

TOWN OF FREEPORT, MAINE

Annual Financial Report

**For the Year Ended
June 30, 2022**

TOWN OF FREEPORT, MAINE
Annual Financial Report
For the Year Ended June 30, 2022

Table of Contents

	<u>Statement</u>	<u>Page</u>
Independent Auditors' Report		1-3
Management's Discussion and Analysis		4-14
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	17
Statement of Activities	2	18
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	6	22
Statement of Net Position - Proprietary Funds	7	23
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	24
Statement of Cash Flows - Proprietary Funds	9	25
Notes to Financial Statements		26-48
Required Supplementary Information:		
Schedule of Town's Proportionate Share of the Net Pension Liability		49
Schedule of Town Contributions		50
Schedule of Changes in the Town's Total Health Plan OPEB Liability and Related Ratios		51
Notes to Required Supplementary Information		52
	<u>Exhibit</u>	<u>Page</u>
Combining and Individual Fund Financial Statements:		
General Fund:		
Comparative Balance Sheets	A-1	55
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	A-2	56-59
Reserve Funds:		
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds	B	63
Capital Project Funds:		
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds	C	67-68

TOWN OF FREEPORT, MAINE
Annual Financial Report
For the Year Ended June 30, 2022

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
All Other Governmental Funds:		
Combining Balance Sheet	D-1	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	72
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	E-1	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Town Grants and Programs	E-3	77
Nonmajor Permanent Funds:		
Combining Balance Sheet	F-1	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds	F-2	82

Independent Auditor's Report

To the Town Council
Town of Freeport, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Freeport, Maine, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Freeport, Maine's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Freeport, Maine, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Freeport, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Freeport, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Freeport, Maine's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

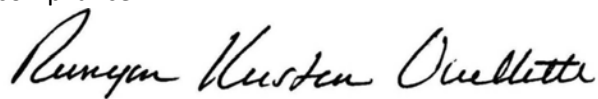
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules related to the net pension and OPEB liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022, on our consideration of the Town of Freeport, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Freeport, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Freeport, Maine's internal control over financial reporting and compliance.



October 24, 2022
South Portland, Maine

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2022

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, 2022. 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, 2022 by \$43,105,398 (net position). Of this amount, \$19,741,198 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 \$26,937,068 (Statement 4) which is an increase of \$752,892 from FY 2021.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,355,090.

The Town of Freeport's total outstanding long-term debt increased by \$369,000 during the course of the fiscal year; the June 30, 2022 outstanding debt totaled \$849,000.

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, 2022

The Town currently reports the activities of the Nonemergency Transportation Program (NET Program) as a business-type activity. The governmental activities of the Town include general government, public safety, public works, education, and community services.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Freeport, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary 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 2022. 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, 2022

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

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
ASSETS						
Cash and cash equivalents	\$ 21,893,341	21,719,143	-	-	21,893,341	21,719,143
Investments	6,038,293	6,344,892	-	-	6,038,293	6,344,892
Receivables	2,399,536	2,199,957	46,751	95,310	2,446,287	2,295,267
Receivable from RSU #5	215,000	446,250	-	-	215,000	446,250
Prepaid Items	653,854	-	-	-	653,854	-
Internal balances	91,204	147,358	(91,204)	(147,358)	-	-
Inventory	16,233	14,896	-	-	16,233	14,896
Other long-term assets	170,576	-	-	-	170,576	-
Capital assets, net	19,295,451	19,697,755	11,774	18,195	19,307,225	19,715,950
Total assets	50,773,488	50,570,251	(32,679)	(33,853)	50,740,809	50,536,398
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to OPEB	195,873	259,235	-	-	195,873	259,235
Deferred outflows of resources related to pensions	1,098,859	600,347	-	-	1,098,859	600,347
Total deferred outflows of resources	1,294,732	859,582	-	-	1,294,732	859,582
LIABILITIES						
Current liabilities	2,125,373	2,563,282	989	12,665	2,126,362	2,575,947
Noncurrent liabilities	2,497,134	4,123,625	-	-	2,497,134	4,123,625
Total liabilities	4,622,507	6,686,907	989	12,665	4,623,496	6,699,572
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources related to OPEB	207,901	352,287	-	-	207,901	352,287
Deferred inflows of resources related to pensions	2,330,573	49,457	-	-	2,330,573	49,457
Deferred inflows of resources related to leases	1,801,841	1,430,345	-	-	1,801,841	1,430,345
Total deferred inflows of resources	4,340,315	1,832,089	-	-	4,340,315	1,832,089
NET POSITION						
Net investment in capital assets	19,295,451	19,664,005	11,774	18,195	19,307,225	19,682,200
Restricted	4,068,749	4,575,308	-	-	4,068,749	4,575,308
Unrestricted	19,741,198	18,671,524	(45,442)	(64,713)	19,695,756	18,606,811
Total net position	\$ 43,105,398	\$ 42,910,837	\$ (33,668)	\$ (46,518)	\$ 43,071,730	\$ 42,864,319

In FY 2022, the Town implemented GASB 87, *Leases*. As a result, the 2021 information has been restated to include the lease receivable and deferred inflow as of June 30, 2021.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2022

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

ENTITY-WIDE CONDENSED PRESENTATION OF CHANGES IN NET POSITION

Our next analysis focuses on changes in net position of the Town's governmental and business-type activities. Governmental activities increased the Town of Freeport's net position by \$194,561 during the year ended June 30, 2022. 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, 2022

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 1,962,442	\$ 2,394,157	117,087	226,136	2,079,529	2,620,293
Operating grants and contributions	411,791	236,946	-	-	411,791	236,946
General revenues:						
Property taxes	28,566,488	27,491,666	-	-	28,566,488	27,491,666
Motor vehicle excise taxes	2,234,991	2,297,320	-	-	2,234,991	2,297,320
Interest and lien costs	46,537	67,406	-	-	46,537	67,406
State revenue sharing	1,087,616	759,639	-	-	1,087,616	759,639
Homestead exemption	339,938	453,466	-	-	339,938	453,466
BETE reimbursements	603,841	685,975	-	-	603,841	685,975
Other state aid	116,643	78,508	-	-	116,643	78,508
Investment earnings	(899,299)	1,309,413	-	-	(899,299)	1,309,413
Miscellaneous revenues	90,786	43,793	-	-	90,786	43,793
Total revenues	34,561,774	35,818,289	117,087	226,136	34,678,861	36,044,425
Program expenses:						
General government	3,259,735	3,677,275	-	-	3,259,735	3,677,275
Public safety	4,313,594	3,833,276	-	-	4,313,594	3,833,276
Public works	3,284,612	3,593,153	-	-	3,284,612	3,593,153
Community services	1,500,386	1,329,763	-	-	1,500,386	1,329,763
Community development	1,274,489	1,232,461	-	-	1,274,489	1,232,461
Education	19,919,982	19,125,015	-	-	19,919,982	19,125,015
Unclassified	810,956	591,853	-	-	810,956	591,853
Interest on debt	3,458	978	-	-	3,458	978
Nonemergency transportation	-	-	104,237	202,592	104,237	202,592
Total expenses	34,367,213	33,383,774	104,237	202,592	34,471,450	33,586,366
Change in net position	194,561	2,434,515	12,850	23,544	207,411	2,458,059
Net position - beginning	42,910,837	40,476,322	(46,518)	(70,062)	42,864,319	40,406,260
Net position - ending	\$ 43,105,398	\$ 42,910,837	\$ (33,668)	\$ (46,518)	43,071,730	42,864,319

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2022

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 \$6.4 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 \$675,000 to offset taxes in the FY 2023 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 2022 and the account remained at \$1 million at June 30, 2022. 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 \$1,103,314 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 \$953,314 increase in fund balance. As of June 30, 2022, the Town's fund balance policy required the Town to hold just over \$4.0 million in fund balance (one and-a-half months of Town, RSU, and County budgets), and the unassigned fund balance was \$6.4 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 \$4.4 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 2023 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.

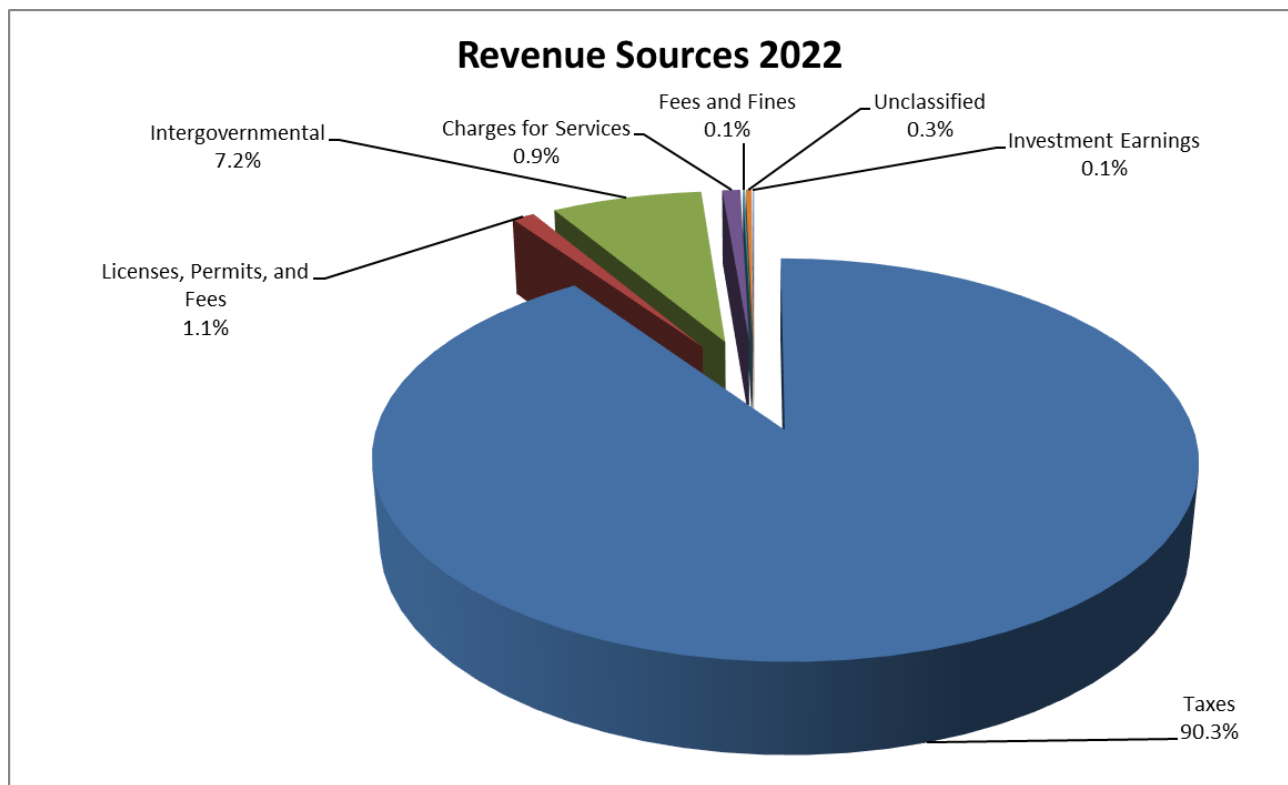
General Fund Revenues Budget-to-Actual Summary

