

The University of Maine

DigitalCommons@UMaine

---

Maine Town Documents

Maine Government Documents

---

2014

## Town of Freeport Maine Annual Audit 2014

Freeport, Me.

Follow this and additional works at: <https://digitalcommons.library.umaine.edu/towndocs>

---

This Financial Report is brought to you for free and open access by DigitalCommons@UMaine. It has been accepted for inclusion in Maine Town Documents by an authorized administrator of DigitalCommons@UMaine. For more information, please contact [um.library.technical.services@maine.edu](mailto:um.library.technical.services@maine.edu).

**TOWN OF FREEPORT, MAINE**

**Annual Financial Report**

**For the Year Ended  
June 30, 2014**

**TOWN OF FREEPORT, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2014**

---

Table of Contents

	<u>Statement</u>	<u>Page</u>
Independent Auditor's 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		26-44
Required Supplementary Information: Schedule of Funding Progress		45
	<u>Exhibit</u>	<u>Page</u>
Combining and Individual Fund Statements:		
General Fund:		
Comparative Balance Sheets - General Fund - Budgetary Basis	A-1	49
Statement of Revenues, Expenditures and Changes in Fund Balance -		
Budget and Actual - General Fund	A-2	50-53
All Other Governmental Funds:		
Combining Balance Sheet	B-1	57
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances	B-2	58
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Funds	C-1	61
Combining Statement of Revenues, Expenditures and Changes in Fund		
Balances - Nonmajor Funds	C-2	62
Combining Statement of Revenues, Expenditures and Changes in Fund		
Balances - Individual Funds	C-3	63-64

**TOWN OF FREEPORT, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2014**

---

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
Capital Project Funds:		
Combining Balance Sheet - Nonmajor Funds	D-1	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Funds	D-2	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds	D-3	69-70
Permanent Funds:		
Combining Balance Sheet - Nonmajor Funds	E-1	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Funds	E-2	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds	E-3	75
Town Reserve Funds:		
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds	F-1	79
Capital Assets Used in the Operation of Governmental Funds:		
Summary of Capital Assets by Type	G-1	83
Schedule of Capital Asset Changes by Function and Activity	G-2	83
Schedule of Capital Assets by Function and Activity	G-3	84
Schedule of Deprecation by Function and Activity	G-4	85

## Independent Auditor's Report

Town Council  
Town of Freeport, Maine

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

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Freeport, Maine, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Freeport, Maine, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2014 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Freeport, Maine's internal control over financial reporting and compliance.

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

October 20, 2014  
South Portland, Maine

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2014**

---

As the management of the Town of Freeport, Maine, we are pleased to provide this Management 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, 2014. 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 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 assets of the Town of Freeport exceeded its liabilities as of June 30, 2014 by \$37,395,406 (net position). Of this amount, \$19,215,708 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 \$19,178,116 (Statement 4) which is an increase of \$748,096 from FY 2013. It is notable that the capital projects fund's fund balance increased by almost \$700,000 between FY 2013 and FY 2014. This is due in large part to the large transfer from the reserve funds to the capital projects fund before the end of the fiscal year to fund the upcoming capital program. Each year, the Town funds its reserves by transferring \$175,000 from each of the cellular telephone tower lease and the Bartol Building lease funds in addition to transferring any surplus in the general fund to reserves. In addition, the Town's investment policy allows 25 percent of the reserve funds to be invested in equities. In times when the financial markets do well, this increases the value of the reserves. During FY 2014, the Town was able to transfer \$650,000 from the General Fund, and the market income was approximately \$432,000. The transfer from reserves to the capital projects fund (net of funding transfers as just discussed) is \$920,126. This can be seen as an increase to fund balance in the capital projects fund, but due to the revenue in the reserve funds, there is no decrease in fund balance to offset the transfer out. The reserve funds' beginning balances in total are less than \$3,000 more than the ending balance. There is almost no change in the beginning and ending fund balances.

The Town of Freeport's total outstanding long-term debt decreased by \$715,000 during the course of the fiscal year; the June 30, 2014 outstanding debt totaled \$4,630,000.

**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 liabilities, with the difference between the two 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.

