

**TOWN OF FREEPORT, MAINE**

**Annual Financial Report**

**For the Year Ended  
June 30, 2021**

**TOWN OF FREEPORT, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2021**

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## Independent Auditor's Report

Town Council  
Town of Freeport, Maine

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Freeport, Maine, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Freeport, Maine's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Freeport, Maine, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

#### ***Other Information***

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

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

In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2021 on our consideration of the Town of Freeport, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Freeport, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Freeport, Maine's internal control over financial reporting and compliance.

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

October 25, 2021  
South Portland, Maine

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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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, 2021. 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, 2021 by \$42,910,837 (net position). Of this amount, \$18,671,524 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 \$26,184,176 (Statement 4) which is an increase of \$2,456,786 from FY 2020.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,472,919.

The Town of Freeport's total outstanding long-term debt decreased by \$470,000 during the course of the fiscal year; the June 30, 2021 outstanding debt totaled \$480,000.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town of Freeport that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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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, community development, 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 2021. 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, 2021**

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 21,719,143	18,165,731	-	-	21,719,143	18,165,731
Investments	6,344,892	5,613,386	-	-	6,344,892	5,613,386
Receivables	769,612	1,223,354	95,310	114,860	864,922	1,338,214
Receivable from RSU #5	446,250	821,932	-	-	446,250	821,932
Internal balances	147,358	197,354	(147,358)	(197,354)	-	-
Inventory	14,896	11,439	-	-	14,896	11,439
Capital assets, net	19,697,755	19,657,018	18,195	24,616	19,715,950	19,681,634
Total assets	49,139,906	45,690,214	(33,853)	(57,878)	49,106,053	45,632,336
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources related to OPEB	259,235	264,657	-	-	259,235	264,657
Deferred outflows of resources related to pensions	600,347	668,787	-	-	600,347	668,787
Total deferred outflows of resources	859,582	933,444	-	-	859,582	933,444
<b>LIABILITIES</b>						
Current liabilities	2,563,282	1,130,943	12,665	12,184	2,575,947	1,143,127
Noncurrent liabilities	4,123,625	4,167,149	-	-	4,123,625	4,167,149
Total liabilities	6,686,907	5,298,092	12,665	12,184	6,699,572	5,310,276
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources related to OPEB	352,287	428,721	-	-	352,287	428,721
Deferred inflows of resources related to pensions	49,457	420,523	-	-	49,457	420,523
Total deferred inflows of resources	401,744	849,244	-	-	401,744	849,244
<b>NET POSITION</b>						
Net investment in capital assets	19,664,005	19,528,950	18,195	24,616	19,682,200	19,553,566
Restricted	4,575,308	3,694,697	-	-	4,575,308	3,694,697
Unrestricted	18,671,524	17,252,675	(64,713)	(94,678)	18,606,811	17,157,997
Total net position	\$42,910,837	40,476,322	(46,518)	(70,062)	42,864,319	40,406,260

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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

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

Our next analysis focuses on changes in net position of the Town's governmental and business-type activities. Governmental activities increased the Town of Freeport's net position by \$2,434,515 during the year ended June 30, 2021. The following analysis provides the key elements of the increases.

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

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2021**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Program revenues:						
Charges for services	\$ 2,394,157	\$ 1,792,228	226,136	345,673	2,620,293	2,137,901
Operating grants and contributions	236,946	487,153	-	-	236,946	487,153
General revenues:						
Property taxes	27,491,666	27,154,814	-	-	27,491,666	27,154,814
Motor vehicle excise taxes	2,297,320	1,973,899	-	-	2,297,320	1,973,899
Interest and lien costs	67,406	53,530	-	-	67,406	53,530
State revenue sharing	759,639	572,787	-	-	759,639	572,787
Homestead exemption	453,466	322,966	-	-	453,466	322,966
BETE reimbursements	685,975	714,793	-	-	685,975	714,793
Other state aid	78,508	84,056	-	-	78,508	84,056
Investment earnings	1,309,413	507,569	-	-	1,309,413	507,569
Miscellaneous revenues	43,793	42,211	-	-	43,793	42,211
<b>Total revenues</b>	<b>35,818,289</b>	<b>33,706,006</b>	<b>226,136</b>	<b>345,673</b>	<b>36,044,425</b>	<b>34,051,679</b>
Program expenses:						
General government	3,677,275	3,734,590	-	-	3,677,275	3,734,590
Public safety	3,833,276	3,801,602	-	-	3,833,276	3,801,602
Public works	3,593,153	3,695,625	-	-	3,593,153	3,695,625
Community services	1,329,763	1,377,231	-	-	1,329,763	1,377,231
Community development	1,232,461	1,461,923	-	-	1,232,461	1,461,923
Education	19,125,015	18,580,496	-	-	19,125,015	18,580,496
Unclassified	591,853	653,887	-	-	591,853	653,887
Interest on debt	978	5,756	-	-	978	5,756
Nonemergency transportation	-	-	202,592	234,923	202,592	234,923
<b>Total expenses</b>	<b>33,383,774</b>	<b>33,311,110</b>	<b>202,592</b>	<b>234,923</b>	<b>33,586,366</b>	<b>33,546,033</b>
Change in net position	2,434,515	394,896	23,544	110,750	2,458,059	505,646
Net position - beginning	40,476,322	40,081,426	(70,062)	(180,812)	40,406,260	39,900,614
Net position - ending	\$42,910,837	40,476,322	(46,518)	(70,062)	42,864,319	40,406,260

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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

In Freeport, the Town managed over the past several years to build its unassigned General Fund balance (the equivalent of a savings account) to \$5.5 million. The Town Council established a figure of approximately \$4.1 million (one and-one-half months of the annual budgets for the Town, RSU #5 Town portion, and County tax) as a minimum level of fund balance to maintain. The Town Council budgeted to use \$600,000 to offset taxes in the FY 2022 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 2021 and the account remained at \$1 million at June 30, 2021. In Statement No. 54, the Governmental Accounting Standards Board (GASB) required Stabilization funds to be used only in situations meeting two criteria: specific and non-routine. The Council defined the need to use the stabilization fund in Freeport as a five percent increase in the combined budgets of the Town, RSU (Town portion) and County tax (Town portion) or a five percent increase in the Town's overall mil rate. In these cases, up to fifty (50) percent of the Tax Rate Stabilization Account may be used annually to offset the property tax rate.

The Town's General Fund operations showed budgeted revenues over expenditures of \$1,135,255 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 \$340,256 increase in fund balance. As of June 30, 2021, the Town's fund balance policy required the Town to hold just over \$3.8 million in fund balance (one and-a-half months of Town, RSU, and County budgets), and the unassigned fund balance was \$5.5 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 \$4.1 million. Each year, staff presents the fund balance to the Town Council and recommends uses for any amount over the policy guideline. During the FY 2022 presentation, staff will recommend that the Town Council transfer a portion of the excess fund balance to Capital Reserves and leave the remaining funds, as the Town is just over the maximum level of its policy and expects budgetary impacts next year.

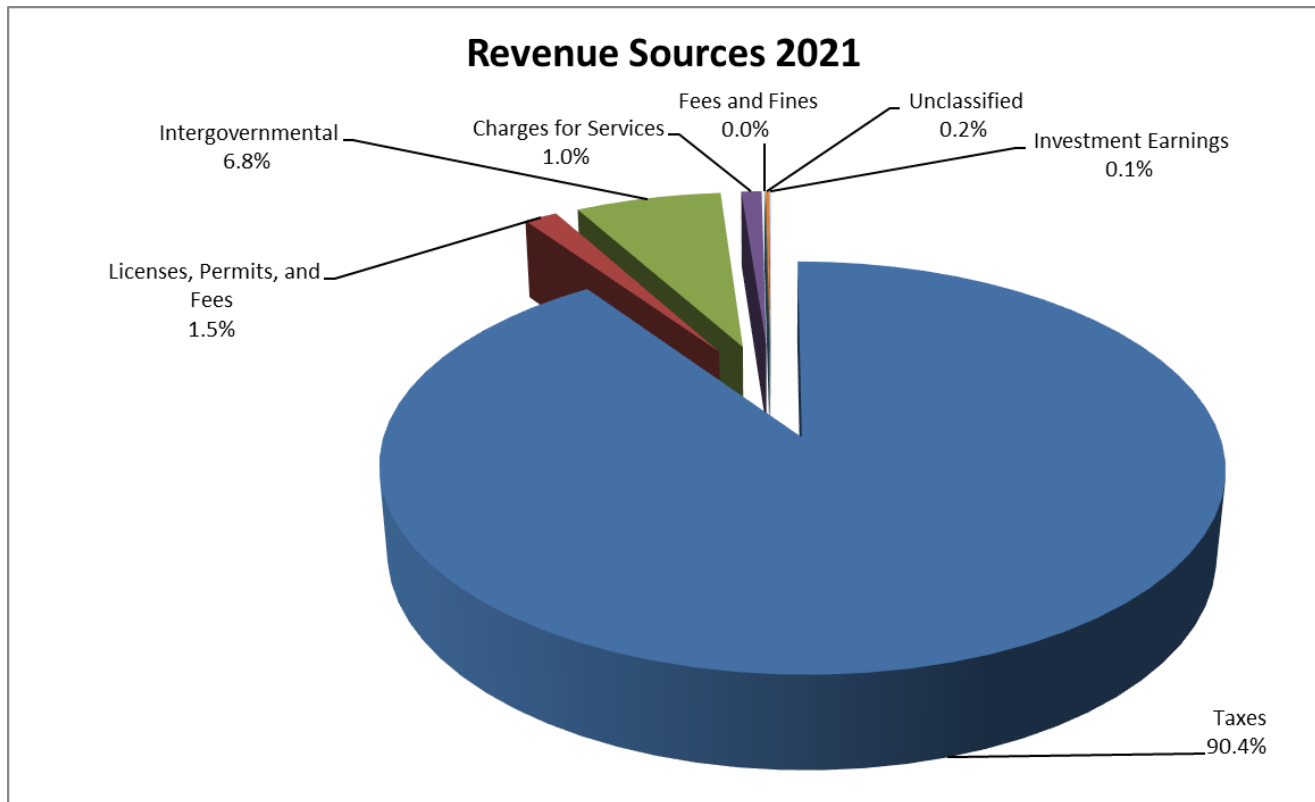
**General Fund Revenues Budget-to-Actual Summary**

For fiscal year 2021, revenues exceeded expenditures by \$1,135,255. The major reason for this is that actual revenues came in \$1,812,384 more than budgeted due primarily to increased excise tax collection and recycling revenue, as well as State reimbursements. The Town expenditures were also \$477,871 lower than budgeted. This is primarily due to reduced health care costs and town-wide budget savings. The property tax collection rate for the year increased to 98.93% from the previous year's collection rate of 96.89%.