For fiscal year 2022, revenues exceeded expenditures by \$1,103,314. The major reason for this is that actual revenues came in \$1,390,471 more than budgeted due primarily to increased excise tax collection and recycling revenue, as well as State reimbursements. The Town expenditures were also \$792,843 lower than budgeted. This is primarily due to staffing shortages, in conjunction with correlated reduced health care costs and town-wide budget savings. The property tax collection rate for the year increased to 99.04% from the previous year's collection rate of 98.93%.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2022

General Fund Revenues Budget to Actual Summary
Budget and Actual – General Fund
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Taxes	\$ 28,717,065	28,717,065	29,449,598	732,533
Licenses, Permits, and Fees	296,400	296,400	355,686	59,286
Intergovernmental	1,878,800	1,878,800	2,351,790	472,990
Charges for Services	208,500	208,500	282,855	74,355
Fees and Fines	29,800	29,800	28,063	(1,737)
Unclassified	48,600	48,600	91,345	42,745
Investment Earnings	15,000	15,000	25,299	10,299
Total Revenues	\$ 31,194,165	31,194,165	32,584,636	1,390,471



General Fund Expenditures Budget-to-Actual Summary

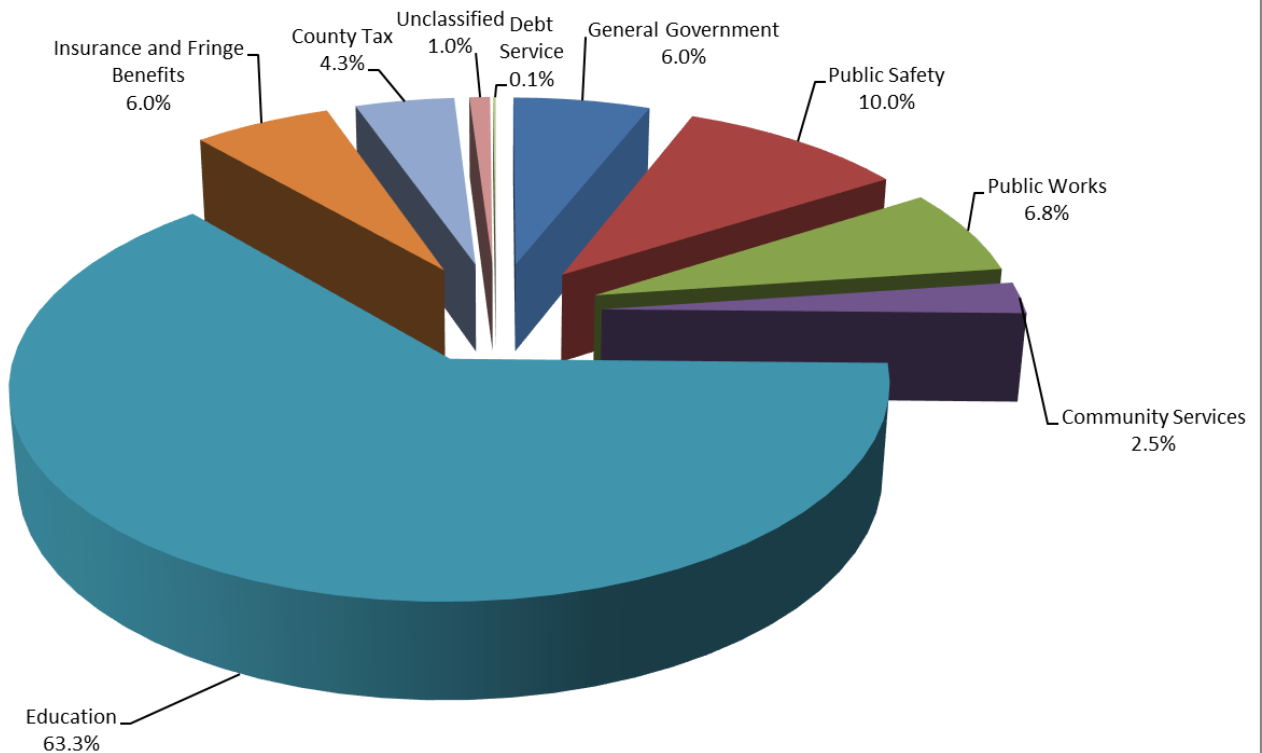
General Fund expenditure budgets are approved by the Town Council at the departmental level, with charter budgetary limits at the function level. Department managers are directed and make every effort to leave five percent surpluses in budgets, especially during tough economic times when revenue could 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, 2022 (see Exhibit A-2 for a more detailed presentation):

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2022

General Fund Expenditures Budget-to-Actual Summary
Budget and Actual – General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
General Government	\$ 2,037,340	2,037,340	1,890,137	147,203
Public Safety	3,243,285	3,243,285	3,147,346	95,939
Public Works	2,449,885	2,449,885	2,143,859	306,026
Community Services	867,470	867,470	786,179	81,291
Education	19,919,982	19,919,982	19,919,982	-
Insurance and Fringe Benefits	2,060,600	2,060,600	1,901,944	158,656
County Tax	1,368,958	1,368,958	1,368,958	-
Unclassified	292,050	292,050	284,649	7,401
Debt Service	34,595	34,595	38,269	(3,674)
Total Expenditures	\$ 32,274,165	32,274,165	31,481,322	792,843

Expenditure Source 2022



TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2022

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 2023 capital budget that was approved in June of 2022 included the following:

Town of Freeport
Summary of Funding Sources
FY 2023 Capital Program

	FY 2022	FY 2023			Funding Source	
	<u>Council Approved</u>	<u>Manager Proposed</u>	<u>Council Approved</u>	<u>Council Appropriated</u>	<u>Reserve</u>	<u>TIF</u>
Police	62,000	100,000	100,000	100,000	100,000	-
Fire	-	137,000	137,000	137,000	137,000	-
Rescue	60,000	19,000	19,000	19,000	19,000	-
Public Works	140,000	190,000	190,000	190,000	190,000	-
Solid Waste	67,500	70,000	70,000	70,000	70,000	-
Comprehensive Town Imp.	630,000	375,000	375,000	375,000	375,000	-
Municipal Facilities	88,500	440,000	460,000	460,000	460,000	-
Cable	24,000	24,000	24,000	24,000	24,000	-
Other	175,000	50,000	50,000	50,000	50,000	-
Destination Freeport TIF	375,000	160,000	210,000	210,000	-	210,000
Winslow Park	-	-	-	-	-	-
Total	1,622,000	1,565,000	1,635,000	1,635,000	1,425,000	210,000

It is notable that the FY 2023 capital improvement plan is funded by June 30, 2022. This is the reason the Town reflects the FY 2023 plan in the MD&A section of the financial statements.

A summary of the Town's capital assets at June 30, 2022 and 2021 are as follows:

	2022	2021
General capital assets:		
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	6,594,616	6,269,620
Vehicles	5,175,923	5,175,923
Infrastructure	15,538,772	14,630,481
Construction in process	720,116	1,328,762
	\$ 42,425,086	41,800,445

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2022

LONG-TERM DEBT

The State law allows municipalities to borrow up to 15% of their total valuation. Since the Town's State Valuation was \$2,060,250,000 for 2022, the debt limit was more than \$309 million. The Town's current debt is \$849,000, or 0.04% of State Valuation or approximately 0.27% of the Town's debt limit. Another measure of a municipality's debt load is debt-per-capita. As of June 30, 2022, the Town of Freeport's debt per capita was \$104 as compared to the prior year of \$59 (based upon a population of 8,200).

The following is a summary of bond transactions of the Town for the year ended June 30, 2022:

Bonds payable at June 30, 2021	\$ 480,000
Bond proceeds	634,000
Principal payments	(265,000)
<hr/>	
<u>Bonds payable at June 30, 2022</u>	<u>\$ 849,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

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

In addition, Freeport's downtown storefront vacancy rate remains 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 2023, 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 2023 budgeting process.

