

# TOWN OF FREEPORT

## FINANCIAL OVERVIEW

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*RUNYON KERSTEEN OUELLETTE*

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### **About this presentation**

This presentation is intended as a tool to assist the Town of Freeport's Council and management in understanding its financial operating results. The information contained in this publication should be read in conjunction with the audited financial statements and related disclosures and should not be used for any other purposes without the expressed consent of *RUNYON KERSTEEN OUELLETTE*.

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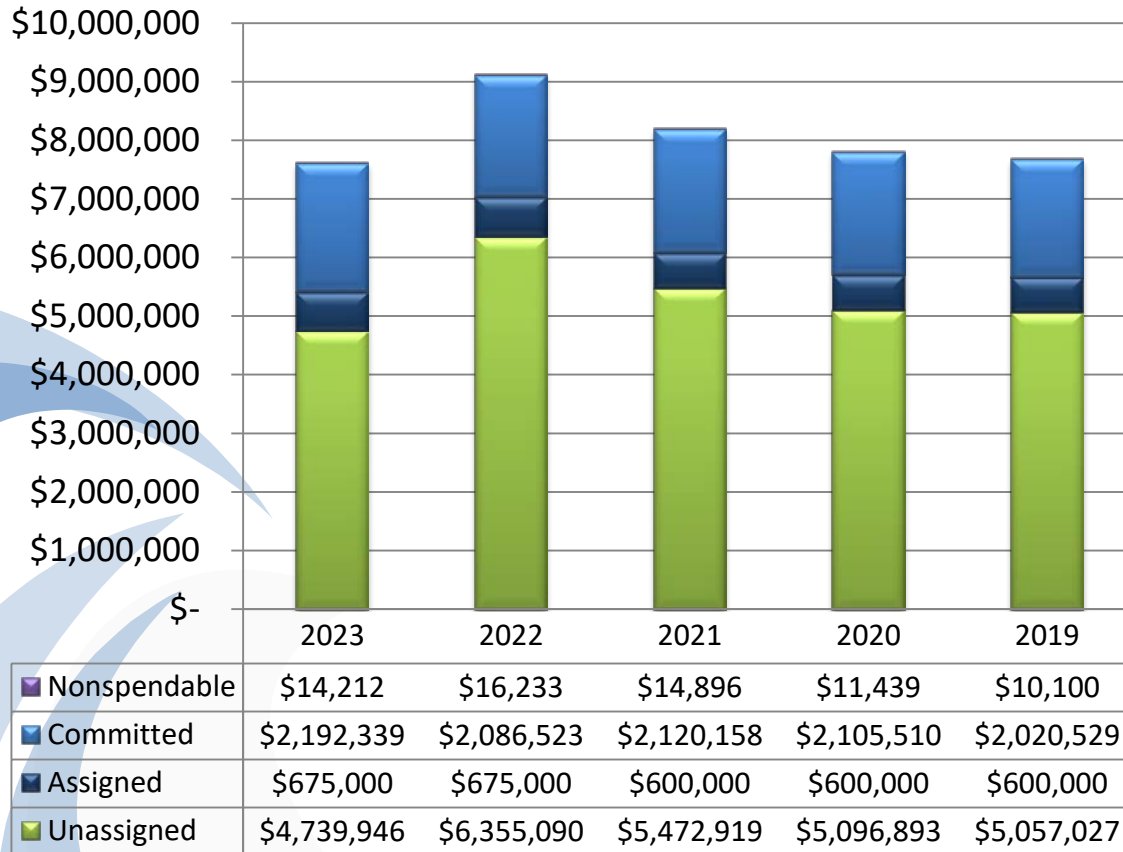
# TOWN OF FREEPORT

## SUMMARY OF AUDIT RESULTS

- **Timing of the Audit**
  - Pre-audit June 13, 2023
  - Audit week of July 31, 2023
- **Report Required by Government Auditing Standards (GAS)**
  - No material weaknesses
  - No significant deficiencies
- **Financial Statement Opinion - Unmodified**

# TOWN OF FREEPORT

## General Fund – Fund Balance



### Observations:

- **Committed fund balance**, which represents amounts set aside for tax stabilization, future employee benefits, and reserves, has increased 9% from 2019 to 2023.
- **Assigned fund balance**, which represents the budgeted use of fund balance for the next fiscal year, increased \$75k after remaining the same for the three prior fiscal years.
- **Unassigned fund balance** has decreased 6% from 2019 to 2023.
- **Total fund balance** decreased \$1,511,349, or 17%, from FY 2022.
- **Total fund balance** has decreased \$66,159 since FY 2019, or 1%.