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2021**

**General Fund Revenues Budget to Actual Summary**  
**Budget and Actual – General Fund**  
**For the Year Ended June 30, 2021**

	Original	Final	Actual	Variance
<b>Taxes</b>	\$ 27,546,448	27,546,448	28,557,158	1,010,710
<b>Licenses and Permits</b>	299,100	299,100	492,954	193,854
<b>Intergovernmental</b>	1,652,400	1,652,400	2,158,187	505,787
<b>Charges for Services</b>	175,000	175,000	300,371	125,371
<b>Fees and Fines</b>	34,800	34,800	9,196	(25,604)
<b>Unclassified</b>	20,800	20,800	52,082	31,282
<b>Investment Earnings</b>	45,000	45,000	15,984	(29,016)
<b>Total Revenues</b>	<b>\$ 29,773,548</b>	<b>29,773,548</b>	<b>31,585,932</b>	<b>1,812,384</b>



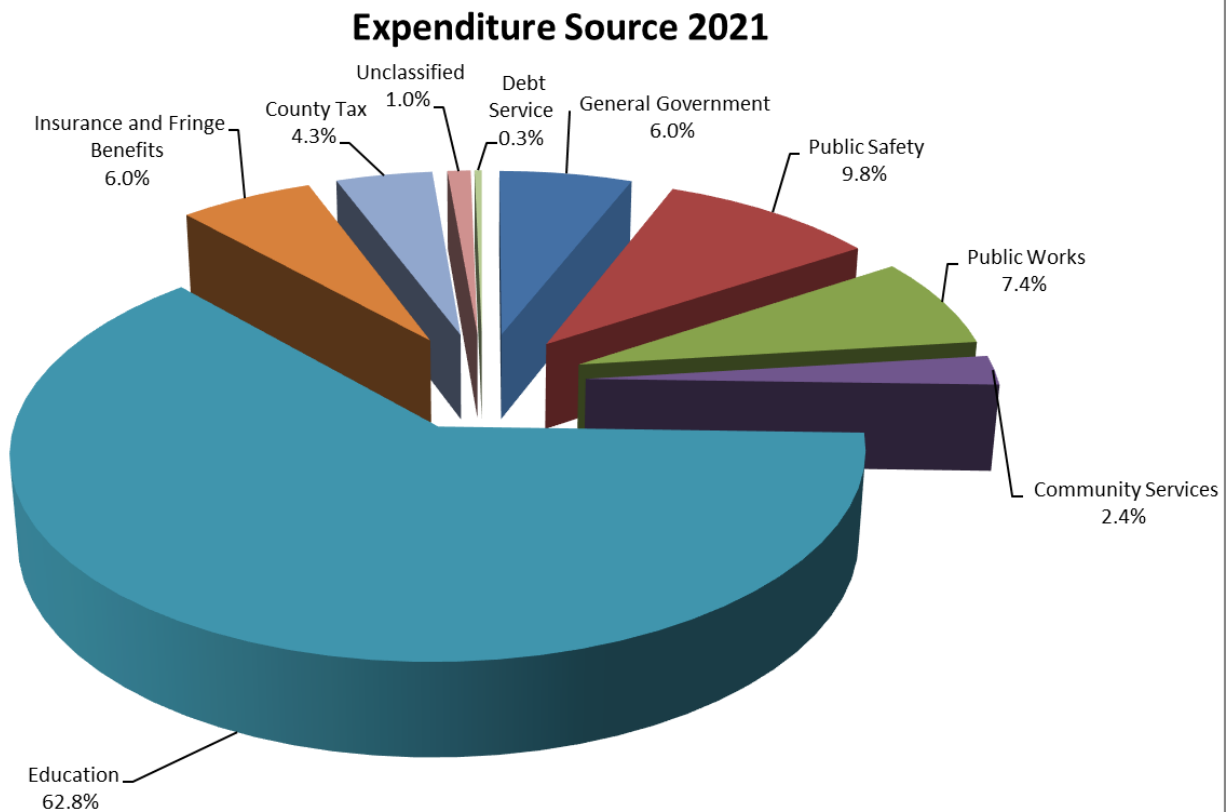
**General Fund Expenditures Budget-to-Actual Summary**

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, 2021 (see Exhibit A-2 for a more detailed presentation):

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2021**

**General Fund Expenditures Budget-to-Actual Summary**  
**Budget and Actual – General Fund**  
**For the Year Ended June 30, 2021**

	Original	Final	Actual	Variance
<b>General government</b>	\$ 1,894,506	1,894,506	1,817,246	77,260
<b>Public safety</b>	3,065,435	3,065,435	2,969,312	96,123
<b>Public works</b>	2,336,605	2,336,605	2,239,669	96,936
<b>Community services</b>	829,020	829,020	729,625	99,395
<b>Education</b>	19,125,015	19,125,015	19,125,015	-
<b>Insurance and fringe benefits</b>	1,935,300	1,935,300	1,831,775	103,525
<b>County tax</b>	1,321,552	1,321,552	1,321,552	-
<b>Unclassified</b>	322,750	322,750	318,120	4,630
<b>Debt service</b>	98,365	98,365	98,363	2
<b>Totals</b>	<b>\$ 30,928,548</b>	<b>30,928,548</b>	<b>30,450,677</b>	<b>477,871</b>



**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2021**

**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 2022 capital budget that was approved in June of 2021 included the following:

**Town of Freeport**  
**Summary of Funding Sources**  
**FY 2022 Capital Program**

	<b>FY 2021</b>	<b>FY 2022</b>			<b>Funding Source</b>	
	<b>Council Approved</b>	<b>Manager Proposed</b>	<b>Council Approved</b>	<b>Council Appropriated</b>	<b>Reserve</b>	<b>TIF</b>
<b>Police</b>	\$ 100,000	62,000	62,000	62,000	62,000	-
<b>Fire</b>	908,000	-	-	-	-	-
<b>Rescue</b>	63,000	60,000	60,000	60,000	60,000	-
<b>Public Works</b>	80,000	140,000	140,000	140,000	140,000	-
<b>Solid Waste</b>	155,000	67,500	67,500	67,500	67,500	-
<b>Comprehensive Town Imp.</b>	755,000	630,000	630,000	630,000	630,000	-
<b>Municipal Facilities</b>	138,900	88,500	88,500	88,500	88,500	-
<b>Cable</b>	24,000	24,000	24,000	24,000	24,000	-
<b>Other</b>	150,000	125,000	175,000	175,000	175,000	-
<b>Destination Freeport TIF</b>	235,000	300,000	375,000	375,000	-	375,000
<b>Winslow Park</b>	50,000	-	-	-	-	-
<b>Total</b>	<b>\$ 2,658,900</b>	<b>1,497,000</b>	<b>1,622,000</b>	<b>1,622,000</b>	<b>1,247,000</b>	<b>375,000</b>

It is notable that the FY 2022 capital improvement plan is funded by June 30, 2021. This is the reason the Town reflects the FY 2022 plan in the MD&A section of the financial statements.

A summary of the Town's capital assets at June 30, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
<b>General capital assets:</b>		
Land	\$ 2,204,884	2,204,884
Land improvements	3,547,251	3,547,251
Buildings and improvements	8,643,524	8,643,524
Machinery, equipment and other	6,269,620	6,223,271
Vehicles	5,175,923	4,996,461
Infrastructure	14,630,481	14,353,766
Construction in process	1,328,762	903,709
	<b>\$ 41,800,445</b>	<b>40,872,866</b>

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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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 \$2,006,100,000 for 2021, the debt limit was more than \$300 million. The Town's current debt is \$480,000, 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, 2021, the Town of Freeport's debt per capita was \$59 as compared to the prior year of \$117 (based upon a population of 8,200).

The following is a summary of bond transactions of the Town for the year ended June 30, 2021:

Bonds payable at June 30, 2020	\$ 950,000
Principal payments	<u>(470,000)</u>
<b><u>Bonds payable at June 30, 2021</u></b>	<b><u>\$ 480,000</u></b>

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

**Economic Factors**

Freeport has a vibrant downtown, many thriving businesses, and residential growth outside the downtown. On average, the Town permits 54 new dwelling units per year.

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

**New Fiscal Year Budget**

In adopting the budget for the ensuing fiscal year 2022, the Town officials considered many factors in making judgments and estimates about the finances for the upcoming year. A primary objective was to continue to provide basic town services to the citizens while attempting to keep the property tax rate steady. The Town Council continued to focus on the tax rate during the FY 2022 budgeting process.

The budget for the fiscal year starting July 1, 2021 was approved by the Town Council with a tax rate of 13.30 mils, which is a \$0.70 decrease per \$1,000 of valuation from FY 2021 to FY 2022. The tax bills are sent out twice each year, and during FY 2022 are due on November 15, 2021 and May 16, 2022.



**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2021**

The following summarizes the major components of the FY 2021 and FY 2022 budgets:

		<b>FY 2021 Appropriation</b>	<b>FY 2022 Appropriation</b>	<b>Increase (Decrease)</b>
<b>REVENUES</b>				
Town Non-Property Tax	\$	4,593,400	\$ 4,983,100	\$ 389,700
Property Tax	\$	25,735,148	\$ 26,691,065	\$ 955,917
Fund Balance	\$	600,000	\$ 600,000	\$ -
<b>TOTALS</b>	<b>\$</b>	<b>30,928,548</b>	<b>\$ 32,274,165</b>	<b>\$ 1,345,617</b>
<b>EXPENDITURES</b>				
Municipal	\$	10,383,616	\$ 10,950,630	\$ 567,014
School	\$	19,125,015	\$ 19,919,982	\$ 794,967
County Tax	\$	1,243,618	\$ 1,286,019	\$ 42,401
Transit	\$	77,934	\$ 82,939	\$ 5,005
Debt Service	\$	98,365	\$ 34,595	\$ (63,770)
<b>TOTALS</b>	<b>\$</b>	<b>30,928,548</b>	<b>\$ 32,274,165</b>	<b>\$ 1,345,617</b>

Both of the government-wide financial statements distinguish functions of the Town of Freeport that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