The budget for the fiscal year starting July 1, 2022 was approved by the Town Council with a tax rate of 13.65 mils, which is a \$0.30 increase per \$1,000 of valuation from FY 2022 to FY 2023. The tax bills are sent out twice each year, and during FY 2023 are due on November 15, 2022 and May 15, 2023.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2022

The following summarizes the major components of the FY 2022 and FY 2023 budgets:

		FY 2022 Appropriation	FY 2023 Appropriation	Increase (Decrease)
REVENUES				
Town Non-Property Tax	\$	4,983,100	\$ 5,684,300	\$ 701,200
Property Tax	\$	26,691,065	\$ 27,579,692	\$ 888,627
Fund Balance	\$	600,000	\$ 600,000	\$ -
TOTALS	\$	32,274,165	\$ 33,863,992	\$ 1,589,827
EXPENDITURES				
Municipal	\$	10,950,630	\$ 11,905,525	\$ 954,895
School	\$	19,919,982	\$ 20,513,345	\$ 593,363
County Tax	\$	1,286,019	\$ 1,288,252	\$ 2,233
Transit	\$	82,939	\$ 86,170	\$ 3,231
Debt Service	\$	34,595	\$ 70,700	\$ 36,105
TOTALS		32,274,165	33,863,992	1,589,827

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, 2022

	Governmental Activities	Business-type Activities	Total	Component Unit FEDC
ASSETS				
Cash and cash equivalents	\$ 21,893,341	-	21,893,341	72,901
Investments	6,038,293	-	6,038,293	-
Receivables:				
Accounts, net	208,371	46,751	255,122	5,827
Due from other governments	4,301	-	4,301	-
Taxes receivable	275,302	-	275,302	-
Tax liens	87,246	-	87,246	-
Lease receivable	1,824,316	-	1,824,316	-
Prepaid items	653,854	-	653,854	-
Internal balances	91,204	(91,204)	-	-
Inventory	16,233	-	16,233	-
Other long-term assets	170,576	-	170,576	-
Receivable - RSU #5 debt service payments	215,000	-	215,000	-
Capital assets, not being depreciated	2,925,000	-	2,925,000	-
Capital assets, net of accumulated depreciation	16,370,451	11,774	16,382,225	-
Total assets	50,773,488	(32,679)	50,740,809	78,728
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	1,098,859	-	1,098,859	-
Deferred outflows of resources related to OPEB	195,873	-	195,873	-
Total deferred outflows of resources	1,294,732	-	1,294,732	-
LIABILITIES				
Accounts payable and other current liabilities	1,951,384	-	1,951,384	2,479
Accrued wages and benefits payable	172,199	989	173,188	4,015
Accrued interest	1,790	-	1,790	-
Noncurrent liabilities:				
Liabilities due in one year	287,400	-	287,400	-
Other long-term liabilities	560,122	-	560,122	-
Other postemployment benefits liability	1,079,012	-	1,079,012	-
Bonds due in more than one year	570,600	-	570,600	-
Total liabilities	4,622,507	989	4,623,496	6,494
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	2,330,573	-	2,330,573	-
Deferred inflows of resources related to OPEB	207,901	-	207,901	-
Deferred inflows of resources related to leases	1,801,841	-	1,801,841	-
Total total deferred inflows of resources	4,340,315	-	4,340,315	-
NET POSITION				
Net investment in capital assets	19,295,451	11,774	19,307,225	-
Restricted for:				
Grants and other programs	2,410,716	-	2,410,716	-
Nonexpendable trust principal	1,585,729	-	1,585,729	-
Expendable trust - income portion	72,304	-	72,304	-
Unrestricted	19,741,198	(45,442)	19,695,756	72,234
Total net position	\$ 43,105,398	(33,668)	43,071,730	72,234

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			Net (expense) revenue and changes in net position			Component Unit
Functions/programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total	FEDC
					Governmental activities	Business-type activities		
Primary government:								
Governmental activities:								
General government	\$ 3,259,735	735,536	152,873	-	(2,371,326)	-	(2,371,326)	-
Public safety	4,313,594	342,196	62,920	-	(3,908,478)	-	(3,908,478)	-
Public works	3,284,612	282,555	137,492	-	(2,864,565)	-	(2,864,565)	-
Community services	1,500,386	602,155	35,911	-	(862,320)	-	(862,320)	-
Community development	1,274,489	-	-	-	(1,274,489)	-	(1,274,489)	-
Education	19,919,982	-	-	-	(19,919,982)	-	(19,919,982)	-
Unclassified	810,956	-	22,595	-	(788,361)	-	(788,361)	-
Interest on debt	3,458	-	-	-	(3,458)	-	(3,458)	-
Total governmental activities	34,367,213	1,962,442	411,791	-	(31,992,980)	-	(31,992,980)	-
Business-type activities:								
Nonemergency Transportation	104,237	117,087	-	-	-	12,850	12,850	-
Total business-type activities	104,237	117,087	-	-	-	12,850	12,850	-
Total primary government	\$ 34,471,450	2,079,529	411,791	-	(31,992,980)	12,850	(31,980,130)	-
Component Unit:								
Freeport Economic Development Corporation	84,260	-	120,827	-	-	-	-	36,567
General revenues:								
Property taxes, levied for general purposes					\$ 28,566,488	-	28,566,488	-
Motor vehicle excise taxes					2,234,991	-	2,234,991	-
Interest and lien costs					46,537	-	46,537	-
Grants and contributions not restricted to specific programs:								-
Homestead exemption					339,938	-	339,938	-
BETE reimbursements					603,841	-	603,841	-
State Revenue Sharing					1,087,616	-	1,087,616	-
Other State aid					116,643	-	116,643	-
Unrestricted investment earnings (loss)					(899,299)	-	(899,299)	10
Miscellaneous revenues					90,786	-	90,786	-
Total general revenues					32,187,541	-	32,187,541	10
Change in net position					194,561	12,850	207,411	36,577
Net position - beginning					42,910,837	(46,518)	42,864,319	35,657
Net position - ending					43,105,398	(33,668)	43,071,730	72,234

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Balance Sheet
Governmental Funds
June 30, 2022

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 16,514,358	3,396,033	1,982,950	21,893,341
Investments	395,668	3,978,652	1,663,973	6,038,293
Receivables:				
Accounts net of allowance of \$116,277	34,940	163,903	9,528	208,371
Due from other governments	4,301	-	-	4,301
Taxes receivable	275,302	-	-	275,302
Tax liens	87,246	-	-	87,246
Prepaid items	-	653,854	-	653,854
Interfund loans receivable	-	4,441,960	3,251,354	7,693,314
Inventory	16,233	-	-	16,233
Receivable - RSU #5 debt service payments	215,000	-	-	215,000
Total assets	\$ 17,543,048	12,634,402	6,907,805	37,085,255
LIABILITIES				
Accounts payable	206,262	16,778	18,915	241,955
Accrued wages and benefits	167,139	-	5,060	172,199
Interfund loans payable	6,682,547	591,414	328,149	7,602,110
Development escrows	957,234	-	-	957,234
Other unearned revenues	-	-	752,195	752,195
Total liabilities	8,013,182	608,192	1,104,319	9,725,693
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	182,020	-	-	182,020
Unavailable revenue - ambulance receivables	-	25,474	-	25,474
Unavailable revenue - RSU #5 debt service payments	215,000	-	-	215,000
Total deferred inflows of resources	397,020	25,474	-	422,494
FUND BALANCES				
Nonspendable	16,233	653,854	1,585,729	2,255,816
Restricted	-	-	2,483,020	2,483,020
Committed	2,086,523	11,346,882	1,734,737	15,168,142
Assigned	675,000	-	-	675,000
Unassigned	6,355,090	-	-	6,355,090
Total fund balances	9,132,846	12,000,736	5,803,486	26,937,068
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,543,048	12,634,402	6,907,805	

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.	19,295,451
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Lease receivables	1,824,316
Unavailable revenue - property taxes	182,020
Unavailable revenue - ambulance billings	25,474
Unavailable revenue - RSU #5 debt service payments	215,000
Deferred inflows/(outflows) related to pensions	(1,231,714)
Deferred inflows/(outflows) related to OPEB	(12,028)
Deferred inflows related to leases	(1,801,841)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,328,348)

Net position of governmental activities	\$ 43,105,398
--	----------------------

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, 2022

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 29,449,598	-	1,443,053	30,892,651
Licenses, permits and fees	355,686	-	-	355,686
Intergovernmental	2,351,790	-	152,873	2,504,663
Charges for services	282,855	468,240	828,898	1,579,993
Fees and fines	28,063	-	-	28,063
Gifts and donations	-	-	53,866	53,866
Unclassified	91,345	-	-	91,345
Investment income (loss)	(1,786)	(289,267)	(632,115)	(923,168)
Total revenues	32,557,551	178,973	1,846,575	34,583,099
Expenditures:				
Current:				
General government	1,890,137	-	-	1,890,137
Public safety	3,147,346	-	15,612	3,162,958
Public works	2,143,859	-	-	2,143,859
Community services	786,179	-	360,995	1,147,174
Community development	-	-	1,274,489	1,274,489
Education	19,919,982	-	-	19,919,982
Insurance and fringe benefits	1,901,944	-	-	1,901,944
County and transit tax	1,368,958	-	-	1,368,958
Unclassified	286,005	31,262	40,721	357,989
Capital outlay	-	1,016,444	242,005	1,258,449
Debt service	38,269	-	-	38,269
Total expenditures	31,482,678	1,047,706	1,933,823	34,464,207
Excess (deficiency) of revenues over (under) expenditures	1,074,873	(868,733)	(87,248)	118,892
Other financing sources (uses):				
Transfers from other funds	450,000	555,000	-	1,005,000
Transfers to other funds	(600,000)	-	(405,000)	(1,005,000)
Bond Proceeds	-	634,000	-	634,000
Total other financing sources (uses)	(150,000)	1,189,000	(405,000)	634,000
Net change in fund balances	924,873	320,267	(492,248)	752,892
Fund balances, beginning of year	8,207,973	11,680,469	6,295,734	26,184,176
Fund balances, end of year	\$ 9,132,846	12,000,736	5,803,486	26,937,068

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, 2022

Net change in fund balances - total governmental funds (from Statement 4)	\$	752,892
---	----	---------

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.		(402,304)
---	--	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(21,325)
--	--	----------

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.		465,548
---	--	---------

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 by which proceeds exceeded payments.		(369,000)
--	--	-----------

The Town has bonds that were originally issued for School purposes. These amounts will be funded by Regional School Unit #5 when the debt service payments are due. The Town has recorded a long-term receivable for the amount that will be paid by the School Unit for these bonds. The amount of the receivable at year end was \$215,000 with principal amounts paid off during the year totaling \$231,250.		(231,250)
--	--	-----------

Change in net position of governmental activities (see Statement 2)	\$	194,561
--	-----------	----------------