# TOWN OF FREEPORT

## General Fund Revenues

	Budget	Actual	Variance
Taxes	\$ 29,655,691	30,423,701	768,010
Licenses and Permits	352,400	342,312	(10,088)
Intergovernmental	2,319,500	2,741,488	421,988
Charges for Services	223,500	279,225	55,725
Fees and Fines	48,300	12,897	(35,403)
Unclassified	54,600	169,356	114,756
Investment Earnings	50,000	170,947	120,947
<b>Total Revenues</b>	<b>\$ 32,703,991</b>	<b>34,139,926</b>	<b>1,435,935</b>
Use of Fund Balance	675,000	-	(675,000)
Transfers In	485,000	435,000	(50,000)
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 33,863,991</b>	<b>34,574,926</b>	<b>710,935</b>

### Observations:

- **Taxes** were higher than budgeted, as the actual property tax revenues include overlay, net of abatements, and excise taxes, which exceeded the budget by \$328K.
- **Intergovernmental** revenues were higher than budgeted as state revenue sharing was \$115K higher than budgeted due to changes at the state level. In addition, reimbursements for homestead exemptions and general assistance were higher than anticipated by \$230K and \$47K, respectively.
- **Charges for services** were higher than budgeted, mainly due to recycling center revenues that were higher than anticipated.
- **Fees and fines** were lower than budgeted as revenues from parking and police fines were lower than anticipated.
- **Total revenues** were higher than anticipated by 4%.

# TOWN OF FREEPORT

## General Fund Expenditures

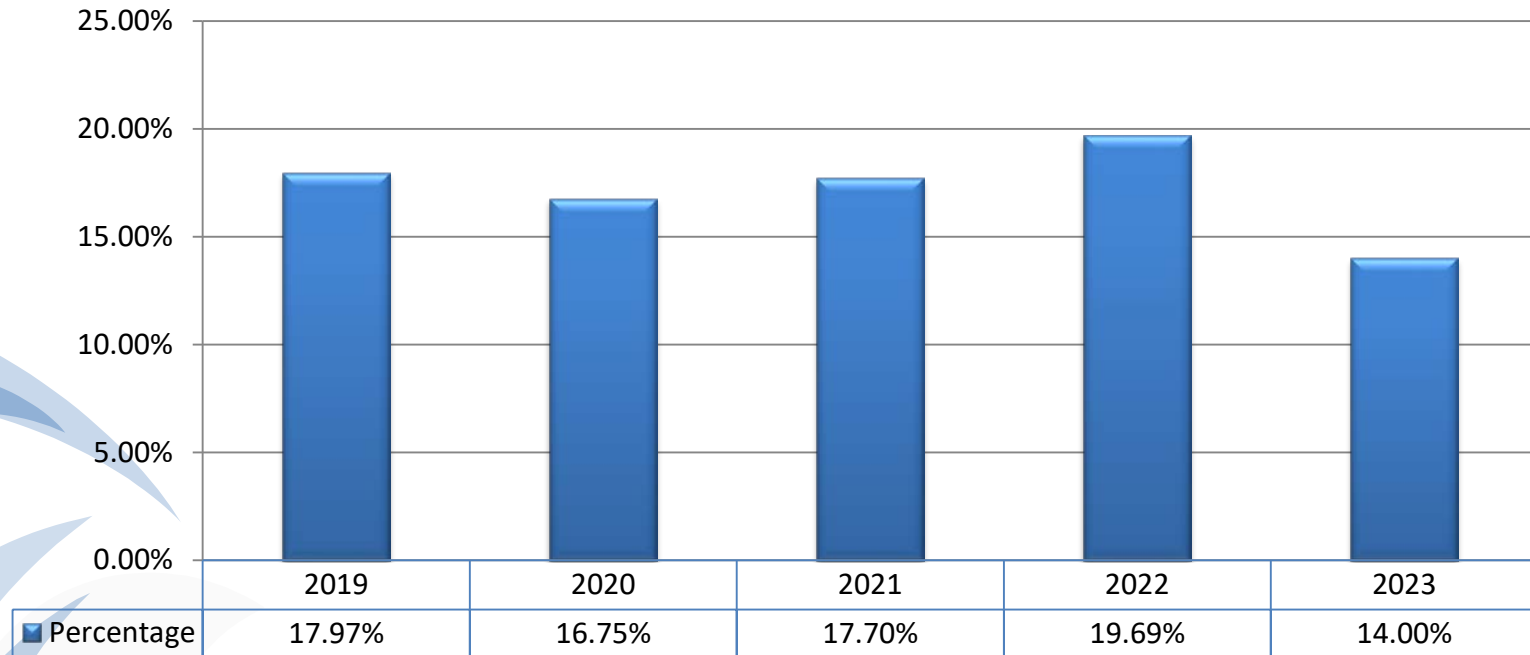
	Budget	Actual	Variance
General Government	\$ 2,243,375	2,165,317	78,058
Public Safety	3,500,805	3,476,111	24,694
Public Works	2,579,645	2,414,727	164,918
Community Services	924,350	1,006,835	(82,485)
Education	20,513,344	20,513,344	-
Insurance and Benefits	2,326,300	2,180,530	145,770
County and Transit Tax	1,374,422	1,374,422	-
Unclassified	331,050	328,619	2,431
Debt Service	70,700	70,681	19
<b>Total Expenditures</b>	<b>\$ 33,863,991</b>	<b>33,530,586</b>	<b>333,405</b>
Transfers Out	-	2,585,440	(2,585,440)
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 33,863,991</b>	<b>36,116,026</b>	<b>(2,252,035)</b>