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

**REQUEST FOR INFORMATION**

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

Respectfully submitted,

*Peter E. Joseph*  
Town Manager

*Jessica L. Maloy*  
Finance Director

## ***BASIC FINANCIAL STATEMENTS***

**TOWN OF FREEPORT, MAINE**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities	Business-type Activities	Total	Component Unit FEDC
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21,719,143	-	21,719,143	40,087
Investments	6,344,892	-	6,344,892	-
Receivables:				
Accounts, net	208,771	95,310	304,081	-
Due from other governments	171,530	-	171,530	-
Taxes receivable	295,353	-	295,353	-
Tax liens	93,958	-	93,958	-
Internal balances	147,358	(147,358)	-	-
Inventory	14,896	-	14,896	-
Receivable - RSU #5 debt service payments	446,250	-	446,250	-
Capital assets, not being depreciated	3,533,646	-	3,533,646	-
Capital assets, net of accumulated depreciation	16,164,109	18,195	16,182,304	-
<b>Total assets</b>	<b>49,139,906</b>	<b>(33,853)</b>	<b>49,106,053</b>	<b>40,087</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	600,347	-	600,347	-
Deferred outflows of resources related to OPEB	259,235	-	259,235	-
<b>Total deferred outflows of resources</b>	<b>859,582</b>	<b>-</b>	<b>859,582</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	2,374,828	540	2,375,368	2,276
Accrued wages and benefits payable	185,603	12,125	197,728	2,154
Accrued interest	2,851	-	2,851	-
Noncurrent liabilities:				
Liabilities due in one year	281,000	-	281,000	-
Other long-term liabilities	2,650,765	-	2,650,765	-
Other postemployment benefits liability	976,860	-	976,860	-
Bonds due in more than one year	215,000	-	215,000	-
<b>Total liabilities</b>	<b>6,686,907</b>	<b>12,665</b>	<b>6,699,572</b>	<b>4,430</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	49,457	-	49,457	-
Deferred inflows of resources related to OPEB	352,287	-	352,287	-
<b>Total total deferred inflows of resources</b>	<b>401,744</b>	<b>-</b>	<b>401,744</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	19,664,005	18,195	19,682,200	-
Restricted for:				
Grants and other programs	2,245,273	-	2,245,273	-
Nonexpendable trust principal	2,239,540	-	2,239,540	-
Expendable trust - income portion	90,495	-	90,495	-
Unrestricted	18,671,524	(64,713)	18,606,811	35,657
<b>Total net position</b>	<b>\$ 42,910,837</b>	<b>(46,518)</b>	<b>42,864,319</b>	<b>35,657</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

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	Governmental	Business-type	Total	
					activities	activities		
Primary government:								
Governmental activities:								
General government	\$ 3,677,275	1,067,929	-	-	(2,609,346)	-	(2,609,346)	-
Public safety	3,833,276	405,469	56,390	-	(3,371,417)	-	(3,371,417)	-
Public works	3,593,153	392,741	131,352	-	(3,069,060)	-	(3,069,060)	-
Community services	1,329,763	528,018	41,956	-	(759,789)	-	(759,789)	-
Community development	1,232,461	-	-	-	(1,232,461)	-	(1,232,461)	-
Education	19,125,015	-	-	-	(19,125,015)	-	(19,125,015)	-
Unclassified	591,853	-	7,248	-	(584,605)	-	(584,605)	-
Interest on debt	978	-	-	-	(978)	-	(978)	-
Total governmental activities	33,383,774	2,394,157	236,946	-	(30,752,671)	-	(30,752,671)	-
Business-type activities:								
Nonemergency Transportation	202,592	226,136	-	-	-	23,544	23,544	-
Total business-type activities	202,592	226,136	-	-	-	23,544	23,544	-
Total primary government	\$ 33,586,366	2,620,293	236,946	-	(30,752,671)	23,544	(30,729,127)	-
Component Unit:								
Freeport Economic Development Corporation	112,372	-	115,000	-	-	-	-	2,628
General revenues:								
Property taxes, levied for general purposes					\$ 27,491,666	-	27,491,666	-
Motor vehicle excise taxes					2,297,320	-	2,297,320	-
Interest and lien costs					67,406	-	67,406	-
Grants and contributions not restricted to specific programs:								-
Homestead exemption					453,466	-	453,466	-
BETE reimbursements					685,975	-	685,975	-
State Revenue Sharing					759,639	-	759,639	-
Other State aid					78,508	-	78,508	-
Unrestricted investment earnings					1,309,413	-	1,309,413	9
Miscellaneous revenues					43,793	-	43,793	-
Total general revenues					33,187,186	-	33,187,186	9
Change in net position					2,434,515	23,544	2,458,059	2,637
Net position - beginning, restated					40,476,322	(70,062)	40,406,260	33,020
Net position - ending					42,910,837	(46,518)	42,864,319	35,657

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 17,429,581	3,384,773	904,789	21,719,143
Investments	343,152	3,632,826	2,368,914	6,344,892
Receivables:				
Accounts net of allowance of \$132,234	33,315	162,956	12,500	208,771
Due from other governments	171,530	-	-	171,530
Taxes receivable	295,353	-	-	295,353
Tax liens	93,958	-	-	93,958
Interfund loans receivable	-	4,759,351	3,247,464	8,006,815
Inventory	14,896	-	-	14,896
Receivable - RSU #5 debt service payments	446,250	-	-	446,250
<b>Total assets</b>	<b>\$ 18,828,035</b>	<b>11,939,906</b>	<b>6,533,667</b>	<b>37,301,608</b>
<b>LIABILITIES</b>				
Accounts payable	155,797	37,521	8,680	201,998
Accrued wages and benefits	179,314	-	6,289	185,603
Interfund loans payable	7,439,216	197,277	222,964	7,859,457
Development escrows	2,172,830	-	-	2,172,830
<b>Total liabilities</b>	<b>9,947,157</b>	<b>234,798</b>	<b>237,933</b>	<b>10,419,888</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	226,655	-	-	226,655
Unavailable revenue - ambulance receivables	-	24,639	-	24,639
Unavailable revenue - RSU #5 debt service payments	446,250	-	-	446,250
<b>Total deferred inflows of resources</b>	<b>672,905</b>	<b>24,639</b>	<b>-</b>	<b>697,544</b>
<b>FUND BALANCES</b>				
Nonspendable	14,896	-	2,239,540	2,254,436
Restricted	-	-	2,335,768	2,335,768
Committed	2,120,158	11,680,469	1,720,426	15,521,053
Assigned	600,000	-	-	600,000
Unassigned	5,472,919	-	-	5,472,919
<b>Total fund balances</b>	<b>8,207,973</b>	<b>11,680,469</b>	<b>6,295,734</b>	<b>26,184,176</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 18,828,035</b>	<b>11,939,906</b>	<b>6,533,667</b>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				19,697,755
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				
Unavailable revenue - property taxes				226,655
Unavailable revenue - ambulance billings				24,639
Unavailable revenue - RSU #5 debt service payments				446,250
Deferred inflows/(outflows) related to pensions				550,890
Deferred inflows/(outflows) related to OPEB				(93,052)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				(4,126,476)
<b>Net position of governmental activities</b>				<b>\$ 42,910,837</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, 2021**

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 28,557,158	-	1,397,300	29,954,458
Licenses, permits and fees	492,954	-	-	492,954
Intergovernmental	2,158,187	-	-	2,158,187
Charges for services	300,371	563,092	1,033,544	1,897,007
Fees and fines	9,196	-	-	9,196
Gifts and donations	-	-	52,547	52,547
Unclassified	52,082	-	-	52,082
Investment earnings	77,749	706,210	525,454	1,309,413
Total revenues	31,647,697	1,269,302	3,008,845	35,925,844
Expenditures:				
Current:				
General government	1,817,246	-	-	1,817,246
Public safety	2,969,312	-	1,038	2,970,350
Public works	2,239,669	-	-	2,239,669
Community services	729,625	-	285,929	1,015,554
Community development	-	-	1,232,461	1,232,461
Education	19,125,015	-	-	19,125,015
Insurance and fringe benefits	1,831,775	-	-	1,831,775
County tax	1,321,552	-	-	1,321,552
Unclassified	326,010	47,372	34,631	408,013
Capital outlay	-	1,382,076	26,984	1,409,060
Debt service	98,363	-	-	98,363
Total expenditures	30,458,567	1,429,448	1,581,043	33,469,058
Excess (deficiency) of revenues over (under) expenditures	1,189,130	(160,146)	1,427,802	2,456,786
Other financing sources (uses):				
Transfers from other funds	555,001	1,249,999	-	1,805,000
Transfers to other funds	(1,350,000)	-	(455,000)	(1,805,000)
Total other financing sources (uses)	(794,999)	1,249,999	(455,000)	-
Net change in fund balances	394,131	1,089,853	972,802	2,456,786
Fund balances, beginning of year	7,813,842	10,590,616	5,322,932	23,727,390
Fund balances, end of year	\$ 8,207,973	11,680,469	6,295,734	26,184,176

*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, 2021**

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Net change in fund balances - total governmental funds (from Statement 4)	\$	2,456,786
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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.		40,737
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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.		(107,555)
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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.		(49,771)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments.		470,000
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The Town has bonds that were originally issued for School purposes. These amounts will be funded by Regional School Unit #5 when the debt service payments are due. The Town has recorded a long-term receivable for the amount that will be paid by the School Unit for these bonds. The amount of the receivable at year end was \$446,250 with principal amounts paid off during the year totaling \$375,682		(375,682)
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<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>2,434,515</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, 2021**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 27,546,448	27,546,448	28,557,158	1,010,710
Licenses, permits and fees	299,100	299,100	492,954	193,854
Intergovernmental	1,652,400	1,652,400	2,158,187	505,787
Charges for services	175,000	175,000	300,371	125,371
Fees and fines	34,800	34,800	9,196	(25,604)
Unclassified	20,800	20,800	52,082	31,282
Investment earnings	45,000	45,000	15,984	(29,016)
Total revenues	29,773,548	29,773,548	31,585,932	1,812,384
Expenditures:				
Current:				
General government	1,894,506	1,894,506	1,817,246	77,260
Public safety	3,065,435	3,065,435	2,969,312	96,123
Public works	2,336,605	2,336,605	2,239,669	96,936
Community services	829,020	829,020	729,625	99,395
Education	19,125,015	19,125,015	19,125,015	-
Insurance and fringe benefits	1,935,300	1,935,300	1,831,775	103,525
County tax	1,321,552	1,321,552	1,321,552	-
Unclassified	322,750	322,750	318,120	4,630
Debt service	98,365	98,365	98,363	2
Total expenditures	30,928,548	30,928,548	30,450,677	477,871
Excess (deficiency) of revenues over (under) expenditures	(1,155,000)	(1,155,000)	1,135,255	2,290,255
Other financing sources (uses):				
Use of unassigned fund balance	600,000	600,000	-	(600,000)
Transfers from other funds	555,000	555,000	555,001	1
Transfers to other funds	-	-	(1,350,000)	(1,350,000)
Total other financing sources (uses)	1,155,000	1,155,000	(794,999)	(1,949,999)
Net change in fund balance - budgetary basis	-	-	340,256	340,256
Fund balance, beginning of year - budgetary basis			7,230,875	
Fund balance, end of year - budgetary basis			7,571,131	
Reconciliation to GAAP basis:				
Committed reserve funds fund balance			636,842	
<b>Fund balance, end of year - GAAP basis</b>	<b>\$</b>		<b>8,207,973</b>	