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, 2022

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 28,717,065	28,717,065	29,449,598	732,533
Licenses, permits and fees	296,400	296,400	355,686	59,286
Intergovernmental	1,878,800	1,878,800	2,351,790	472,990
Charges for services	208,500	208,500	282,855	74,355
Fees and fines	29,800	29,800	28,063	(1,737)
Unclassified	48,600	48,600	91,345	42,745
Investment earnings	15,000	15,000	25,299	10,299
Total revenues	31,194,165	31,194,165	32,584,636	1,390,471
Expenditures:				
Current:				
General government	2,037,340	2,037,340	1,890,137	147,203
Public safety	3,243,285	3,243,285	3,147,346	95,939
Public works	2,449,885	2,449,885	2,143,859	306,026
Community services	867,470	867,470	786,179	81,291
Education	19,919,982	19,919,982	19,919,982	-
Insurance and fringe benefits	2,060,600	2,060,600	1,901,944	158,656
County tax	1,368,958	1,368,958	1,368,958	-
Unclassified	292,050	292,050	284,649	7,401
Debt service	34,595	34,595	38,269	(3,674)
Total expenditures	32,274,165	32,274,165	31,481,322	792,843
Excess (deficiency) of revenues over (under) expenditures	(1,080,000)	(1,080,000)	1,103,314	2,183,314
Other financing sources (uses):				
Use of unassigned fund balance	600,000	600,000	-	(600,000)
Transfers from other funds	480,000	480,000	450,000	(30,000)
Transfers to other funds	-	-	(600,000)	(600,000)
Total other financing sources (uses)	1,080,000	1,080,000	(150,000)	(1,230,000)
Net change in fund balance - budgetary basis	-	-	953,314	953,314
Fund balance, beginning of year - budgetary basis			7,571,131	
Fund balance, end of year - budgetary basis			8,524,445	
Reconciliation to GAAP basis:				
Committed reserve funds fund balance			608,401	
Fund balance, end of year - GAAP basis	\$		9,132,846	

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2022

Business-type Activities - Enterprise Funds	
	Nonemergency Transportation Program
ASSETS	
Current assets:	
Accounts receivable less allowance for uncollectibles of \$45,000	\$ 46,751
Total current assets	46,751
Noncurrent assets:	
Property, plant, and equipment	151,194
Less accumulated depreciation	(139,420)
Total noncurrent assets	11,774
Total assets	\$ 58,525
LIABILITIES	
Current liabilities:	
Interfund loans payable	91,204
Accrued wages and benefits payable	989
Total current liabilities	92,193
Total liabilities	\$ 92,193
NET POSITION	
Net investment in capital assets	11,774
Unrestricted	(45,442)
Total net position	\$ (33,668)

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, 2022

Business-type Activities - Enterprise Funds	
	Nonemergency Transportation Program
Operating revenues:	
Charges for services	\$ 117,087
Total operating revenues	117,087
Operating expenses:	
Wages and benefits	86,155
Operational costs	11,661
Depreciation	6,421
Total operating expenses	104,237
Operating income	12,850
Net position, beginning of year	(46,518)
Net position, end of year	\$ (33,668)

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2022

Business-type Activities - Enterprise Funds		
		Nonemergency Transportation Program
Cash flows from operating activities:		
Receipts from customers and users	\$	165,646
Payments to suppliers		(12,201)
Payments to employees		(97,291)
Net cash provided by operating activities		56,154
Cash flows from capital and related financing activities:		
Interfund borrowing		(56,154)
Net cash used in financing activities		(56,154)
Change in cash		-
Cash, beginning of year		-
Cash, end of year	\$	-
Reconciliation of operating income/(loss) to net cash provided by operating activities:		
Operating income/(loss)	\$	12,850
Adjustments to reconcile net income /(loss) to net cash provided by operating activities:		
Depreciation		6,421
(Increase) decrease in operating assets:		
Accounts receivable		48,559
Increase (decrease) in operating liabilities:		
Accounts payable		(540)
Accrued wages and benefits payable		(11,136)
Net cash provided by operating activities	\$	56,154

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Component Unit

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

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

B. Government-wide and Fund Financial Statements

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Town reports the following 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 \$45,000 for the enterprise fund and \$116,277 for the governmental funds as of June 30, 2022. 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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. Leases

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

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

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

J. Pensions

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

K. Deferred Inflows and Outflows of Resources

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

L. Inventory

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

M. Interfund Transactions

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

N. Use of Estimates

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

O. Comparative Data

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

P. Fund Equity

The Town uses the following fund balance classifications.

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

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

Q. 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.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended June 30, 2022, the Nonemergency Transportation Program reported a deficit fund balance/net position of \$(33,668).

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

Debt service	\$ 3,674
--------------	----------

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk, but requires all deposit accounts to hold collateral either at an outside bank in the Town's name or through an irrevocable letter of credit to the Town in any amounts above the FDIC insurance limits. The Town maintains deposits in banks or savings and loans that are a member of the FDIC and qualify as a depository of public funds in the State of Maine as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. As of June 30, 2022, the Town reported deposits of \$21,893,341 with a bank balance of \$22,790,512. Of the Town's bank balances of \$22,790,512, none was subject to custodial credit risk as it was insured by FDIC or covered by additional collateral.

As of June 30, 2022, the Freeport Economic Development Corporation reported deposits of \$72,901, with a bank balance of \$72,901. Of the FEDC'S bank balance of \$72,901, 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, 2022, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years
U. S. Government securities	\$ 2,797,967	-	2,797,967
Money markets	119,713	N/A	-
Mutual funds	3,120,613	N/A	-
Total investments	\$ 6,038,293	-	2,797,967

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

Credit Risk and Concentration of Credit Risk:

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

The Town's investments in debt securities require disclosure of credit risk were rated by Standard & Poor's as follows: Money market funds \$119,713 - AAA, Fixed income government securities \$2,797,967 - AA.

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

At June 30, 2022, the Town had investments exceeding five percent of the total portfolio as follows:

	Value <u>6/30/22</u>	S & P <u>Rating</u>	<u>% of Total</u>
United States Treasury Notes	\$ 2,797,967	AA	46.34%

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

PROPERTY TAX

Property taxes for the current period were committed on September 15, 2021, on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. For real property, payment of taxes was due in equal installments on November 15, 2021 and May 16, 2022. Personal property taxes were due in full on November 15, 2021. Interest at the rate of 6% 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 2022 assessed value was 100% of the estimated market value and 103% of the 2022 state valuation of \$2,060,250,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$275,957 for the period ended June 30, 2022.

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

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

PROPERTY TAX, CONTINUED

The following summarizes the periods ended June 30, 2022 and 2021 levies:

	<u>2022</u>	<u>2021</u>
Assessed value	\$ 2,128,095,497	1,961,260,564
Tax rate (per \$1,000)	13.35	14.00
Commitment	28,410,075	27,457,648
<u>Supplemental taxes assessed</u>	<u>156,403</u>	<u>44,144</u>
Total assessments	28,566,478	27,501,792
Less:		
Collections and abatements	28,291,192	27,206,439
<u>Receivable at June 30</u>	<u>\$ 275,286</u>	<u>295,353</u>
Collection rate	99.04%	98.93%

SIGNIFICANT TAXPAYER

For the year ended June 30, 2022, the Town of Freeport committed and collected \$2,467,608 in real estate and personal property tax revenue from L.L. Bean, Inc. This commitment represents approximately 8.78% of total taxable valuation.

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2022</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,328,762	340,245	948,891	720,116
<u>Land</u>	<u>2,204,884</u>	<u>-</u>	<u>-</u>	<u>2,204,884</u>
<u>Total capital assets, not being depreciated</u>	<u>3,533,646</u>	<u>340,245</u>	<u>948,891</u>	<u>2,925,000</u>
Capital assets, being depreciated:				
Land improvements	3,547,251	-	-	3,547,251
Buildings and building improvements	8,643,524	27,112	-	8,670,636
Machinery and equipment and other	6,269,620	512,996	-	6,782,616
Vehicles	5,175,923	-	188,000	4,987,923
<u>Infrastructure</u>	<u>14,630,481</u>	<u>881,179</u>	<u>-</u>	<u>15,511,660</u>
<u>Total capital assets being depreciated</u>	<u>38,266,799</u>	<u>1,421,287</u>	<u>188,000</u>	<u>39,500,086</u>

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

	Balance July 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2022</u>
Less accumulated depreciation				
Land improvements	1,710,169	127,064	-	1,837,233
Buildings and building improvements	5,362,903	199,092	-	5,561,995
Machinery, equipment, and other	5,094,822	227,236	-	5,322,058
Vehicles	3,578,679	246,688	188,000	3,637,367
Infrastructure	6,356,117	414,865	-	6,770,982
Total accumulated depreciation	22,102,690	1,214,945	188,000	23,129,635
Total capital assets being depreciated, net	16,164,109	206,342	-	16,370,451
Governmental activities capital assets, net	\$ 19,697,755	546,587	948,891	19,295,451

Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2022 as follows:

Governmental activities:

General government	\$ 65,628
Public safety	263,025
Public works, including depreciation of general infrastructure assets	777,508
Community services	101,624
Unclassified	7,160

Total depreciation expense – governmental activities **\$ 1,214,945**

	Balance July 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2022</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 85,066	-	-	85,066
Vehicles	66,128	-	-	66,128
Total capital assets being depreciated	151,194	-	-	151,194
Less accumulated depreciation	132,999	6,421	-	139,420
Total capital assets being depreciated, net	18,195	(6,421)	-	11,774
Business-type activities capital assets, net	\$ 18,195	(6,421)	-	11,774

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

LEASES

The Town of Freeport currently has three leases with communication companies for space on its water tanks, a building and land, and a parking lot, which had the following amounts as of June 30, 2022:

Name of Lease	Receivable	Deferred Inflow	Monthly Payment
Communication Lease #1	\$477,654	\$470,459	\$4,054, increasing 4% each year.
Communication Lease #2	\$480,621	\$471,219	\$2,070, increasing every 5 years.
Communication Lease #3	\$341,921	\$335,532	\$4,052, increasing 4% each year.
Parking Lease	\$13,750	\$13,375	\$1,083 increasing to \$1,167 next year.
Soule Property	\$510,370	\$511,256	\$1,485 increasing/decreasing every 5 years based on the change in the consumer price index
Total	\$1,824,316	\$1,801,841	

- The first communication lease is in the fourth out of five possible extension terms and the remaining lease term, including extensions, will last for nine years. The Town recognized \$45,078 in lease revenue and \$8,267 in interest revenue during the current fiscal year related to this lease.
- The second communication lease is in the first out of four possible extension terms and the remaining lease term, including extensions will last for 18 years. The Town recognized \$16,777 in lease revenue and \$8,063 in interest revenue during the current fiscal year related to this lease.
- The third communication lease is in the third out of four possible extension terms and the remaining lease term, including extensions will last for 7 years. The town recognized \$41,544 in lease revenue and \$5,985 in interest revenue during the current fiscal year related to this lease.
- The parking lease is in first year of a two-year lease for parking spaces, with a possible extension to be determined at the end of the lease by both the Town and the lessee. The Town recognized \$13,000 in lease revenue during the current fiscal year related to this lease.
- The Soule Property lease was renewed in January 2022 for a term of 20 years with another possible 20-year extension. The Town recognized \$7,358 in lease revenue and \$1,554 in interest revenue during the current fiscal year related to this lease.