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2014**

---

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

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2014**

**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 2014. 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. This information is for the Town's Governmental Activities and Business-type Activity as of June 30:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 13,348,587	15,190,687	-	-	13,348,587	15,190,687
Investments	6,095,819	3,118,407	-	-	6,095,819	3,118,407
Receivables	1,113,380	1,238,221	215,326	258,746	1,328,706	1,496,967
Receivable from RSU #5	3,310,568	3,571,022	-	-	3,310,568	3,571,022
Prepaid items	-	-	8,537	-	8,537	-
Internal balances	13,156	29,900	(13,156)	(29,900)	-	-
Inventory	28,831	19,511	-	-	28,831	19,511
Capital assets, net	19,910,947	20,242,129	83,581	28,551	19,994,528	20,270,680
<b>Total assets</b>	<b>43,821,288</b>	<b>43,409,877</b>	<b>294,288</b>	<b>257,397</b>	<b>44,115,576</b>	<b>43,667,274</b>
<b>LIABILITIES</b>						
Current liabilities	757,546	589,599	15,034	9,833	772,580	599,432
Noncurrent liabilities	5,947,590	6,529,070	-	-	5,947,590	6,529,070
<b>Total liabilities</b>	<b>6,705,136</b>	<b>7,118,669</b>	<b>15,034</b>	<b>9,833</b>	<b>6,720,170</b>	<b>7,128,502</b>
<b>NET POSITION</b>						
Net investment in capital assets	15,280,947	12,342,948	83,581	28,551	15,364,528	12,371,499
Restricted	2,815,170	2,759,317	-	-	2,815,170	2,759,317
Unrestricted	19,020,035	21,188,943	195,673	219,013	19,215,708	21,407,956
<b>Total net position</b>	<b>\$ 37,116,152</b>	<b>36,291,208</b>	<b>279,254</b>	<b>247,564</b>	<b>37,395,406</b>	<b>36,538,772</b>

A large portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town investment in capital assets are 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.

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2014**

**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 approximately \$825,000 during the year ended June 30, 2014. The following analysis provides the key elements of the increases.

	<b>Governmental</b>	<b>Business-type</b>	<b>2014</b>	<b>2013</b>
	<b>Activities</b>	<b>Activities</b>	<b>Primary</b>	<b>Primary</b>
			<b>Government</b>	<b>Government</b>
Program revenues:				
Charges for services	\$ 1,765,682	571,385	2,337,067	1,790,854
Operating grants and contributions	190,566	-	190,566	182,911
General revenues:				
Property taxes	21,943,346	-	21,943,346	21,109,005
Motor vehicle excise taxes	1,523,164	-	1,523,164	1,420,825
Interest and lien costs	55,101	-	55,101	73,633
State Revenue Sharing	366,761	-	366,761	529,360
Homestead exemption	143,580	-	143,580	141,056
Other State aid	449,393	-	449,393	462,560
Unrestricted investment earnings	644,184	-	644,184	520,290
Miscellaneous revenues	689,354	-	689,354	1,784,013
Total revenues	27,771,131	571,385	28,342,516	28,014,507
Program expenses:				
General government	1,944,512	-	1,944,512	1,571,090
Public safety	3,209,289	558,903	3,768,192	3,039,661
Public works	3,137,243	-	3,137,243	2,346,121
Community services	1,158,068	-	1,158,068	2,223,007
Education	14,116,053	-	14,116,053	13,616,476
County tax	858,284	-	858,284	831,619
Unclassified	2,344,341	-	2,344,341	2,691,888
Interest on debt	151,759	-	151,759	184,910
Loss on disposal of assets	7,430	-	7,430	11,116
Total expenses	26,926,979	558,903	27,485,882	26,515,888
Change in net position before transfers	844,152	12,482	856,634	1,498,619
Transfers	(19,208)	19,208	-	-
Change in net position after transfers	824,944	31,690	856,634	1,498,619
Net position - beginning	36,291,208	247,564	36,538,772	35,040,153
<b>Net position - ending</b>	<b>\$ 37,116,152</b>	<b>279,254</b>	<b>37,395,406</b>	<b>36,538,772</b>