*See accompanying notes to financial statements.*



**TOWN OF FREEPORT, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

<b>Business-type Activities - Enterprise Funds</b>	
	<b>Nonemergency Transportation Program</b>
<b>ASSETS</b>	
Current assets:	
Accounts receivable less allowance for uncollectibles of \$30,000	\$ 95,310
Total current assets	95,310
Noncurrent assets:	
Capital assets	151,194
Less accumulated depreciation	(132,999)
Total noncurrent assets	18,195
<b>Total assets</b>	<b>\$ 113,505</b>
<b>LIABILITIES</b>	
Current liabilities:	
Interfund loans payable	147,358
Accounts payable	540
Accrued wages and benefits payable	12,125
Total current liabilities	160,023
<b>Total liabilities</b>	<b>\$ 160,023</b>
<b>NET POSITION</b>	
Net investment in capital assets	18,195
Unrestricted	(64,713)
<b>Total net position</b>	<b>\$ (46,518)</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, 2021**

<b>Business-type Activities - Enterprise Funds</b>	
	<b>Nonemergency Transportation Program</b>
Operating revenues:	
Charges for services	\$ 226,136
Total operating revenues	226,136
Operating expenses:	
Wages and benefits	181,093
Operational costs	15,078
Depreciation	6,421
Total operating expenses	202,592
Operating income	23,544
Net position, beginning of year	(70,062)
<b>Net position, end of year</b>	<b>\$ (46,518)</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the year ended June 30, 2021**

<b>Business-type Activities - Enterprise Funds</b>		
		<b>Nonemergency Transportation Program</b>
Cash flows from operating activities:		
Receipts from customers and users	\$	245,686
Payments to suppliers		(14,538)
Payments to employees		(181,152)
Net cash provided by operating activities		49,996
Cash flows from capital and related financing activities:		
Interfund borrowing		(49,996)
Net cash used in financing activities		(49,996)
Change in cash		-
Cash, beginning of year		-
<b>Cash, end of year</b>	<b>\$</b>	<b>-</b>
<b>Reconciliation of operating income/(loss) to net cash provided by operating activities:</b>		
Operating income/(loss)	\$	23,544
Adjustments to reconcile net income /(loss) to net cash provided by operating activities:		
Depreciation		6,421
(Increase) decrease in operating assets:		
Accounts receivable		19,550
Increase (decrease) in operating liabilities:		
Accounts payable		540
Accrued wages and benefits payable		(59)
Net cash provided by operating activities		49,996

*See accompanying notes to financial statements.*

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**Component Unit**

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The Town reports the following proprietary fund:

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

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

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

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

**D. Receivables**

Accounts receivable include an allowance for doubtful accounts in the amount of \$30,000 for the enterprise fund and \$132,234 for the governmental funds as of June 30, 2021. Management has determined that potential uncollectible accounts for intergovernmental, taxes and tax liens receivable are not material.

**E. Investments**

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

**F. Capital Assets**

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

**G. Vacation and Sick Leave**

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

**H. Long-term Obligations**

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

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

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

**I. Pensions**

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflows of resources (revenue) until that time. The governmental funds report three deferred inflows of resources, unavailable revenue from property taxes, unavailable revenue from Regional School Unit #5 debt service payments, and unavailable revenue from long-term ambulance receivables. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability and the OPEB liability, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between the Town's contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

**K. Inventory**

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

**L. Interfund Transactions**

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

**M. Use of Estimates**

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

**N. Comparative Data**

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



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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**O. Fund Equity**

The Town uses the following fund balance classifications.

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

The Town's fund balance policy establishes that an amount equal to at least one and-one-half months of the Town's most recent approved operating budget shall be established as a minimum unassigned fund balance. Annually, following completion of the Town's audit, the Town Manager shall review the unassigned fund balance and propose to utilize, through the annual budget process, surplus funds above the minimum, if any. Use of those unassigned fund balances should be dedicated to projects in the capital improvement program or other unanticipated one-time expenditures. The Council may vote to establish certain reserve accounts from the unassigned fund balance for the purpose of funding specific capital improvement needs in the future and may decide to expend or to reserve amounts greater than that listed above based on the immediate or long-term needs of the Town.

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

**P. Budgetary Information**

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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For the year ended June 30, 2021, the Nonemergency Transportation Program reported a deficit fund balance/net position of \$(46,518).

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

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**DEPOSITS AND INVESTMENTS**

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

**Deposits:**

**Custodial Credit Risk - Deposits:** Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk, but requires all deposit accounts to hold collateral either at an outside bank in the Town's name or through an irrevocable letter of credit to the Town in any amounts above the FDIC insurance limits. The Town maintains deposits in banks or savings and loans that are a member of the FDIC and qualify as a depository of public funds in the State of Maine as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. As of June 30, 2021, the Town reported deposits of \$21,719,143 with a bank balance of \$21,833,332. Of the Town's bank balances of \$21,833,332, none was subject to custodial credit risk as it was insured by FDIC or covered by additional collateral.

As of June 30, 2021, the Freeport Economic Development Corporation reported deposits of \$40,087, with a bank balance of \$43,407. Of the FEDC'S bank balance of \$43,407, 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, 2021, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years
U. S. Government securities	\$ 2,121,169	-	2,121,169
Money markets	125,250	N/A	-
Mutual funds	4,098,473	N/A	-
<b>Total investments</b>	<b>\$ 6,344,892</b>	<b>-</b>	<b>2,121,169</b>

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

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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**Credit Risk and Concentration of Credit Risk:**

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

The Town's investments in debt securities that require disclosure of credit risk were rated by Standard & Poor's as follows: Money market funds \$125,250 AAA, Fixed income government securities \$2,121,169 AA.

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

At June 30, 2021, the Town had investments exceeding five percent of the total portfolio as follows:

	<u>Value</u> <u>6/30/21</u>	<u>S &amp; P</u> <u>Rating</u>	<u>% of Total</u>
United States Treasury Notes	\$ 2,121,169	AA	33.43%

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

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**PROPERTY TAX**

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Property taxes for the current period were committed on September 15, 2020, on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. For real property, payment of taxes was due in equal installments on November 16, 2020 and May 17, 2021. Personal property taxes were due in full on November 16, 2020. 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 2021 assessed value was 100% of the estimated market value and 102% of the 2021 state valuation of \$2,006,100,000.

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

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**PROPERTY TAX, CONTINUED**

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The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$325,199 for the period ended June 30, 2021.

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, 2021 and 2020 levies:

	<u>2021</u>	<u>2020</u>
Assessed value	\$ 1,961,260,564	1,897,219,624
Tax rate (per \$1,000)	14.00	14.30
Commitment	27,457,648	27,130,241
Supplemental taxes assessed	44,144	24,560
Total assessments	27,501,792	27,154,801
Less:		
Collections and abatements	27,206,439	26,310,316
<b>Receivable at June 30</b>	<b>\$ 295,353</b>	<b>844,485</b>
Collection rate	98.93%	96.89%

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**SIGNIFICANT TAXPAYER**

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For the year ended June 30, 2021, the Town of Freeport committed and collected \$2,152,456 in real estate and personal property tax revenue from L.L. Bean, Inc. This commitment represents approximately 7.8% of total taxable valuation.

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

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**CAPITAL ASSETS**

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

	Balance July 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2021</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 903,709	659,882	234,829	1,328,762
Land	<u>2,204,884</u>	-	-	<u>2,204,884</u>
Total capital assets, not being depreciated	<u>3,108,593</u>	<u>659,882</u>	<u>234,829</u>	<u>3,533,646</u>
Capital assets, being depreciated:				
Land improvements	3,547,251	-	-	3,547,251
Buildings and building improvements	8,643,524	-	-	8,643,524
Machinery and equipment and other	6,223,271	167,349	121,000	6,269,620
Vehicles	4,996,461	363,263	183,801	5,175,923
Infrastructure	<u>14,353,766</u>	<u>276,715</u>	-	<u>14,630,481</u>
Total capital assets being depreciated	<u>37,764,273</u>	<u>807,327</u>	<u>304,801</u>	<u>38,266,799</u>
Less accumulated depreciation:				
Land improvements	1,583,105	127,064	-	1,710,169
Buildings and building improvements	5,156,846	206,057	-	5,362,903
Machinery, equipment, and other	4,985,760	230,062	121,000	5,094,822
Vehicles	3,532,131	230,349	183,801	3,578,679
Infrastructure	<u>5,958,006</u>	<u>398,111</u>	-	<u>6,356,117</u>
Total accumulated depreciation	<u>21,215,848</u>	<u>1,191,643</u>	<u>304,801</u>	<u>22,102,690</u>
Total capital assets being depreciated, net	<u>16,548,425</u>	<u>(384,316)</u>	-	<u>16,164,109</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 19,657,018</u></b>	<b><u>275,566</u></b>	<b><u>234,829</u></b>	<b><u>19,697,755</u></b>

Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2021 as follows:

<b>Governmental activities:</b>	
General government	\$ 81,310
Public safety	228,433
Public works, including depreciation of general infrastructure assets	767,705
Community services	107,035
Unclassified	<u>7,160</u>
<b>Total depreciation expense – governmental activities</b>	<b><u>\$ 1,191,643</u></b>

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

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**CAPITAL ASSETS, CONTINUED**

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	Balance July 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2021</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Equipment	\$ 85,066	-	-	85,066
Vehicles	66,128	-	-	66,128
<u>Total capital assets being depreciated</u>	<u>151,194</u>	<u>-</u>	<u>-</u>	<u>151,194</u>
<u>Less accumulated depreciation</u>	<u>126,578</u>	<u>6,421</u>	<u>-</u>	<u>132,999</u>
<u>Total capital assets being depreciated, net</u>	<u>24,616</u>	<u>6,421</u>	<u>-</u>	<u>18,195</u>
<b><u>Business-type activities capital assets, net</u></b>	<b><u>\$ 24,616</u></b>	<b><u>6,421</u></b>	<b><u>-</u></b>	<b><u>18,195</u></b>

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

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**INTERFUND TRANSACTIONS**

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During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers. Individual fund interfund receivables and payables balances at June 30, 2021 arising from these transactions were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
General Fund	\$ -	7,439,216	(794,999)
Capital project funds	4,759,351	197,277	1,249,999
Nonmajor governmental funds:			
Special revenue funds:			
Winslow Park	-	184,085	-
TIF funds	537,337	-	(5,000)
Bartol building lease	520,581	-	-
Tower lease	842,385	-	(275,000)
Town grants and programs	1,211,565	-	(175,000)
Leon Gorman Park	135,596	-	-
Permanent funds	-	38,879	-
Proprietary Funds:			
Nonemergency Transportation Services	-	147,358	-
<b><u>Totals</u></b>	<b><u>\$ 8,006,815</u></b>	<b><u>8,006,815</u></b>	<b><u>-</u></b>