INTERFUND TRANSACTIONS

During the course of normal operations, the Town has many transactions between funds including expenditures and transfers. Interfund receivables and payables at June 30, 2022 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	\$ -	6,682,547	(150,000)
Capital project funds	4,441,960	591,414	555,000
Nonmajor governmental funds:			
Special revenue funds:			
Winslow Park	-	322,489	-
TIF funds	693,304	-	(5,000)
Bartol building lease	505,957	-	-

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

INTERFUND TRANSACTIONS, CONTINUED

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
Tower lease	\$ 856,301	-	(300,000)
Town grants and programs	1,068,743	-	(100,000)
Leon Gorman Park	127,049	-	-
Permanent funds	-	5,660	-
Proprietary Funds:			
Nonemergency Transportation Services	-	91,204	-
Totals	\$ 7,693,314	7,693,314	-

FUND BALANCE

The General Fund unassigned fund balance total of \$6,355,090 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, 2022, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund:				
Inventory	\$ 16,233	-	-	-
Accrued compensation	-	-	478,122	-
Tax rate stabilization	-	-	1,000,000	-
Unemployment fund compensation	-	-	492,070	-
Other	-	-	116,331	-
Subsequent year budget	-	-	-	675,000
Capital Projects Funds	653,854	-	11,346,882	-
Nonmajor Governmental Funds:				
Special Revenue Funds:				
Winslow Park	-	742,027	-	-
TIF	-	693,082	-	-
Leon Gorman Park	-	126,997	-	-
Bartol building lease	-	-	505,887	-
Tower lease	-	-	856,301	-
Other grants and programs	-	848,610	372,549	-
Permanent Funds:				
Principal	1,585,729	-	-	-
Unexpended Income	-	72,304	-	-
Totals	\$ 2,255,816	2,483,020	15,168,142	675,000

NET POSITION

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

NET POSITION, CONTINUED

The Town's net investment in capital assets was calculated as follows at June 30, 2022:

	<u>Governmental Activities</u>
Capital assets	\$ 42,425,086
Accumulated depreciation	(23,129,635)
Bonds payable	(849,000)
Unspent Bond Proceeds	634,000
Bonds related to RSU assets	215,000
Net investment in capital assets	<u>\$ 19,295,451</u>

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 480,000	634,000	265,000	849,000	278,400
Accrued compensated absences	483,316	-	5,194	478,122	-
Other post-employment benefits	976,860	102,152	-	1,079,012	-
Net pension liability (asset)	2,076,449	-	2,247,025	(170,576)	-
Landfill closure and post closure care costs	107,000	-	16,000	91,000	9,000
Total governmental activity long-term liabilities	<u>\$ 4,123,625</u>	<u>736,152</u>	<u>2,533,219</u>	<u>2,326,558</u>	<u>287,400</u>

LONG-TERM DEBT

Bonds payable at June 30, 2022 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, 2022</u>
Governmental activities:					
2011 refunding	4/19/2011	5,635,000	2023	4.0-5.0%	215,000
<u>2021 bike/pedestrian bridge</u>	<u>11/4/2021</u>	<u>634,000</u>	<u>2031</u>	<u>1.5%</u>	<u>634,000</u>
Total bonds payable					<u>\$ 849,000</u>

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 \$215,000, which is the outstanding amount of bonds payable related to the School Department.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

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 \$849,000 at June 30, 2022 was within the statutory limit.

The annual requirements to amortize all debt outstanding at June 30, 2022 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>
2023	\$ 278,400	11,581	289,981
2024	63,400	6,876	70,276
2025	63,400	6,422	69,822
2026	63,400	5,893	69,293
2027	63,400	5,265	68,665
2028-2031	317,000	13,095	330,095
Totals	\$ 849,000	49,132	898,132

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's state valuation to the County's state valuation. For the year ended June 30, 2022, the Town's share was \$1,123,368 (3.64%) of Cumberland County's outstanding debt of \$30,856,174.

The Town's proportionate share of Regional School Unit No. 5's debt of \$13,177,831 is \$8,694,733 (65.98%). This debt service is included in the annual assessments to the Town.

LANDFILL CLOSURE AND POST CLOSURE COSTS

The following is a summary of the estimated cost of current landfill and post-closure operations for the Town's landfill for the year ended June 30, 2022:

	<u>Years remaining</u>	<u>Cost per year</u>	<u>Total cost</u>
Post closure monitoring:			
Section closed in 1995 - 30 years of monitoring	3	\$ 5,000	15,000
Section closed in 2016:			
First ten-year period of post closure monitoring	4	4,000	16,000
Subsequent 20-year period of post-closure monitoring	20	3,000	60,000
Total landfill liability			\$ 91,000

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

LANDFILL CLOSURE AND POST CLOSURE COSTS, CONTINUED

Under existing state law, Maine communities have to close existing landfills under a State-approved plan and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Historically, the Town maintained two 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 \$91,000 over the next 24 years. As such, the Town has recognized an estimate for post closure monitoring and maintenance costs of \$91,000 in the government-wide financial statements. The actual costs of closure and post closure care may be higher or lower due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

JOINTLY GOVERNED ORGANIZATIONS

The Town of Freeport participates in a jointly governed organization, which is not part of the Town's reporting entity. ecomaine is a solid waste management corporation serving 40 municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and also operates an extensive recycling program.

The Town is a member in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in ecomaine.

Selected balance sheet information for ecomaine for the year ended June 30, 2022, the most recent information available, includes total assets of \$70,668,532, total liabilities of \$25,753,954 and unrestricted net position of \$13,354,272. The liabilities include an accrual for landfill closure and postclosure care amounting to \$17,442,939. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2012 and a projected closing date. The separate audited financial statements of ecomaine may be obtained at their administrative office: ecomaine, 64 Blueberry Rd., Portland, Maine 04102.

CREDIT ENHANCEMENT AGREEMENTS

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

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

CREDIT ENHANCEMENT AGREEMENTS, CONTINUED

For the year ended June 30, 2022, the Town abated real estate property taxes totaling \$1,082,187 through these credit enhancement agreements, including the following:

<u>TIF District</u>	<u>Beginning; Duration</u>	<u>CEA Entity</u>	<u>Percentage of Assessed Value Abated</u>	<u>Amount Paid in FY 2022</u>
TIF II Desert Rd. Phase II	1996-97 30 Years	Berenson Assoc.	75%	\$335,225
TIF II Desert Rd. Phase II	2007-08 20 Years	Berenson Assoc.	85%	734,833
TIF V Hotel	2004-05 30 Years	Frost Gully LLC	51%	-
TIF VIII Quarry Ridge	2021-22 30 Years	Quarry Ridge	50%	-
TIF VI Housing	2011-12 30 Years	Freeport Housing Trust	50%	12,129

NET PENSION LIABILITY

General Information about the Pension Plan

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

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

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Employees are required to contribute 8.4%-9.7% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2022, was 11.3%-13.4% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$427,332 for the year ended June 30, 2022.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

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

At June 30, 2022, the Town reported a liability/(asset) of \$(170,576) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

The Town's proportion of the net pension liability/(asset) was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2021, the Town's proportion was 0.5308%.

For the year ended June 30, 2022, the Town recognized pension expense (gain) of \$(37,089). At June 30, 2022, 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	\$ 98,748	-
Net difference between projected and actual earnings on pension plan investments	-	2,325,011
Changes in assumptions	572,779	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	5,562
Town contributions subsequent to the measurement date	427,332	-
Total	\$ 1,098,859	2,330,573

An amount of \$427,332 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, 2023.

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

Year ended June 30:

2023	\$ (273,708)
2024	(210,007)
2025	(529,255)
2026	(646,076)

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

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

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

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

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Town's proportionate share of the net pension liability	\$ 2,427,392	(170,576)	(2,319,437)

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, 2022.

PENSION PLANS

Defined Contribution Plan

The Town offers its regular employees a defined contribution money purchase plan created in accordance with Internal Revenue Code Section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate and are vested from the date of employment. Participating employees are required to contribute 7% of compensation for the year and the Town matches the employees' contribution with 10% of compensation for the plan year. For the year ended June 30, 2022, 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.

Other

Additionally, the Town participates in the Social Security Retirement Program. The Town's contribution to Social Security (including Medicare) was approximately \$401,400 for the year ended June 30, 2022.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

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

Employees Covered by Benefit Terms – At June 30, 2022, the following employees were covered by the Health Plan benefit terms:

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

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

The Town's total Health Plan OPEB liability of \$1,079,012 was measured as of January 1, 2022 and was determined by an actuarial valuation as of January 1, 2022.