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

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2014**

---

**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 \$3.18 million. The Town Council established a figure of approximately \$3 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 2015 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 modified its fund balance policy approximately ten years ago, establishing a Tax Rate Stabilization Account. The Council funded the stabilization account each of the first three years for a total of \$1 million. No additional funding was provided during FY 2013 and the account remained at \$1 million at June 30, 2014. 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 expenditures over revenues of \$30,511 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 \$123,043 decrease in fund balance. This is due in part to the \$650,000 transfer to the reserve funds for future capital projects. As of June 30, 2014, the Town's fund balance policy required the Town to hold just over \$3.1 million in fund balance (one and-a-half months of Town, RSU, and County budgets), and the unassigned fund balance was \$3.18 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 \$3.27 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 2015 presentation, staff will recommend that the Town Council leave the funds in fund balance, as the Town is compliant with its policy. In addition, over the past two fiscal years (2014 and 2015), the Town has increased its transfer from fund balance from \$500,000 to \$640,000 and then \$675,000 to offset declining revenue sharing from the State of Maine. This is not a sustainable method of offsetting the revenue sharing cuts, and the Town Council is likely to make a decision to cut expenditures or levy taxes to offset this.

**General Fund Revenues Budget to Actual Summary**

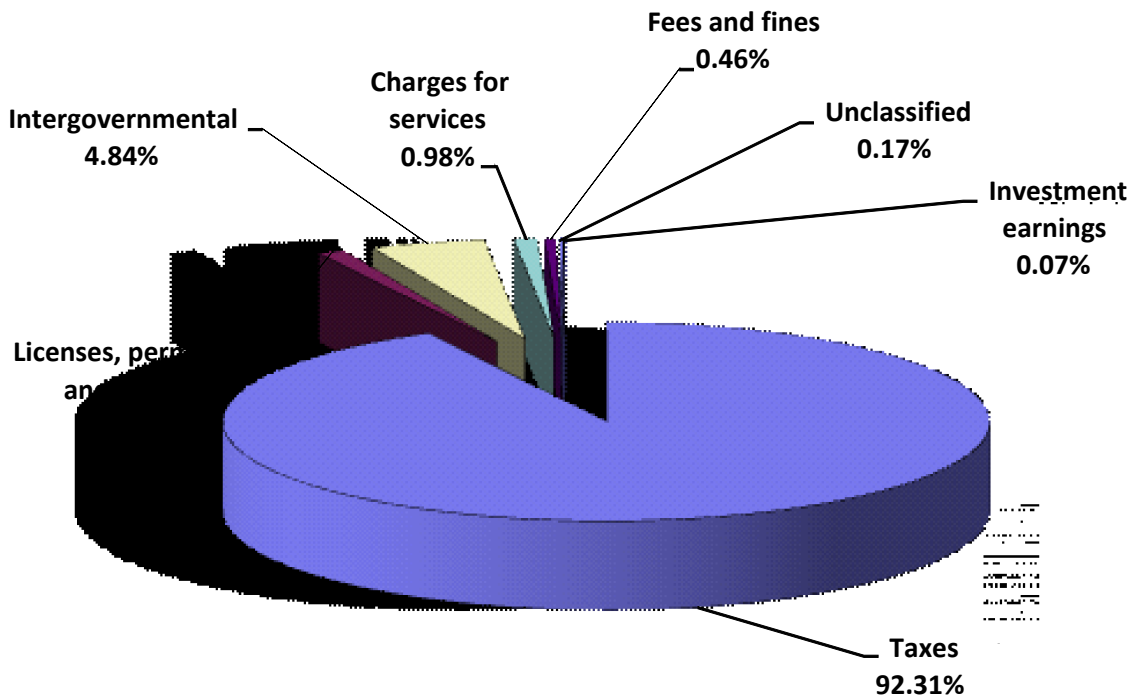
For fiscal year 2014, expenditures exceeded revenues by \$30,511. The major reason for this is that the Town budgeted its expenditures to be \$1.18 million more than revenues; the difference was budgeted to be made up by transfers into the General Fund from fund balance (\$640,000), Bartol Building lease proceeds (\$175,000), emergency and non-emergency rescue revenues (\$145,000), and miscellaneous transfers in (\$150,000). It is notable that the Town's State Revenue Sharing receipts were \$162,599 lower than FY 2013 collections due to State budget cuts. The property tax collection rate for the year increased slightly to 97.35% from the previous year's collection rate of 97.21%.