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

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**FUND BALANCE**

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The General Fund unassigned fund balance total of \$5,472,919 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, 2021, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Inventory	\$ 14,896	-	-	-
Accrued compensation	-	-	483,316	-
Tax rate stabilization	-	-	1,000,000	-
Unemployment fund compensation	-	-	515,086	-
Other	-	-	121,756	-
Subsequent year budget	-	-	-	600,000
Capital Projects Funds	-	-	11,680,469	-
Nonmajor Governmental Funds:				
Special Revenue Funds:				
Winslow Park	-	706,241	-	-
TIF	-	549,837	-	-
Leon Gorman Park	-	135,542	-	-
Bartol building lease	-	-	520,450	-
Tower lease	-	-	842,385	-
Other grants and programs	-	853,653	357,591	-
Permanent Funds:				
Principal	2,239,540	-	-	-
Unexpended Income	-	90,495	-	-
<b>Totals</b>	<b>\$ 2,254,436</b>	<b>2,335,768</b>	<b>15,521,053</b>	<b>600,000</b>

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**NET POSITION**

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

The Town's net investment in capital assets was calculated as follows at June 30, 2021:

	<u>Governmental Activities</u>
Capital assets	\$ 41,800,445
Accumulated depreciation	(22,102,690)
Bonds payable	(480,000)
<u>Bonds related to RSU assets</u>	<u>446,250</u>
<b><u>Net investment in capital assets</u></b>	<b><u>\$ 19,664,005</u></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, 2021 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	\$ 950,000	-	470,000	480,000	265,000
Accrued compensated absences	522,543	-	39,227	483,316	-
Other post-employment benefits	892,709	84,151	-	976,860	-
Net pension liability	1,678,897	397,552	-	2,076,449	-
Landfill closure and post closure care costs	123,000	-	16,000	107,000	16,000
<b>Total governmental activity long-term liabilities</b>	<b>\$ 4,167,149</b>	<b>481,703</b>	<b>525,227</b>	<b>4,123,625</b>	<b>281,000</b>

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**LONG-TERM DEBT**

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Bonds payable at June 30, 2021 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, 2021</u>
<b>Governmental activities:</b>					
2011 refunding	4/19/2011	\$ 5,635,000	2023	4.0-5.0%	480,000
<b>Total bonds payable</b>					<b>\$ 480,000</b>

As of July 1, 2009, the Freeport School Department joined Regional School Unit (RSU) #5. RSU #5 will reimburse the Town of Freeport for all of Freeport School Department bonds payable when the debt service payments are due. The Town has recorded a receivable for \$446,250, which is the outstanding amount of bonds payable related to the School Department.

The Town is subject to a statutory limitation, by the State of Maine, of its general long-term debt equal to 15% of the State's valuation of the Town. The Town's outstanding long-term debt of \$480,000 at June 30, 2021 was within the statutory limit.

The annual requirements to amortize all debt outstanding at June 30, 2021 are as follows. Such amounts exclude overlapping debt requirements but include school debt requirements to be reimbursed by the State of Maine.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 265,000	15,225	280,225
2023	215,000	4,300	219,300
<b>Totals</b>	<b>\$ 480,000</b>	<b>19,525</b>	<b>499,525</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, 2021, the Town's share was \$1,259,782 (3.78%) of Cumberland County's outstanding debt of \$33,370,194.

The Town's proportionate share of Regional School Unit No. 5's debt of \$14,511,650 is \$9,574,787 (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, 2021:

	<u>Years remaining</u>	<u>Cost per year</u>	<u>Total cost</u>
Post closure monitoring:			
Section closed in 1995 - 30 years of monitoring	4	\$ 5,000	20,000
Post closure monitoring:			
Section closed in 1992 - 30 years of monitoring	1	7,000	7,000
Section closed in 2016:			
First ten-year period of post closure monitoring	5	4,000	20,000
Subsequent 20-year period of post-closure monitoring	20	3,000	60,000
<b>Total landfill liability</b>			<b>\$ 107,000</b>

Under existing state law, Maine communities have to close existing landfills under a State-approved plan and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Historically, the Town maintained two old solid waste landfills which were closed and permanently capped in 1992 and 1995. Additionally, the Town maintained a demolition debris landfill which was closed in FY 2016. The Town has estimated that there will be post closure care costs for the various landfills approximating \$107,000 over the next 25 years. As such, the Town has recognized an estimate for post closure monitoring and maintenance costs of \$107,000 in the government-wide financial statements. The actual costs of closure and post closure care may be higher or lower due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

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

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**JOINTLY GOVERNED ORGANIZATIONS**

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

Selected balance sheet information for ecomaine for the year ended June 30, 2021, the most recent information available, includes total assets of \$70,308,100, total liabilities of \$21,406,572 and unrestricted net position of \$18,438,342. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,619,054. 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.

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

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**CREDIT ENHANCEMENT AGREEMENTS, CONTINUED**

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For the year ended June 30, 2021, the Town abated real estate property taxes totaling \$1,117,301 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 2021</u>
TIF II Desert Rd. Phase II	1996-97 30 Years	Berenson Assoc.	75%	\$356,111
TIF II Desert Rd. Phase II	2007-08 20 Years	Berenson Assoc.	90%	749,405
TIF VI Housing	2011-12 30 Years	Freeport Housing Trust	50%	11,785

*\*TIF IV Destination retired in FY21.*

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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.maineopers.org](http://www.maineopers.org).

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

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

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**NET PENSION LIABILITY, CONTINUED**

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**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 8.1% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2021, was 10.8% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$363,456 for the year ended June 30, 2021.

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

At June 30, 2021, the Town reported a liability of \$2,076,449 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2020, the Town's proportion was 0.5226%.

For the year ended June 30, 2021, the Town recognized pension expense (gain) of \$458,382. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 101,774	-
Net difference between projected and actual earnings on pension plan investments	135,117	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	49,457
Town contributions subsequent to the measurement date	363,456	-
<b>Total</b>	<b>\$ 600,347</b>	<b>49,457</b>

An amount of \$363,456 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, 2022.

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

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**NET PENSION LIABILITY, CONTINUED**

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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:

2022	\$ (94,022)
2023	51,665
2024	114,768
2025	115,023

**Actuarial Assumptions** - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75% plus merit
Investment return	6.750% per annum, compounded annually
Cost of living benefit increases	1.91% per annum

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
Private equities	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Diversifiers	10.0%	5.9%
Traditional credit	7.5%	3.0%
US Government securities	7.5%	2.3%
Natural resources	5.0%	5.0%
Alternative credit	5.0%	7.2%
<b>Total</b>	<b>100.0%</b>	

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

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**NET PENSION LIABILITY, CONTINUED**

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**Discount Rate** - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of the net pension liability	\$ 4,363,858	2,076,449	204,037

**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, 2021.

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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, 2021, the Town's contribution to the plan totaled \$85,324.

**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.

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

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**PENSION PLANS, CONTINUED**

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**Other**

Additionally, the Town participates in the Social Security Retirement Program. The Town's contribution to Social Security (including Medicare) was approximately \$376,412 for the year ended June 30, 2021.

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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.

*Employees Covered by Benefit Terms* – At June 30, 2021, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Active employees	<u>45</u>
Total	<u><u>50</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 \$976,860 was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2020.



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

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**OTHER POST-EMPLOYMENT BENEFITS, CONTINUED**

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*Changes in the Total Health Plan OPEB Liability*

	<b>Total OPEB Liability</b>
Balance at June 30, 2020	\$ 892,709
Changes for the year:	
Service Cost	35,407
Interest	25,113
Changes in assumptions and other inputs	46,959
Benefit payments	<u>(23,328)</u>
Net changes	<u>84,151</u>
Balance at June 30, 2021	<u>\$ 976,860</u>

Change in assumptions and other inputs reflect a change in the discount rate from 2.74% in 2020 to 2.12% in 2021.

For the year ended June 30, 2021, the Town recognized OPEB expense of \$36,467 related to the Health Plan. At June 30, 2021, 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	\$ -	352,287
Changes of assumption or other inputs	<u>259,235</u>	<u>-</u>
Total	<u>\$259,235</u>	<u>352,287</u>

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

Year ended June 30:	
2022	\$ (24,053)
2023	(24,053)
2024	(24,052)
2025	11,923
2026	(19,342)
Thereafter	(13,475)

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

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**OTHER POST-EMPLOYMENT BENEFITS, CONTINUED**

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

Inflation	2.00% per annum
Salary increases	2.75% per annum
Discount rate	2.12% per annum
Healthcare cost trend rates	8.50% for 2020, decreasing to 3.28% for 2040
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

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

**Discount Rate** – The rate used to measure the total OPEB liability for the Health Plan was 2.12% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

**Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate** – The following presents the Town's total OPEB liability related to the Health Plan calculated using the discount rate of 2.12%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.12%) or 1 percentage-point higher (3.12%) than the current rate:

		<b>1% Decrease (1.12%)</b>	<b>Discount Rate (2.12%)</b>	<b>1% Increase (3.12%)</b>
Total OPEB liability	\$	1,104,516	976,860	8,701,147

**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	\$	851,150	976,860	1,133,281

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

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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, 2021.

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**COMMITMENTS**

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As of June 30, 2021, the Town had several outstanding commitments related to its ongoing projects, consisting primarily of the Grant Road Reconstruction, Lower Main Street Paving Overlay and the South Freeport Road Project. Of the contracts related to those projects, Grant Road Reconstruction has \$140,114 remaining, Lower Main Street Paving has \$39,450 remaining and South Freeport Road Project has \$38,062 remaining. These projects are expected to be completed during FY 2022.

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**SUBSEQUENT EVENTS**

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

The Town of Freeport approved the issuance of a \$634,000 Bond with the Maine Municipal Bond Bank's Fall 2021 Issue for a local match to a Maine DOT Bridge project on exit 20 and 22 for wider bike/pedestrian trails.

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**PRIOR PERIOD ADJUSTMENTS**

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For the fiscal year ended June 30, 2020, the Component Unit determined that an expenditure should have been recognized in FY 2020 as accounts payable on the statement of net position. The beginning fund balance has been restated by \$9,837, from \$42,857 to \$33,020.