Changes in the Total Health Plan OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	\$ 976,860
Changes for the year:	
Service cost	40,998
Interest	21,323
Differences between expected and actual experience	76,446
Changes in assumptions and other inputs	(12,354)
Benefit payments	<u>(24,261)</u>
Net changes	<u>102,152</u>
Balance at June 30, 2022	<u>\$ 1,079,012</u>

Change in assumptions and other inputs reflect a change in the discount rate from 2.12% in 2021 to 2.06% in 2022.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

For the year ended June 30, 2022, the Town recognized OPEB expense of \$45,389 related to the Health Plan. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	207,901
Changes of assumption or other inputs	<u>195,873</u>	<u>-</u>
Total	<u>\$ 195,873</u>	<u>207,901</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:	
2023	\$ (16,932)
2024	(16,931)
2025	19,044
2026	(12,221)
2027	(12,223)
Thereafter	27,235

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2022 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	2.40% per annum
Salary increases	2.75% per annum
Discount rate	2.06% per annum
Healthcare cost trend rates	8.60% for 2022, decreasing to 3.53% for 2042
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

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

Discount Rate - The rate used to measure the total OPEB liability for the Health Plan was 2.06% 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.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

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 2.06%, 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 (1.06%) or 1 percentage-point higher (3.06%) than the current rate:

		1% Decrease	Discount Rate	1% Increase
		(1.06%)	(2.06%)	(3.06%)
Total OPEB liability	\$	1,227,638	1,079,012	955,737

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:

			Healthcare Cost	
		1% Decrease	Trend Rates	1% Increase
Total OPEB liability	\$	938,348	1,079,012	1,256,062

CONTINGENCIES

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

Grant Funds - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

RISK MANAGEMENT

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

Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2022.

COMMITMENTS

As of June 30, 2022, the Town had several outstanding commitments related to its ongoing projects, consisting primarily of the Spar Cove Road Reconstruction and the Cousin's River Bridge Bike/Pedestrian Connector. Of the contracts related to those projects, Spar Cove Road Reconstruction has \$117,728 remaining and Cousin's River Bridge Bike/Pedestrian Connector Project has \$122,682 remaining. These projects are expected to be completed during FY 2023.

TOWN OF FREEPORT, MAINE
Notes to Required Supplementary Information

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

Last 10 Fiscal Years**

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

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

**Only eight years of information available.*

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

Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan

Last 10 Fiscal Years*

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

**Only nine years of information available.*

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

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

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

* Only five years of information available.

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

Net Pension Liability

Changes of Benefit Terms - None

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

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

Mortality rates:

In 2015, mortality rates were based on the RP 2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 through 2020, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table. In 2021, mortality rates were based on the 2010 Public Plan General Benefits – Weighted Healthy Retiree Mortality Table projected generationally using the RPEC_2020 model.

Total OPEB Liability

Changes of Benefit Terms - None

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

Fiscal Year	Discount Rate
2022	2.06%
2021	2.12%
2020	2.74%
2019	4.10%
2018	3.44%

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

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

GENERAL FUND

TOWN OF FREEPORT, MAINE
Comparative Balance Sheets - General Fund
June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 16,514,358	17,429,581
Investments	395,668	343,152
Accounts receivable	34,940	33,315
Due from other governments	4,301	171,530
Taxes receivable	275,302	285,986
Tax liens	87,246	103,325
Inventory	16,233	14,896
Receivable - RSU #5 debt service payments	215,000	446,250
Total assets	\$ 17,543,048	18,828,035
LIABILITIES		
Accounts payable	206,262	155,797
Accrued wages and benefits	167,139	179,314
Interfund loans payable	6,682,547	7,439,216
Development escrows	957,234	2,172,830
Total liabilities	8,013,182	9,947,157
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	182,020	226,655
Unavailable revenue - RSU #5 debt service payments	215,000	446,250
Total deferred inflows of resources	397,020	672,905
FUND BALANCE		
Nonspendable	16,233	14,896
Committed - Stabilization Fund	1,000,000	1,000,000
Committed - other	478,122	483,316
Committed - reserves	608,401	636,842
Assigned	675,000	600,000
Unassigned	6,355,090	5,472,919
Total fund balance	9,132,846	8,207,973
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,543,048	18,828,035

TOWN OF FREEPORT, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year ended June 30, 2022

(with comparative actual amounts for the year ended June 30, 2021)

	2022		Variance positive (negative)	2021 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 26,691,065	27,168,070	477,005	26,192,432
Excise taxes and registration fees	2,001,000	2,234,991	233,991	2,297,320
Interest and lien costs	25,000	46,537	21,537	67,406
Total taxes	28,717,065	29,449,598	732,533	28,557,158
Licenses, permits, and fees:				
Building, plumbing and electrical permits	153,000	213,474	60,474	337,993
Town clerk licenses and fees	25,100	30,008	4,908	32,807
Mooring and other harbor fees	75,000	81,405	6,405	82,433
Solid waste permits	1,300	1,375	75	1,375
Shellfish licenses	10,000	11,781	1,781	11,201
Alarm permits	32,000	17,643	(14,357)	27,145
Total licenses, permits, and fees	296,400	355,686	59,286	492,954
Intergovernmental:				
State tree growth reimbursement	48,000	61,422	13,422	51,176
State general assistance	10,000	5,844	(4,156)	499
State revenue sharing	725,000	1,087,616	362,616	759,639
State homestead exemption reimbursement	300,000	339,938	39,938	453,466
State BETE reimbursement	600,000	603,841	3,841	685,975
State road assistance	125,000	136,192	11,192	126,352
Public safety contributions	47,300	61,716	14,416	53,748
Other intergovernmental	23,500	55,221	31,721	27,332
Total intergovernmental	1,878,800	2,351,790	472,990	2,158,187
Charges for services:				
Planning	20,500	19,590	(910)	14,857
Transfer station and recycling	163,000	237,982	74,982	249,136
Parking lot	-	10,148	10,148	6,175
Engineering	20,000	13,835	(6,165)	25,203
Hunter Road Fields	5,000	1,300	(3,700)	5,000
Total charges for services	208,500	282,855	74,355	300,371
Fees and fines:				
Police parking and other fines	20,000	17,790	(2,210)	3,215
Library fines and fees	6,000	7,916	1,916	4,360
Alarm and other fire fees	3,800	2,357	(1,443)	1,621
Total fees and fines	29,800	28,063	(1,737)	9,196

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

	2022		Variance positive (negative)	2021 Actual
	Budget	Actual		
Revenues, continued:				
Unclassified	\$ 48,600	91,345	42,745	52,082
Investment earnings	15,000	25,299	10,299	15,984
Total revenues	31,194,165	32,584,636	1,390,471	31,585,932
Expenditures:				
Current:				
General government:				
Town council	174,500	172,407	2,093	183,884
Town manager	136,005	132,823	3,182	126,485
Finance and treasury	475,760	424,667	51,093	439,803
Assessing	191,090	200,084	(8,994)	165,436
Code enforcement	119,615	122,665	(3,050)	108,516
Town clerk and elections	143,550	129,595	13,955	141,483
General administration	205,510	144,818	60,692	152,221
Municipal buildings	439,160	413,195	25,965	374,043
Planning	152,150	149,882	2,268	125,375
Total general government	2,037,340	1,890,137	147,203	1,817,246
Public Safety:				
Police department	1,438,240	1,475,841	(37,601)	1,314,933
Special enforcement	100,205	93,076	7,129	80,363
Fire department	769,700	760,330	9,370	770,043
Rescue	497,890	388,689	109,201	428,269
Reception	222,250	218,005	4,245	187,925
Hydrant rental	185,000	188,373	(3,373)	164,747
Street lights	30,000	23,032	6,968	23,032
Total public safety	3,243,285	3,147,346	95,939	2,969,312
Public Works:				
General road operations	998,650	875,907	122,743	892,682
Summer roads	433,000	250,914	182,086	376,111
Winter roads	171,500	171,245	255	113,731
Tree program	20,000	6,997	13,003	19,627
Solid waste	552,500	566,865	(14,365)	589,136
Engineering	150,100	149,149	951	140,998
Hunter Road Fields maintenance	124,135	122,782	1,353	107,384
Total public works	2,449,885	2,143,859	306,026	2,239,669

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

	2022		Variance positive (negative)	2021 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Community services:				
Human services agencies	\$ 39,800	29,750	10,050	39,800
General assistance	114,440	84,434	30,006	107,008
Public library	493,720	488,505	5,215	443,785
Cable TV	106,040	102,902	3,138	55,190
Promotions	11,200	11,949	(749)	12,104
Shellfish commission	3,500	-	3,500	-
Amtrak station operations	79,020	54,134	24,886	63,564
Other	19,750	14,504	5,246	8,174
Total community services	867,470	786,179	81,291	729,625
Education	19,919,982	19,919,982	-	19,125,015
Insurance and fringe benefits:				
Employee benefits	1,955,600	1,800,784	154,816	1,730,243
Insurances	105,000	101,160	3,840	101,532
Total insurance and fringe benefits	2,060,600	1,901,944	158,656	1,831,775
County and transit tax	1,368,958	1,368,958	-	1,321,552
Unclassified:				
Bustin's Island Corporation	243,000	243,721	(721)	228,847
Miscellaneous and contingency	24,050	23,053	997	31,913
Abatements	25,000	17,874	7,126	57,360
Total unclassified	292,050	284,649	7,401	318,120
Debt service	34,595	38,269	(3,674)	98,363
Total expenditures	32,274,165	31,481,322	792,843	30,450,677
Excess (deficiency) of revenues over (under) expenditures	(1,080,000)	1,103,314	2,183,314	1,135,255

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

	2022			2021 Actual
	Budget	Actual	Variance positive (negative)	
Other financing sources (uses):				
Budgeted utilization of surplus	\$ 600,000	-	(600,000)	-
Transfers in	480,000	450,000	(30,000)	555,001
Transfers out	-	(600,000)	(600,000)	(1,350,000)
Total other financing sources (uses)	1,080,000	(150,000)	(1,230,000)	(794,999)
Net change in fund balance - budgetary basis	-	953,314	953,314	340,256
Fund balance, beginning of year - budgetary basis		7,571,131		7,230,875
Fund balance, end of year - budgetary basis		8,524,445		7,571,131
Reconciliation of fund balance to GAAP basis:				
Committed reserve funds fund balance		608,401		636,842
Fund balance, end of year - GAAP Basis	\$	9,132,846		8,207,973