### Observations:

- **General government** expenditures were under budget due to a position that was budgeted but paid for with grant funds.
- **Public works** expenditures were under budget as less road work was completed due to staff shortages. In addition, there were budgeted positions that were unfilled.
- **Community services** expenditures were over budget due to an unanticipated increase in general assistance costs. This was offset by increased reimbursements.
- **Insurance and Benefits** expenditures were under budget due to staffing changes and enrollment elections for health insurance.
- **Total expenditures** before transfers out were under budget by 1%.
- **Transfers** of \$2.6 million were not budgeted as amounts were transferred to the reserves based on the fund balance policy.

# TOWN OF FREEPORT

## UNASSIGNED FUND BALANCE AS A PERCENTAGE OF BUDGET



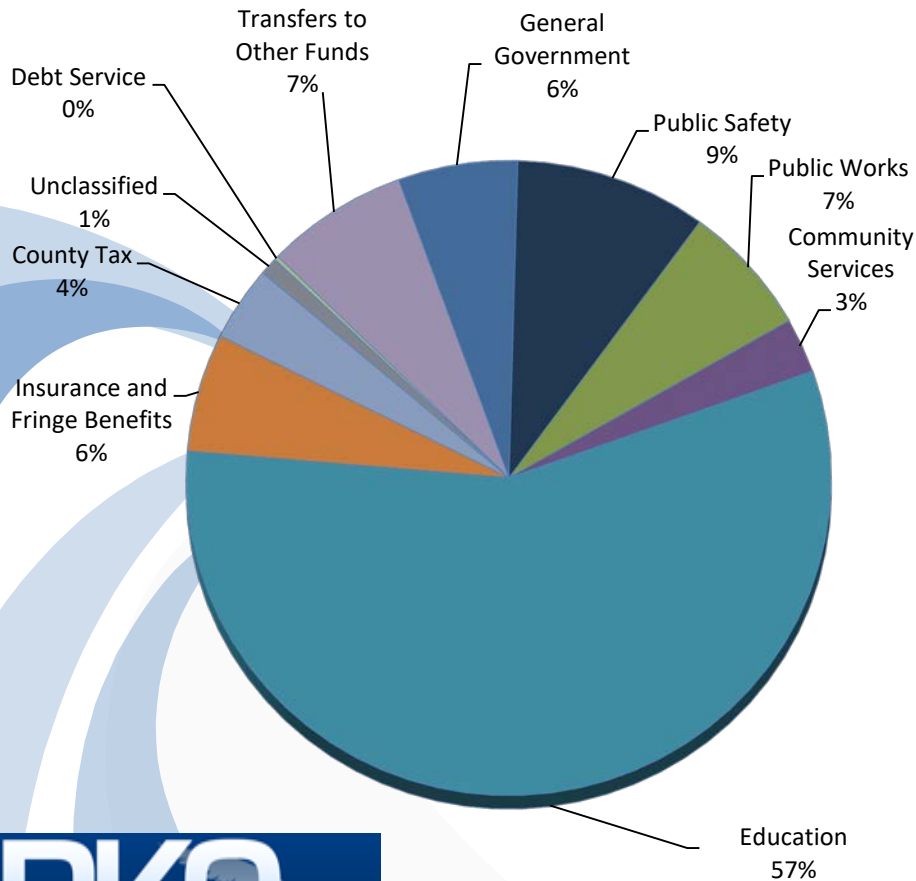
### *Observations:*

- Unassigned fund balance decreased as a percentage of budget over FY 2022.
- The Town's fund balance policy target is 1 ½ months of the budget, or approximately 12.5%, with an additional 5% of the target allowed for a maximum fund balance.
- Compared to the FY 2024 budget, the FY 2023 unassigned fund balance exceeds the maximum by approximately \$26K.