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

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

Last 10 Fiscal Years\*\*

	<u>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	0.5226%	0.5493%	0.5431%	0.5180%	0.5248%	0.5292%	0.5823%
Town's proportionate share of the net pension liability	\$ 2,076,449	1,678,987	1,486,235	2,121,044	2,788,455	1,688,331	896,070
Town's covered-employee payroll	3,181,874	3,199,957	2,984,815	2,916,093	2,767,003	2,608,145	2,555,144
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	65.26%	52.47%	49.79%	72.74%	100.78%	64.73%	35.07%
Plan fiduciary net position as a percentage of the total pension liability	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 seven years of information available.*

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

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

Last 10 Fiscal Years\*

	<u>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	\$ 363,456	337,279	335,995	301,466	265,364	246,263	187,331	173,612
Contributions in relation to the contractually required contribution	(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>
Town's covered-employee payroll	\$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- employee payroll	10.80%	10.60%	10.50%	10.10%	9.10%	8.90%	7.18%	6.79%

*\*Only eight years of information available.*

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

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

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

\* Only four years of information available.

**TOWN OF FREEPORT, MAINE**  
**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>2020</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.75%	6.750%	6.875%	7.125%	7.250%
Inflation rate	2.75%	2.75%	2.75%	3.50%	N/A
Salary increases	2.75% + merit	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 RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

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

**Net OPEB Liability**

**Changes of Benefit Terms** - None

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

<b>Fiscal Year</b>	<b>Discount Rate</b>
2021	2.12%
2020	2.74%
2019	4.10%
2018	3.44%
2017	3.78%

In 2021 the healthcare cost trend rate decreased from 8.50% in 2020 to 8.20%.

<b>Fiscal Year</b>	<b>Healthcare Rate</b>
2021	8.20%
2020	8.50%
2019	8.00%
2018	8.27%

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

## ***GENERAL FUND***



**TOWN OF FREEPORT, MAINE**  
**Comparative Balance Sheets - General Fund**  
**June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 17,429,581	13,560,926
Investments	343,152	372,039
Accounts receivable	33,315	30,612
Due from other governments	171,530	61,035
Taxes receivable	295,353	849,612
Tax liens	93,958	121,333
Inventory	14,896	11,439
Receivable - RSU #5 debt service payments	446,250	821,932
<b>Total assets</b>	<b>\$ 18,828,035</b>	<b>15,828,928</b>
<b>LIABILITIES</b>		
Accounts payable	155,797	134,104
Accrued wages and benefits	179,314	234,019
Interfund loans payable	7,439,216	5,945,638
Development escrows	2,172,830	554,672
<b>Total liabilities</b>	<b>9,947,157</b>	<b>6,868,433</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	226,655	324,721
Unavailable revenue - RSU #5 debt service payments	446,250	821,932
<b>Total deferred inflows of resources</b>	<b>672,905</b>	<b>1,146,653</b>
<b>FUND BALANCE</b>		
Nonspendable	14,896	11,439
Committed - Stabilization Fund	1,000,000	1,000,000
Committed - other	483,316	522,543
Committed - reserves	636,842	582,967
Assigned	600,000	600,000
Unassigned	5,472,919	5,096,893
<b>Total fund balance</b>	<b>8,207,973</b>	<b>7,813,842</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 18,828,035</b>	<b>15,828,928</b>

**TOWN OF FREEPORT, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**Year ended June 30, 2021**

(with comparative actual amounts for the year ended June 30, 2020)

	2021		Variance positive (negative)	2020 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 25,735,148	26,192,432	457,284	25,650,524
Excise taxes and registration fees	1,791,300	2,297,320	506,020	1,973,899
Interest and lien costs	20,000	67,406	47,406	53,530
Total taxes	27,546,448	28,557,158	1,010,710	27,677,953
Licenses, permits and fees:				
Building, plumbing and electrical permits	154,500	337,993	183,493	190,453
Town clerk licenses and fees	26,300	32,807	6,507	31,710
Moorings and other harbor fees	75,000	82,433	7,433	78,670
Solid waste permits	1,300	1,375	75	1,375
Shellfish licenses	10,000	11,201	1,201	11,125
Alarm permits	32,000	27,145	(4,855)	26,205
Total licenses, permits and fees	299,100	492,954	193,854	339,538
Intergovernmental:				
State tree growth reimbursement	60,000	51,176	(8,824)	56,990
State general assistance	10,000	499	(9,501)	25,539
State revenue sharing	495,000	759,639	264,639	572,787
State homestead exemption reimbursement	250,000	453,466	203,466	322,966
State BETE reimbursement	600,000	685,975	85,975	714,793
State road assistance	130,000	126,352	(3,648)	135,212
Public safety contributions	46,900	53,748	6,848	51,131
Other intergovernmental	60,500	27,332	(33,168)	27,066
Total intergovernmental	1,652,400	2,158,187	505,787	1,906,484
Charges for services:				
Planning	20,500	14,857	(5,643)	56,033
Transfer station and recycling	133,000	249,136	116,136	200,174
Parking lot	-	6,175	6,175	17,438
Vehicle maintenance	1,500	-	(1,500)	-
Engineering	15,000	25,203	10,203	30,970
Hunter Road Fields	5,000	5,000	-	5,050
Total charges for services	175,000	300,371	125,371	309,665
Fees and fines:				
Police parking and other fines	20,000	3,215	(16,785)	34,116
Library fines and fees	11,000	4,360	(6,640)	10,569
Alarm and other fire fees	3,800	1,621	(2,179)	2,210
Total fees and fines	34,800	9,196	(25,604)	46,895

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

	2021		Variance positive (negative)	2020 Actual
	Budget	Actual		
Revenues, continued:				
Unclassified	\$ 20,800	52,082	31,282	42,210
Investment earnings	45,000	15,984	(29,016)	153,625
Total revenues	29,773,548	31,585,932	1,812,384	30,476,370
Expenditures:				
Current:				
General government:				
Town council	163,500	183,884	(20,384)	267,349
Town manager	123,000	126,485	(3,485)	121,938
Finance and treasury	459,940	439,803	20,137	430,844
Assessing	183,590	165,436	18,154	171,889
Code enforcement	106,015	108,516	(2,501)	106,131
Town clerk and elections	138,950	141,483	(2,533)	130,235
General administration	160,710	152,221	8,489	147,513
Municipal buildings	407,826	374,043	33,783	355,743
Planning	150,975	125,375	25,600	89,654
Total general government	1,894,506	1,817,246	77,260	1,821,296
Public Safety:				
Police department	1,352,740	1,314,933	37,807	1,241,828
Special enforcement	147,905	80,363	67,542	78,012
Fire department	712,200	770,043	(57,843)	722,671
Rescue	424,390	428,269	(3,879)	460,913
Reception	213,200	187,925	25,275	190,208
Hydrant rental	185,000	164,747	20,253	184,544
Street lights	30,000	23,032	6,968	23,032
Total public safety	3,065,435	2,969,312	96,123	2,901,208
Public Works:				
General road operations	950,430	892,682	57,748	841,512
Summer roads	432,500	376,111	56,389	563,896
Winter roads	171,500	113,731	57,769	136,866
Tree program	20,000	19,627	373	6,412
Solid waste	494,075	589,136	(95,061)	510,184
Engineering	145,900	140,998	4,902	125,948
Hunter Road Fields maintenance	122,200	107,384	14,816	121,928
Total public works	2,336,605	2,239,669	96,936	2,306,746

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

	2021		Variance positive (negative)	2020 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Community services:				
Human services agencies	\$ 39,800	39,800	-	39,800
General assistance	111,240	107,008	4,232	105,069
Public library	480,820	443,785	37,035	443,949
Cable TV	89,790	55,190	34,600	51,906
Promotions	10,700	12,104	(1,404)	8,850
Shellfish commission	3,500	-	3,500	2,305
Amtrak station operations	75,020	63,564	11,456	97,198
Other	18,150	8,174	9,976	7,522
Total community services	829,020	729,625	99,395	756,599
Education	19,125,015	19,125,015	-	18,580,496
Insurance and fringe benefits:				
Employee benefits	1,830,300	1,730,243	100,057	1,702,480
Insurances	105,000	101,532	3,468	100,322
Total insurance and fringe benefits	1,935,300	1,831,775	103,525	1,802,802
County and transit tax	1,321,552	1,321,552	-	1,192,404
Unclassified:				
Bustin's Island Corporation	233,700	228,847	4,853	205,161
Miscellaneous and contingency	64,050	31,913	32,137	19,199
Abatements	25,000	57,360	(32,360)	23,632
Total unclassified	322,750	318,120	4,630	247,992
Debt service	98,365	98,363	2	106,923
Total expenditures	30,928,548	30,450,677	477,871	29,716,466
Excess (deficiency) of revenues over (under) expenditures	(1,155,000)	1,135,255	2,290,255	759,904

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

	<b>2021</b>			<b>2020 Actual</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance positive (negative)</b>	
Other financing sources (uses):				
Budgeted utilization of surplus	\$ 600,000	-	(600,000)	-
Transfers in	555,000	555,001	1	417,564
Transfers out	-	(1,350,000)	(1,350,000)	(1,071,060)
Total other financing sources (uses)	1,155,000	(794,999)	(1,949,999)	(653,496)
Net change in fund balance - budgetary basis	-	340,256	340,256	106,408
Fund balance, beginning of year - budgetary basis		7,230,875		7,124,467
Fund balance, end of year - budgetary basis		7,571,131		7,230,875
Reconciliation of fund balance to GAAP basis:				
Committed reserve funds fund balance		636,842		582,967
<b>Fund Balance, end of year - GAAP Basis</b>	<b>\$</b>	<b>8,207,973</b>		<b>7,813,842</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, 2021**

	<b>Fund Balance June 30, 2020</b>	<b>Charges for Services</b>	<b>Revenues Interest</b>	<b>Expenditures</b>	<b>Transfers in (out)</b>	<b>Fund Balance June 30, 2021</b>
<b>Capital Project Reserves</b>						
Administration - general	\$ 33,821	-	9,764	167	234,013	277,431
Boards and commissions	(60,674)	-	4,506	102	200,000	143,730
Building maintenance	482,078	-	53,313	1,234	362,500	896,657
Cable TV equipment	289,201	78,752	32,474	686	(174,000)	225,741
Energy savings	40,207	-	3,722	84	-	43,845
Fire equipment	344,151	-	103,327	1,757	-	445,721
Hedgehog mountain	22,358	-	2,367	51	-	24,674
Land purchase	149,488	-	238	-	-	149,726
Land trust	25,968	-	2,749	59	-	28,658
Municipal parking lot	476,800	6,175	49,905	12,079	-	520,801
Police equipment	254,792	-	33,089	690	63,000	350,191
Public infrastructure	1,683,253	-	214,160	4,463	64,017	1,956,967
Public works equipment	959,622	-	107,780	2,278	(90,000)	975,124
Recycling equipment	44,537	-	13,448	229	(17,500)	40,256
Rescue equipment	691,870	373,488	75,368	1,609	(260,000)	879,117
<b>Total capital project reserves</b>	<b>5,437,472</b>	<b>458,415</b>	<b>706,210</b>	<b>25,488</b>	<b>382,030</b>	<b>6,958,639</b>
<b>General Fund Reserves</b>						
Unemployment compensation fund	472,640	-	50,084	7,638	-	515,086
Other	110,327	-	11,681	252	-	121,756
<b>Total general fund reserves</b>	<b>582,967</b>	<b>-</b>	<b>61,765</b>	<b>7,890</b>	<b>-</b>	<b>636,842</b>
<b>Total Reserve Funds</b>	<b>\$ 6,020,439</b>	<b>458,415</b>	<b>767,975</b>	<b>33,378</b>	<b>382,030</b>	<b>7,595,481</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, 2021**