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, 2022

	Fund Balance June 30, 2021	Charges for Services	Revenues Interest	Expenditures	Transfers in (out)	Fund Balance June 30, 2022
Capital Project Reserves						
Administration - general	\$ 277,431	-	(11,349)	447	(72,500)	193,135
Boards and commissions	143,730	-	(6,110)	293	-	137,327
Building maintenance	896,657	-	(37,905)	1,770	(137,500)	719,482
Cable TV equipment	225,741	119,619	(9,778)	508	(144,000)	191,074
Energy savings	43,845	-	(1,864)	89	-	41,892
Fire equipment	445,721	-	(18,949)	908	(62,000)	363,864
Hedgehog mountain	24,674	-	(1,049)	50	-	23,575
Land purchase	149,726	-	45	-	-	149,771
Land trust	28,658	-	(1,218)	58	-	27,382
Municipal parking lot	520,801	10,147	(22,150)	13,066	-	495,732
Police equipment	350,191	-	(14,863)	707	-	334,621
Public infrastructure	1,956,967	-	(83,549)	4,083	42,625	1,911,960
Public works equipment	975,124	-	(41,626)	2,033	(127,000)	804,465
Recycling equipment	40,256	-	(1,745)	91	30,000	68,420
Rescue equipment	879,117	275,652	(37,157)	1,734	(290,932)	824,946
Total capital project reserves	6,958,639	405,418	(289,267)	25,837	(761,307)	6,287,646
General Fund Reserves						
Unemployment compensation fund	515,086	-	(21,909)	1,107	-	492,070
Other	121,756	-	(5,176)	249	-	116,331
Total general fund reserves	636,842	-	(27,085)	1,356	-	608,401
Total Reserve Funds	\$ 7,595,481	405,418	(316,352)	27,193	(761,307)	6,896,047

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, 2022

	Fund Balance (deficit) June 30, 2021	Charges for Services	Revenues Bond Proceeds	Interest	Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2022
Police Department Capital Project Funds:							
Communication upgrade	\$ 83,327	-	-	-	67,891	-	15,436
Bullet proof vests & protective equipment	(2,327)	12,160	-	-	-	-	9,833
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	91,735	-	-	-	10,543	100,000	181,192
Total police department	194,160	12,160	-	-	90,434	100,000	215,886
Fire Department Capital Project Funds:							
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	82,295	-	-	-	82,295	-	-
Service vehicle	(12,918)	16,594	-	-	-	-	3,676
SCBA bottles and fill station	-	-	-	-	-	137,000	137,000
Total fire department	903,416	16,594	-	-	82,295	137,000	974,715
Rescue Department Capital Project Funds:							
Vehicle exhaust ventilation system	-	-	-	-	-	-	-
Ambulance replacement	80,196	-	-	-	53,718	-	26,478
Communication upgrade	152,793	-	-	-	134,986	19,000	36,807
Rescue equipment	2,906	-	-	-	-	-	2,906
Dormitory Renovations	11,603	-	-	-	4,571	-	7,032
Total rescue department	247,498	-	-	-	193,275	19,000	73,223
Public Works Capital Project Funds:							
Grader repair	1,096	-	-	-	-	-	1,096
Dump truck replacement, sander & plow	(779)	-	-	-	490	227,000	225,731
Loader	18,770	-	-	-	-	-	18,770
Sidewalk plow-shared with TIF	7,668	-	-	-	-	-	7,668
Pick-up truck replacement	7,163	-	-	-	792	-	6,371
Oil/Water separator	60,000	-	-	-	60,000	-	-
Street sweeper	140,000	-	-	-	-	-	140,000
Backhoe/Excavator	22,081	-	-	-	-	-	22,081
Total public works	255,999	-	-	-	61,282	227,000	421,717
Recycling Capital Project Funds:							
Landfill closing	123,450	-	-	-	-	-	123,450
Containers	6,849	-	-	-	-	-	6,849
Loader	2,987	-	-	-	-	-	2,987
Facility lighting	37,500	-	-	-	-	-	37,500
Other	100,900	-	-	-	31,262	70,000	139,638
Total recycling	271,686	-	-	-	31,262	70,000	310,424

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, 2022

	Fund Balance (deficit) June 30, 2021	Charges for Services	Revenues Bond Proceeds	Interest	Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2022
Comprehensive Town Improvement Funds:							
Arnold Road reconstruction	\$ -	-	-	-	-	250,000	250,000
ADA compliance work	-	-	-	-	-	75,000	75,000
Train Station improvements	80,000	-	-	-	-	-	80,000
Percy, Pratt and Pownal Road reconstruction	120	-	-	-	-	-	120
Road condition survey - Asset management planning	-	-	-	-	-	25,000	25,000
Cousin's River Bridge - (PACTS)	140,000	-	-	-	-	-	140,000
Cousin's River Bridge - Bike/Pedestrian Connector	127,822	-	-	-	5,140	-	122,682
Lower Main Street paving overlay	39,450	-	-	-	-	(39,450)	-
Main St. paving and drainage match	28,494	-	-	-	-	-	28,494
DOT bridge work	-	-	634,000	-	-	-	634,000
Spar Cove Road rebuild	450,000	-	-	-	332,272	-	117,728
US Route 1 South (PACTS)	45,736	-	-	-	-	-	45,736
Concord Gully Brook watershed restoration	(42,253)	9,068	-	-	2,833	96,933	60,915
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	140,114	-	-	-	-	(140,114)	-
Freeport fields and trails project	140,537	-	-	-	-	-	140,537
Culvert replacement	33,434	-	-	-	-	-	33,434
Other	38,159	-	-	-	-	-	38,159
Total comprehensive town improvement	1,818,070	9,068	634,000	-	340,245	229,307	2,350,200
Municipal Buildings and Other Improvement Funds:							
Computer system upgrade/connectivity town-wide	117,979	25,000	-	-	30,185	125,000	237,794
Dunning boat yard	31,445	-	-	-	-	-	31,445
Cable TV	104,915	-	-	-	-	24,000	128,915
Valuation update	50,713	-	-	-	-	7,500	58,213
Building winterization	133,562	-	-	-	8,065	-	125,497
Public safety renovation (sallyport, flooring, etc.)	1,119	-	-	-	1,119	-	-
Town hall exterior	43,388	-	-	-	-	-	43,388
Town hall upgrades	-	-	-	-	-	25,000	25,000
Red Light upgrade	-	-	-	-	-	30,000	30,000
Copier replacement	14,937	-	-	-	-	-	14,937
Library building exterior	30,000	-	-	-	20,685	50,000	59,315
Vehicle replacement	4,998	-	-	-	4,998	-	-
Other	196,428	-	-	-	49,845	222,500	369,083
Total municipal buildings and other	729,484	25,000	-	-	114,897	484,000	1,123,587
Boards and Committees Improvement Funds:							
Directional signage	15,000	-	-	-	-	-	15,000
Downtown revisioning study	108,179	-	-	-	108,179	-	-
Historic society archiving	1,387	-	-	-	-	-	1,387
comprehensive plan update	100,000	-	-	-	-	50,000	150,000
Florida Lake bridge replacement	448	-	-	-	-	-	448
Quiet zone study	66,732	-	-	-	-	-	66,732
Hedgehog Mountain bridge replacement	1,000	-	-	-	-	-	1,000
Withdrawal committee	7,827	-	-	-	-	-	7,827
Other	944	-	-	-	-	-	944
Total boards and committees	301,517	-	-	-	108,179	50,000	243,338
Capital Reserves - See Exhibit B for Details	6,958,639	405,418	-	(289,267)	25,837	(761,307)	6,287,646
Total capital project funds	11,680,469	468,240	634,000	(289,267)	1,047,706	555,000	12,000,736

OTHER GOVERNMENTAL FUNDS

TOWN OF FREEPORT, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,982,950	-	1,982,950
Investments	-	1,663,973	1,663,973
Accounts receivable	9,528	-	9,528
Interfund loans receivable	3,251,354	-	3,251,354
Total assets	\$ 5,243,832	1,663,973	6,907,805
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	18,635	280	18,915
Accrued wages and benefits	5,060	-	5,060
Interfund loans payable	322,489	5,660	328,149
Other unearned revenues	752,195	-	752,195
Total liabilities	1,098,379	5,940	1,104,319
Fund balances:			
Nonspendable	-	1,585,729	1,585,729
Restricted	2,410,716	72,304	2,483,020
Committed	1,734,737	-	1,734,737
Total fund balances	4,145,453	1,658,033	5,803,486
Total liabilities and fund balances	\$ 5,243,832	1,663,973	6,907,805

TOWN OF FREEPORT, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2022

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
Revenues:			
Property taxes	\$ 1,443,053	-	1,443,053
Charges for services	828,898	-	828,898
Gifts and donations	53,866	-	53,866
Intergovernmental	152,873	-	152,873
Investment income (loss)	(4,358)	(627,757)	(632,115)
Total revenues	2,474,332	(627,757)	1,846,575
Expenditures:			
Current:			
Community services	317,628	43,367	360,995
Community development	1,274,489	-	1,274,489
Public safety	15,612	-	15,612
Unclassified	39,844	877	40,721
Capital outlay	242,005	-	242,005
Total expenditures	1,889,578	44,245	1,933,823
Excess (deficiency) of revenues over (under) expenditures	584,754	(672,002)	(87,248)
Other financing sources (uses):			
Transfers to other funds	(405,000)	-	(405,000)
Total other financing sources (uses)	(405,000)	-	(405,000)
Net change in fund balance	179,754	(672,002)	(492,248)
Fund balances, beginning of year	3,965,699	2,330,035	6,295,734
Fund balances, end of year	\$ 4,145,453	1,658,033	5,803,486

NONMAJOR SPECIAL REVENUE FUNDS

TOWN OF FREEPORT, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2022

		Tax Increment Financing Funds						Bartol Building Lease Fund	Tower Lease Fund	Town Grants & Programs	Leon Gorman Park	Totals
		Winslow Park	TIF II Desert Road Phase II	TIF IV Destination	TIF V Hotel	TIF VI Housing	TIF VIII Quarry Ridge					2022
ASSETS												
Cash and cash equivalents	\$	1,077,881	-	-	-	-	-	-	-	905,069	-	1,982,950
Accounts receivable		-	-	9,528	-	-	-	-	-	-	-	9,528
Interfund loans receivable		-	56,388	545,115	73,467	-	18,334	505,957	856,301	1,068,743	127,049	3,251,354
Total assets	\$	1,077,881	56,388	554,643	73,467	-	18,334	505,957	856,301	1,973,812	127,049	5,243,832
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable		8,305	-	9,750	-	-	-	70	-	458	52	18,635
Accrued wages and benefits		5,060	-	-	-	-	-	-	-	-	-	5,060
Interfund loans payable		322,489	-	-	-	-	-	-	-	-	-	322,489
Other unearned revenue		-	-	-	-	-	-	-	-	752,195	-	752,195
Total liabilities		335,854	-	9,750	-	-	-	70	-	752,653	52	1,098,379
Fund balances:												
Restricted		742,027	56,388	544,893	73,467	-	18,334	-	-	848,610	126,997	2,410,716
Committed		-	-	-	-	-	-	505,887	856,301	372,549	-	1,734,737
Total fund balances		742,027	56,388	544,893	73,467	-	18,334	505,887	856,301	1,221,159	126,997	4,145,453
Total liabilities and fund balances	\$	1,077,881	56,388	554,643	73,467	-	18,334	505,957	856,301	1,973,812	127,049	5,243,832

