
Investments	\$ 424,531	519,464	885,524	1,829,519
<b>Total assets</b>	<b>424,531</b>	<b>519,464</b>	<b>885,524</b>	<b>1,829,519</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	-	689	-	689
Interfund loans payable	8,132	10,685	2,624	21,441
<b>Total liabilities</b>	<b>8,132</b>	<b>11,374</b>	<b>2,624</b>	<b>22,130</b>
Fund balances:				
Nonspendable-Principal	416,399	489,940	814,651	1,720,990
Restricted-Unexpended income	-	18,150	68,249	86,399
<b>Total fund balances</b>	<b>416,399</b>	<b>508,090</b>	<b>882,900</b>	<b>1,807,389</b>
<b>Total liabilities and fund balances</b>	<b>\$ 424,531</b>	<b>519,464</b>	<b>885,524</b>	<b>1,829,519</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, 2023**

		Principal			Unexpended Income				
		Fund	Revenues	Fund	Fund			Fund	
		Balance	Unrealized/	Balance	Balance	Interest		Balance	Total
		June 30, 2022	Gains (Losses)	June 30, 2023	June 30, 2022	Income	Expenditures	June 30, 2023	June 30, 2023
Cemetery Care:									
Perpetual Care:									
850	Burr	\$ 181,246	662	181,908	(9,241)	14,361	4,380	740	182,648
851	Grove	70,466	1,246	71,712	(2,603)	4,681	1,566	512	72,224
852	Webster	19,468	641	20,109	(433)	1,022	439	150	20,259
853	Woodlawn	28,045	(787)	27,258	(2,262)	3,039	595	182	27,440
854	South Freeport	71,031	2,882	73,913	(1,002)	3,235	1,616	617	74,530
855	Flying Point	10,278	(94)	10,184	(583)	940	224	133	10,317
856	Town maintained	3,404	258	3,662	715	102	8	809	4,471
802	Davis Mausoleum	1,330	132	1,462	775	52	49	778	2,240
803	Carrie Thomas	755	60	815	201	24	22	203	1,018
804	A.O. Woodard	15,339	1,225	16,564	4,243	485	40	4,688	21,252
Total Cemetery Funds		401,362	6,225	407,587	(10,190)	27,941	8,939	8,812	416,399
Library Funds:									
710	Albert Conley	56,235	6,714	62,949	21,235	1,873	418	22,690	85,639
711	Paul and Emma Bennett	25,622	2,278	27,900	603	636	118	1,121	29,021
712	Eleanor Brewer	11,669	1,263	12,932	2,900	352	30	3,222	16,154
713	Bartol Association	62,693	4,104	66,797	(15,339)	1,145	6,273	(20,467)	46,330
714	Grace Ritchie	4,103	352	4,455	(43)	98	8	47	4,502
758	Loth Library	82,999	7,470	90,469	3,185	2,084	377	4,892	95,361
757	Jane Hall	205,924	18,514	224,438	6,587	5,169	5,111	6,645	231,083
Total Library Funds		449,245	40,695	489,940	19,128	11,357	12,335	18,150	508,090
Benevolent Funds:									
740	George Davis	18,835	1,928	20,763	3,398	538	46	3,890	24,653
741	Arthur L. Gould	642,940	60,237	703,177	50,560	16,811	4,060	63,311	766,488
743	Dorsey Loth	83,538	7,173	90,711	(782)	2,001	171	1,048	91,759
Total Benevolent Funds		745,313	69,338	814,651	53,176	19,350	4,277	68,249	882,900
Total		\$ 1,595,920	116,258	1,712,178	62,114	58,648	25,551	95,211	1,807,389