	Fund Balance (deficit) June 30, 2020	Revenues		Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2021
		Charges for Services	Interest			
<b>Police Department Capital Project Funds:</b>						
Communication upgrade	\$ 105,970	-	-	22,643	-	83,327
Bullet proof vests & protective equipment	(2,327)	-	-	-	-	(2,327)
Building enhancements	108	-	-	-	-	108
In-Car cameras	702	-	-	-	-	702
K-9 training & recruitment	-	-	-	-	12,000	12,000
Boat and motor replacement	8,615	-	-	-	-	8,615
Vehicle replacement	84,067	-	-	42,332	50,000	91,735
<b>Total police department</b>	<b>197,135</b>	<b>-</b>	<b>-</b>	<b>64,975</b>	<b>62,000</b>	<b>194,160</b>
<b>Fire Department Capital Project Funds:</b>						
Protective clothing	8,104	-	-	-	-	8,104
Engine/Tanker apparatus	800,000	-	-	-	-	800,000
Engine five	980	-	-	-	-	980
Engine three	14,863	-	-	-	-	14,863
EMP Portable Digital Signs	10,092	-	-	-	-	10,092
Communication upgrade	105,198	-	-	22,903	-	82,295
Service vehicle	4,676	-	-	17,594	-	(12,918)
Chief's vehicle	45,000	-	-	45,000	-	-
<b>Total fire department</b>	<b>988,913</b>	<b>-</b>	<b>-</b>	<b>85,497</b>	<b>-</b>	<b>903,416</b>
<b>Rescue Department Capital Project Funds:</b>						
Vehicle Exhaust Ventillation System	13,000	-	-	13,000	-	-
Ambulance replacement	286,336	-	-	266,140	60,000	80,196
Communication upgrade	175,196	-	-	22,403	-	152,793
Rescue equipment	2,906	-	-	-	-	2,906
Dormitory Renovations	18,792	-	-	7,189	-	11,603
<b>Total rescue department</b>	<b>496,230</b>	<b>-</b>	<b>-</b>	<b>308,732</b>	<b>60,000</b>	<b>247,498</b>
<b>Public Works Capital Project Funds:</b>						
Grader repair	2,579	-	-	1,483	-	1,096
Dump truck replacement, sander & plow	(779)	-	-	-	-	(779)
Wood chipper refurbishment	2,006	-	-	2,006	-	-
Loader	18,770	-	-	-	-	18,770
Sidewalk plow-shared with TIF	7,668	-	-	-	-	7,668
Roadside mower	10,000	-	-	10,000	-	-
Pick-up truck replacement	15,908	-	-	8,745	-	7,163
Oil/Water separator	60,000	-	-	-	-	60,000
Street sweeper	-	-	-	-	140,000	140,000
Backhoe/Excavator	31,781	-	-	9,700	-	22,081
<b>Total public works</b>	<b>147,933</b>	<b>-</b>	<b>-</b>	<b>31,934</b>	<b>140,000</b>	<b>255,999</b>
<b>Recycling Capital Project Funds:</b>						
Landfill closing	123,450	-	-	-	-	123,450
Containers	6,849	-	-	-	-	6,849
Loader	125,000	-	-	122,013	-	2,987
Facility lighting	-	-	-	-	37,500	37,500
Other	112,786	-	-	41,886	30,000	100,900
<b>Total recycling</b>	<b>368,085</b>	<b>-</b>	<b>-</b>	<b>163,899</b>	<b>67,500</b>	<b>271,686</b>

**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, 2021**

	Fund Balance (deficit) June 30, 2020	Revenues		Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2021
		Charges for Services	Interest			
<b>Comprehensive Town Improvement Funds:</b>						
Curtis Road reconstruction	\$ 139,956	-	-	-	(139,956)	-
Train Station improvements	-	-	-	-	80,000	80,000
Percy, Pratt and Pownal Road reconstruction	6,120	-	-	6,000	-	120
Baker Road reconstruction	97,465	-	-	-	(97,465)	-
Cousin's River Bridge - (PACTS)	140,000	-	-	-	-	140,000
Cousin's River Bridge - Bike/Pedestrian Connector	150,000	-	-	22,178	-	127,822
Lower Main Street paving overlay	39,450	-	-	-	-	39,450
Main St. paving and drainage match	28,494	-	-	-	-	28,494
Spar Cove Road rebuild	-	-	-	-	450,000	450,000
US Route 1 South (PACTS)	45,736	-	-	-	-	45,736
Concord Gully Brook watershed restoration	98,177	104,677	-	270,107	25,000	(42,253)
Greenspace project	16,000	-	-	-	-	16,000
South Street project	153,011	-	-	-	-	153,011
Desert Road match	19,393	-	-	-	-	19,393
US Route 1 North (PACTS)	134,991	-	-	-	-	134,991
South Freeport Road (PACTS)	38,062	-	-	-	-	38,062
Desert Road business park	235,000	-	-	-	-	235,000
Grant Road reconstruction	440,000	-	-	299,886	-	140,114
Freeport fields and trails project	65,537	-	-	-	75,000	140,537
Culvert replacement	33,434	-	-	-	-	33,434
Other	44,755	-	-	-	(6,596)	38,159
<b>Total comprehensive town improvement</b>	<b>1,925,581</b>	<b>104,677</b>	<b>-</b>	<b>598,171</b>	<b>385,983</b>	<b>1,818,070</b>
<b>Municipal Buildings and Other Improvement Funds:</b>						
Computer system upgrade/connectivity town-wide	151,495	-	-	67,016	33,500	117,979
Dunning boat yard	31,445	-	-	-	-	31,445
Cable TV	84,742	-	-	3,827	24,000	104,915
Valuation update	48,699	-	-	5,486	7,500	50,713
Building winterization	133,562	-	-	-	-	133,562
Public safety renovation (sallyport, flooring, etc.)	1,119	-	-	-	-	1,119
Town hall exterior	58,702	-	-	15,314	-	43,388
Public works roofing projects	110,758	-	-	-	(110,758)	-
Copier replacement	14,937	-	-	-	-	14,937
Library building exterior	30,000	-	-	-	-	30,000
Vehicle replacement	4,998	-	-	-	-	4,998
Other	190,472	-	-	17,288	23,244	196,428
<b>Total municipal buildings and other</b>	<b>860,929</b>	<b>-</b>	<b>-</b>	<b>108,931</b>	<b>(22,514)</b>	<b>729,484</b>
<b>Boards and Committees Improvement Funds:</b>						
Directional signage	15,000	-	-	-	-	15,000
Downtown revisioning study	50,000	-	-	41,821	100,000	108,179
Historic society archiving	1,387	-	-	-	-	1,387
comprehensive plan update	25,000	-	-	-	75,000	100,000
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>168,338</b>	<b>-</b>	<b>-</b>	<b>41,821</b>	<b>175,000</b>	<b>301,517</b>
<b>Capital Reserves - See Exhibit B for Details</b>	<b>5,437,472</b>	<b>458,415</b>	<b>706,210</b>	<b>25,488</b>	<b>382,030</b>	<b>6,958,639</b>
<b>Total capital project funds</b>	<b>10,590,616</b>	<b>563,092</b>	<b>706,210</b>	<b>1,429,448</b>	<b>1,249,999</b>	<b>11,680,469</b>

## ***OTHER GOVERNMENTAL FUNDS***

**TOWN OF FREEPORT, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2021**

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 904,789	-	904,789
Investments	-	2,368,914	2,368,914
Accounts receivable	12,500	-	12,500
Interfund loans receivable	3,247,464	-	3,247,464
<b>Total assets</b>	<b>\$ 4,164,753</b>	<b>2,368,914</b>	<b>6,533,667</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	8,680	-	8,680
Accrued wages and benefits	6,289	-	6,289
Interfund loans payable	184,085	38,879	222,964
<b>Total liabilities</b>	<b>199,054</b>	<b>38,879</b>	<b>237,933</b>
Fund balances:			
Nonspendable	-	2,239,540	2,239,540
Restricted	2,245,273	90,495	2,335,768
Committed	1,720,426	-	1,720,426
<b>Total fund balances</b>	<b>3,965,699</b>	<b>2,330,035</b>	<b>6,295,734</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,164,753</b>	<b>2,368,914</b>	<b>6,533,667</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, 2021**

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
Revenues:			
Property taxes	\$ 1,397,300	-	1,397,300
Charges for services	1,033,544	-	1,033,544
Gifts and donations	52,547	-	52,547
Investment earnings	15,031	510,423	525,454
Total revenues	2,498,422	510,423	3,008,845
Expenditures:			
Current:			
Community services	243,643	42,286	285,929
Community development	1,232,461	-	1,232,461
Public safety	1,038	-	1,038
Unclassified	33,834	797	34,631
Capital outlay	26,984	-	26,984
Total expenditures	1,537,960	43,083	1,581,043
Excess (deficiency) of revenues over (under) expenditures	960,462	467,340	1,427,802
Other financing sources (uses):			
Transfers to other funds	(455,000)	-	(455,000)
Total other financing sources (uses)	(455,000)	-	(455,000)
Net change in fund balance	505,462	467,340	972,802
Fund balances, beginning of year	3,460,237	1,862,695	5,322,932
Fund balances, end of year	\$ 3,965,699	2,330,035	6,295,734

***NONMAJOR SPECIAL REVENUE FUNDS***

TOWN OF FREEPORT, MAINE  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2021