TOWN OF FREEPORT, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2022

	Tax Increment Financing Funds						Bartol Building Lease Fund	Tower Lease Fund	Town Grants & Programs	Leon Gorman Park	Totals 2022
	Winslow Park	TIF II Desert Road Phase II	TIF IV Destination	TIF V Hotel	TIF VI Housing	TIF VIII Quarry Ridge					
Revenues:											
Property taxes	\$ -	1,070,058	267,000	75,532	12,129	18,334	-	-	-	-	1,443,053
Charges for services	381,434	-	-	-	-	-	5,695	313,916	127,853	-	828,898
Gifts and donations	-	-	-	-	-	-	-	-	53,866	-	53,866
Intergovernmental	-	-	-	-	-	-	-	-	152,873	-	152,873
Investment earnings/(losses)	1,409	-	-	-	-	-	-	-	-	(5,767)	(4,358)
Total revenues	382,843	1,070,058	267,000	75,532	12,129	18,334	5,695	313,916	334,592	(5,767)	2,474,332
Expenditures:											
Current:											
Community services	257,924	-	-	-	-	-	20,257	-	36,668	2,779	317,628
Community development	-	1,070,058	192,302	-	12,129	-	-	-	-	-	1,274,489
Public Safety	-	-	-	-	-	-	-	-	15,612	-	15,612
Unclassified	-	-	20,319	-	-	-	-	-	19,525	-	39,844
Capital	89,132	-	-	-	-	-	-	-	152,873	-	242,005
Total expenditures	347,056	1,070,058	212,621	-	12,129	-	20,257	-	224,678	2,779	1,889,578
Excess (deficiency) of revenues over (under) expenditures	35,787	-	54,379	75,532	-	18,334	(14,562)	313,916	109,914	(8,546)	584,754
Other financing sources (uses):											
Transfer to other funds	-	-	-	(5,000)	-	-	-	(300,000)	(100,000)	-	(405,000)
Total other financing sources (uses)	-	-	-	(5,000)	-	-	-	(300,000)	(100,000)	-	(405,000)
Net change in fund balances	35,787	-	54,379	70,532	-	18,334	(14,562)	13,916	9,914	(8,546)	179,754
Fund balances, beginning of year	706,240	56,388	490,514	2,935	-	-	520,449	842,385	1,211,245	135,543	3,965,699
Fund balances, end of year	\$ 742,027	56,388	544,893	73,467	-	18,334	505,887	856,301	1,221,159	126,997	4,145,453

TOWN OF FREEPORT, MAINE
Town Grants and Programs
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2022

	Fund Balance (deficit) June 30, 2021	Inter- governmental	Revenues Gifts and donations	Charges for services	Expenditures	Revenues over (under) expenditures	Other sources and (uses)	Fund Balance (deficit) June 30, 2022
Town Grants and Programs:								
Road Impact Fees	\$ 352,297	-	-	98,400	-	98,400	(100,000)	350,697
Stormwater Connection Fees	57,032	-	-	1,678	-	1,678	-	58,710
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
ARPA	-	152,873	-	-	152,873	-	-	-
CDBG-Habitat for Humanity	455	-	-	-	-	-	-	455
Police Speed Enforcement/Seat Belt	11,774	-	-	-	-	-	-	11,774
Village Open Spaces	31,630	-	-	-	-	-	-	31,630
FEMA	61,085	-	-	-	-	-	-	61,085
Shellfish Water Testing	30,849	-	-	2,035	-	2,035	-	32,884
Fuel Assistance Fund-Freeport	25,181	-	17,880	-	382	17,498	-	42,679
Freeport Housing Trust Rental Assistance Grant	3,043	-	-	-	1,155	(1,155)	-	1,888
COVID Relief Grant Fund	5,474	-	-	-	5,474	(5,474)	-	-
Fire and Rescue Annual Appeal Donations	75,134	-	1,204	-	15,612	(14,408)	-	60,726
Library Donations	96,216	-	12,187	-	18,164	(5,977)	-	90,239
Fire Department Burn Building Donations	4,387	-	-	-	-	-	-	4,387
Police Donations	2,556	-	150	-	-	150	-	2,706
Rescue Donations	458	-	-	-	-	-	-	458
Library Book Donations	1,017	-	19,085	-	16,568	2,517	-	3,534
Public Works Donations	2,088	-	1,035	-	399	636	-	2,724
Dollars for Scholars	1,779	-	-	-	-	-	-	1,779
Soule School Lease	222,336	-	-	17,825	9,407	8,418	-	230,754
Dunning Boat Yard Lease	135,256	-	-	7,915	1,376	6,539	-	141,795
Other	47,052	-	2,325	-	3,268	(943)	-	46,109
Total Town Grants and Programs	\$ 1,211,245	152,873	53,866	127,853	224,678	109,914	(100,000)	1,221,159

NONMAJOR PERMANENT FUNDS

TOWN OF FREEPORT, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2022

	Cemetery Care	Library Funds	School Scholarship Funds	Benevolent Funds	Totals
ASSETS					
Investments	\$ 391,172	470,961	-	801,841	1,663,973
Total assets	391,172	470,961	-	801,841	1,663,973
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	280	-	-	280
Interfund loans payable	-	2,308	-	3,352	5,660
Total liabilities	-	2,588	-	3,352	5,940
Fund balances:					
Nonspendable-Principal	391,172	449,245	-	745,313	1,585,729
Restricted-Unexpended income	-	19,128	-	53,176	72,304
Total fund balances	391,172	468,373	-	798,489	1,658,033
Total liabilities and fund balances	\$ 391,172	470,961	-	801,841	1,663,973

TOWN OF FREEPORT, MAINE
Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds
For the year ended June 30, 2022

	Principal Revenues			Unexpended Income				Total June 30, 2022
	Fund Balance June 30, 2021	Unrealized/ Realized Gains (Losses)	Fund Balance June 30, 2022	Fund Balance (deficit) June 30, 2021	Interest Income	Expenditures	Fund Balance (deficit) June 30, 2022	
Cemetery Care:								
Perpetual Care:								
850 Burr	\$ 205,579	(24,332)	181,247	(12,201)	3,346	386	(9,241)	172,006
851 Grove	80,066	(9,600)	70,466	(3,771)	1,320	152	(2,603)	67,863
852 Webster	22,161	(2,693)	19,468	(761)	370	43	(433)	19,035
853 Woodlawn	31,693	(3,648)	28,045	(2,706)	502	58	(2,262)	25,783
854 South Freeport	80,937	(9,906)	71,031	(2,207)	1,362	157	(1,002)	70,029
855 Flying Point	11,649	(1,371)	10,278	(750)	189	22	(583)	9,695
856 Town maintained	3,986	(582)	3,404	644	80	9	715	4,118
802 Davis Mausoleum	1,628	(298)	1,330	739	41	5	775	2,105
803 Carrie Thomas	890	(135)	755	185	19	2	201	956
804 A.O. Woodard	18,109	(2,770)	15,339	3,906	381	44	4,243	19,582
Total Cemetery Funds	456,698	(55,336)	401,362	(16,922)	7,609	877	(10,191)	391,172
Library Funds:								
710 Albert Conley	67,302	(11,067)	56,235	19,984	1,433	182	21,235	77,470
711 Paul and Emma Bennett	29,388	(3,766)	25,622	317	488	202	603	26,224
712 Eleanor Brewer	13,750	(2,081)	11,669	2,665	269	34	2,900	14,569
713 Bartol Association	68,919	(6,226)	62,693	(16,154)	935	120	(15,339)	47,355
714 Grace Ritchie	4,683	(580)	4,103	(109)	75	10	(43)	4,060
758 Loth Library	95,312	(12,313)	82,999	1,793	1,594	202	3,185	86,184
757 Jane Hall	236,582	(30,658)	205,924	5,550	3,982	2,945	6,587	212,511
Total Library Funds	515,936	(66,691)	449,245	14,046	8,776	3,695	19,128	468,373
School Scholarship Funds:								
720 Fitts Award	4,887	(4,887)	-	464	18	482	-	-
721 Salomon Plummer	16,047	(16,047)	-	556	55	611	-	-
722 Wallace True	9,966	(9,966)	-	375	34	409	-	-
723 Millard and Enid Crooker	47,774	(47,774)	-	1,172	163	1,335	-	-
724 Alice Pollock	21,056	(21,056)	-	1,653	75	1,728	-	-
725 Auldis Foster	3,795	(3,795)	-	515	14	529	-	-
726 Kenneth Thompson	15,049	(15,049)	-	950	54	1,004	-	-
742 Christine Small Cushing	305,784	(305,784)	-	27,222	1,112	28,334	-	-
Total School Scholarship Funds	424,358	(424,358)	-	32,907	1,525	34,432	-	-
Benevolent Funds:								
740 George Davis	22,012	(3,177)	18,835	3,039	411	52	3,398	22,233
741 Arthur L. Gould	742,185	(99,245)	642,940	42,630	12,924	4,993	50,560	693,500
743 Dorsey Loth	95,273	(11,735)	83,538	(2,127)	1,540	196	(782)	82,755
Total Benevolent Funds	859,470	(114,157)	745,313	43,542	14,875	5,241	53,176	798,489
Total	\$ 2,256,462	(660,542)	1,595,920	73,573	32,785	44,245	62,114	1,658,033