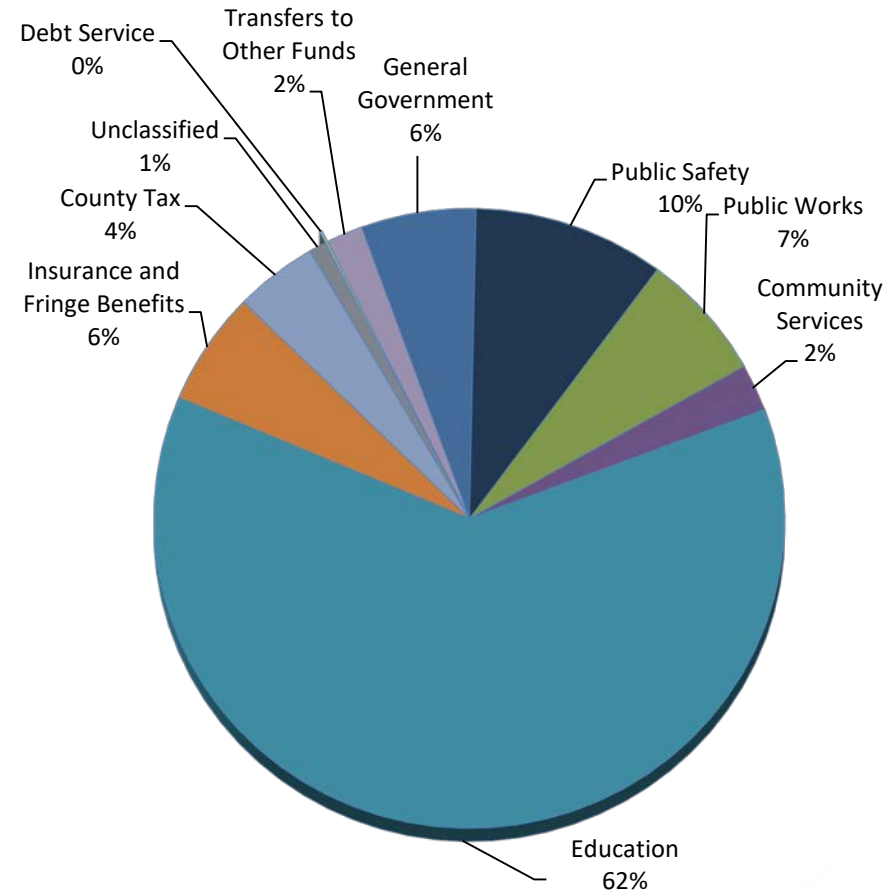
# TOWN OF FREEPORT

## Expenditures (Pie Chart)

2023



2022



# TOWN OF FREEPORT

## TOWN RESERVES

	6/30/2022	6/30/2023	Change
Police Department	215,886	478,546	262,660
Fire Department	974,715	208,514	(766,201)
Rescue Department	73,223	520,648	447,425
Public Works	421,717	398,058	(23,659)
Recycling	310,424	286,996	(23,428)
Comprehensive Improvement	2,350,200	3,293,375	943,175
Municipal Buildings	1,123,587	1,473,504	349,917
Boards and Committees	243,338	275,511	32,173
Capital Projects	6,287,646	6,660,559	372,913
<b>Total Capital Reserves</b>	<b>\$12,000,736</b>	<b>\$13,595,711</b>	<b>\$1,594,975</b>
General Fund	608,401	638,152	29,751
<b>Total Reserves</b>	<b>\$12,609,137</b>	<b>\$14,233,863</b>	<b>\$1,624,726</b>

- **Police reserve** increased due to transfers in to be used for boat and vehicle replacements, and protective equipment.
- **Fire reserve** decreased due to the purchase of a fire truck and SCBA bottles with a filling station.
- **Rescue reserve** increased due to a transfer in to be used for ambulance replacement.
- **Comprehensive reserve** increased due to transfers in to be used for Mallet Drive/Durham Road and Flying Point Road reconstruction.
- **Municipal Buildings reserve** increased due to transfers in for various projects.
- **Capital reserves** increased due to transfers in and revenues that exceeded expenditures and transfers out.
- **Total reserves** increased 13%.



# TOWN OF FREEPORT

## OTHER TOWN FUNDS