		Tax Increment Financing Funds					Bartol Building Lease Fund	Tower Lease Fund	Town Grants & Programs	Leon Gorman Park	Totals
		Winslow Park	TIF II Desert Road Phase II	TIF IV Destination	TIF V Hotel	TIF VI Housing					2021
ASSETS											
Cash and cash equivalents	\$	904,789	-	-	-	-	-	-	-	-	904,789
Accounts receivable		-	-	12,500	-	-	-	-	-	-	12,500
Interfund loans receivable		-	56,388	478,014	2,935	-	520,581	842,385	1,211,565	135,596	3,247,464
Total assets	\$	904,789	56,388	490,514	2,935	-	520,581	842,385	1,211,565	135,596	4,164,753
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable		8,175	-	-	-	-	132	-	320	53	8,680
Accrued wages and benefits		6,289	-	-	-	-	-	-	-	-	6,289
Interfund loans payable		184,085	-	-	-	-	-	-	-	-	184,085
Total liabilities		198,549	-	-	-	-	132	-	320	53	199,054
Fund balances:											
Restricted		706,240	56,388	490,514	2,935	-	-	-	853,653	135,543	2,245,273
Committed		-	-	-	-	-	520,449	842,385	357,592	-	1,720,426
Total fund balances		706,240	56,388	490,514	2,935	-	520,449	842,385	1,211,245	135,543	3,965,699
Total liabilities and fund balances	\$	904,789	56,388	490,514	2,935	-	520,581	842,385	1,211,565	135,596	4,164,753

**TOWN OF FREEPORT, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2021**

		Tax Increment Financing Funds				Bartol	Tower	Town	Leon	Totals
	Winslow	TIF II	TIF IV	TIF V	TIF VI	Building	Lease	Grants &	Gorman	2021
	Park	Desert Road	Destination	Hotel	Housing	Lease	Fund	Programs	Park	
		Phase II				Fund				
Revenues:										
Property taxes	\$ -	1,105,515	280,000	-	11,785	-	-	-	-	1,397,300
Charges for services	351,272	-	-	-	-	-	353,529	328,743	-	1,033,544
Gifts and donations	-	-	-	-	-	-	-	52,547	-	52,547
Investment earnings	1,347	-	-	-	-	-	-	-	13,684	15,031
Total revenues	352,619	1,105,515	280,000	-	11,785	-	353,529	381,290	13,684	2,498,422
Expenditures:										
Current:										
Community services	204,539	-	-	-	-	11,860	-	24,688	2,556	243,643
Community development	-	1,105,515	115,161	-	11,785	-	-	-	-	1,232,461
Public Safety	-	-	-	-	-	-	-	1,038	-	1,038
Unclassified	-	-	5,273	-	-	-	-	28,561	-	33,834
Capital	26,984	-	-	-	-	-	-	-	-	26,984
Total expenditures	231,523	1,105,515	120,434	-	11,785	11,860	-	54,287	2,556	1,537,960
Excess (deficiency) of revenues over (under) expenditures	121,096	-	159,566	-	-	(11,860)	353,529	327,003	11,128	960,462
Other financing sources (uses):										
Transfer to other funds	-	-	-	(5,000)	-	-	(275,000)	(175,000)	-	(455,000)
Total other financing sources (uses)	-	-	-	(5,000)	-	-	(275,000)	(175,000)	-	(455,000)
Net change in fund balances	121,096	-	159,566	(5,000)	-	(11,860)	78,529	152,003	11,128	505,462
Fund balances, beginning of year	585,144	56,388	330,948	7,935	-	532,309	763,856	1,059,242	124,415	3,460,237
Fund balances, end of year	\$ 706,240	56,388	490,514	2,935	-	520,449	842,385	1,211,245	135,543	3,965,699



**TOWN OF FREEPORT, MAINE**  
**Town Grants and Programs**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2021**

	<b>Fund Balance (deficit) June 30, 2020</b>	<b>Inter- governmental</b>	<b>Revenues Gifts and donations</b>	<b>Charges for services</b>	<b>Expenditures</b>	<b>Revenues over (under) expenditures</b>	<b>Other sources and (uses)</b>	<b>Fund Balance (deficit) June 30, 2021</b>
Town Grants and Programs:								
Road Impact Fees	\$ 247,097	-	-	280,200	-	280,200	(175,000)	352,297
Stormwater Connection Fees	55,354	-	-	1,678	-	1,678	-	57,032
Sandy Beach Stairs/SHIP Grant	22,722	-	-	-	-	-	-	22,722
Maine Arts Commission	2,022	-	-	-	-	-	-	2,022
Project Canopy Grant	8,657	-	-	-	-	-	-	8,657
CDBG-Elders Bus	2,139	-	-	-	-	-	-	2,139
Regional Efficiency grant	1,249	-	-	-	-	-	-	1,249
CDBG-Weatherization	7,357	-	-	-	-	-	-	7,357
CDBG-Habitat for Humanity	455	-	-	-	-	-	-	455
Police Speed Enforcement/Seat Belt	11,774	-	-	-	-	-	-	11,774
Village Open Spaces	12,457	-	-	19,173	-	19,173	-	31,630
FEMA	61,085	-	-	-	-	-	-	61,085
Shellfish Water Testing	28,679	-	-	2,170	-	2,170	-	30,849
Fuel Assistance Fund-Freeport	13,341	-	25,247	-	13,407	11,840	-	25,181
Freeport Housing Trust Rental Assistance Grant	3,803	-	-	-	760	(760)	-	3,043
COVID Relief Grant Fund	11,585	-	1,200	-	7,311	(6,111)	-	5,474
Fire and Rescue Annual Appeal Donations	72,692	-	2,642	-	200	2,442	-	75,134
Library Donations	81,349	-	16,210	-	1,343	14,867	-	96,216
Fire Department Burn Building Donations	3,883	-	504	-	-	504	-	4,387
Police Donations	3,394	-	-	-	838	(838)	-	2,556
Rescue Donations	778	-	-	-	320	(320)	-	458
Library Book Donations	8,182	-	1,118	-	8,283	(7,165)	-	1,017
Public Works Donations	2,667	-	316	-	895	(579)	-	2,088
Dollars for Scholars	1,779	-	-	-	-	-	-	1,779
Soule School Lease	205,029	-	-	17,307	-	17,307	-	222,336
Dunning Boat Yard Lease	127,041	-	-	8,215	-	8,215	-	135,256
Other	62,672	-	5,310	-	20,930	(15,620)	-	47,052
<b>Total Town Grants and Programs</b>	<b>1,059,242</b>	<b>-</b>	<b>52,547</b>	<b>328,743</b>	<b>54,287</b>	<b>327,003</b>	<b>(175,000)</b>	<b>1,211,245</b>

## ***NONMAJOR PERMANENT FUNDS***

**TOWN OF FREEPORT, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Balance Sheet**  
**June 30, 2021**

	Cemetery Care	Library Funds	School Scholarship Funds	Benevolent Funds	Totals
<b>ASSETS</b>					
Investments	\$ 439,776	553,584	461,973	913,581	2,368,914
<b>Total assets</b>	<b>439,776</b>	<b>553,584</b>	<b>461,973</b>	<b>913,581</b>	<b>2,368,914</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund loans payable	-	23,602	4,708	10,569	38,879
<b>Total liabilities</b>	<b>-</b>	<b>23,602</b>	<b>4,708</b>	<b>10,569</b>	<b>38,879</b>
Fund balances:					
Nonspendable-Principal	439,776	515,936	424,358	859,470	2,239,540
Restricted-Unexpended income	-	14,046	32,907	43,542	90,495
<b>Total fund balances</b>	<b>439,776</b>	<b>529,982</b>	<b>457,265</b>	<b>903,012</b>	<b>2,330,035</b>
<b>Total liabilities and fund balances</b>	<b>\$ 439,776</b>	<b>553,584</b>	<b>461,973</b>	<b>913,581</b>	<b>2,368,914</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, 2021**

		Principal Revenues		Unexpended Income				
		Fund Balance	Unrealized/	Fund Balance	Fund Balance	Interest	Fund Balance	Total
		June 30, 2020	Realized Gains (Losses)	June 30, 2021	(deficit) June 30, 2020	Income	Expenditures	June 30, 2021
								June 30, 2021
Cemetery Care:								
Perpetual Care:								
850	Burr	\$ 173,381	32,198	205,579	(14,686)	2,835	350	(12,201)
851	Grove	67,363	12,703	80,066	(4,752)	1,119	138	(3,771)
852	Webster	18,598	3,563	22,161	(1,036)	314	39	(761)
853	Woodlawn	26,866	4,827	31,693	(3,078)	425	53	(2,706)
854	South Freeport	67,828	13,109	80,937	(3,218)	1,154	143	(2,207)
855	Flying Point	9,835	1,814	11,649	(890)	160	20	(750)
856	Town maintained	3,215	771	3,986	584	68	8	644
802	Davis Mausoleum	1,234	394	1,628	708	35	4	739
803	Carrie Thomas	711	179	890	171	16	2	185
804	A.O. Woodard	14,443	3,666	18,109	3,623	323	40	3,906
Total Cemetery Funds		383,474	73,224	456,698	(22,574)	6,449	797	(16,922)
Library Funds:								
710	Albert Conley	49,122	18,180	67,302	18,898	1,240	154	19,984
711	Paul and Emma Bennett	23,201	6,187	29,388	(53)	422	52	317
712	Eleanor Brewer	10,331	3,419	13,750	2,461	233	29	2,665
713	Bartol Association	54,046	14,873	68,919	1,603	1,015	18,772	(16,154)
714	Grace Ritchie	3,730	953	4,683	(166)	65	8	(109)
758	Loth Library	75,086	20,226	95,312	584	1,380	171	1,793
757	Jane Hall	185,625	50,957	236,582	4,307	3,475	2,232	5,550
Total Library Funds		401,141	114,795	515,936	27,634	7,830	21,418	14,046
School Scholarship Funds:								
720	Fitts Award	3,773	1,114	4,887	397	76	9	464
721	Salomon Plummer	12,588	3,459	16,047	349	236	29	556
722	Wallace True	7,663	2,303	9,966	238	156	19	375
723	Millard and Enid Crooker	37,475	10,299	47,774	1,056	703	587	1,172
724	Alice Pollock	16,239	4,817	21,056	1,366	328	41	1,653
725	Auldis Foster	2,897	898	3,795	462	61	8	515
726	Kenneth Thompson	11,579	3,470	15,049	943	236	229	950
742	Christine Small Cushing	235,415	70,369	305,784	27,019	4,799	4,596	27,222
Total School Scholarship Funds		327,629	96,729	424,358	31,830	6,595	5,518	32,907
Benevolent Funds:								
740	George Davis	16,794	5,218	22,012	2,727	356	44	3,039
741	Arthur L. Gould	575,861	166,324	742,185	43,404	11,340	12,114	42,630
743	Dorsey Loth	75,086	20,187	95,273	(311)	1,376	3,192	(2,127)
Total Benevolent Funds		667,741	191,729	859,470	45,820	13,072	15,350	43,542
<b>Total</b>		<b>\$ 1,779,985</b>	<b>476,477</b>	<b>2,256,462</b>	<b>82,710</b>	<b>33,946</b>	<b>43,083</b>	<b>73,573</b>
								<b>2,330,035</b>