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2014**

**General Fund Revenues Budget to Actual Summary**  
**Budget and Actual – General Fund**  
**For the Year Ended June 30, 2014**

	Original	Final	Actual	Variance
<b>Taxes</b>	\$ 21,307,346	21,307,346	21,937,371	630,025
<b>Licenses and Permits</b>	235,040	235,040	274,869	39,829
<b>Intergovernmental</b>	1,207,103	1,067,103	1,150,300	83,197
<b>Charges for Services</b>	175,000	175,000	232,849	57,849
<b>Fees and Fines</b>	92,900	92,900	112,014	19,114
<b>Unclassified</b>	33,400	33,400	40,357	6,957
<b>Investment Earnings</b>	35,000	35,000	15,877	(19,123)
<b>Total Revenues</b>	<b>\$ 23,085,789</b>	<b>22,945,789</b>	<b>23,763,637</b>	<b>817,848</b>

**Revenue Sources 2014**



**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2014**

---

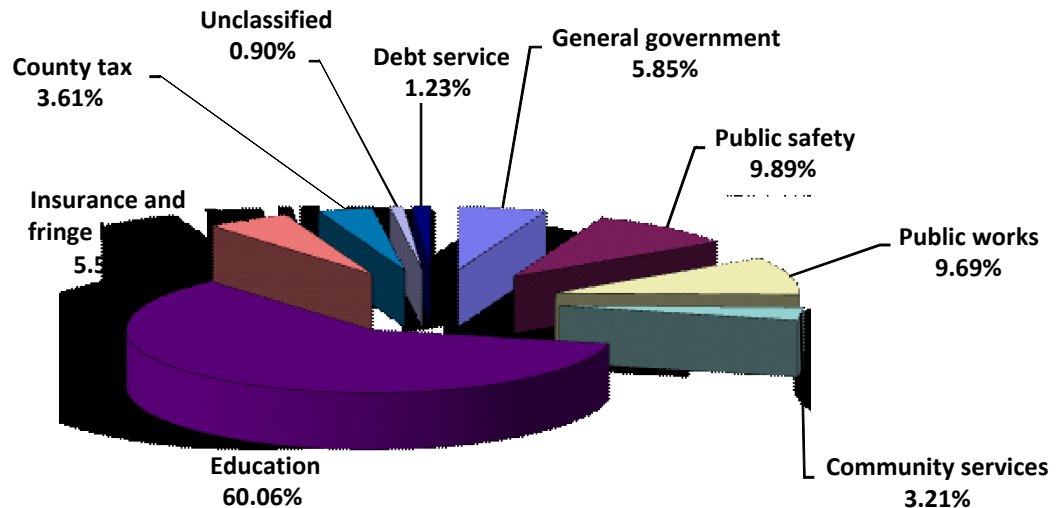
**General Fund Expenditures Budget-to-Actual Summary**

General Fund expenditure budgets are approved by the Town Council at the departmental level, with charter budgetary limits at the function level. Expenditures were less than appropriations throughout the budget resulting in approximately \$457,705 of savings. 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. All charter function levels were within budget limits, with the exception of Public Safety. The following summarizes the Town of Freeport's General Fund budgeted appropriations to actual by function for the year ended June 30, 2014 (see Exhibit A-2 for a more detailed presentation):

**General Fund Expenditures Budget-to-Actual Summary**  
**Budget and Actual – General Fund**  
**For the Year Ended June 30, 2014**

		<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>General government</b>	\$	1,493,655	1,493,655	1,391,628	102,027
<b>Public safety</b>		2,316,593	2,316,593	2,352,331	(35,738)
<b>Public works</b>		2,319,956	2,319,956	2,305,614	14,342
<b>Community services</b>		817,861	817,861	763,365	54,496
<b>Education</b>		14,291,054	14,291,054	14,291,054	-
<b>Insurance and fringe benefits</b>		1,506,400	1,506,400	1,323,625	182,775
<b>County tax</b>		858,284	858,284	858,284	-
<b>Unclassified</b>		230,550	230,550	215,027	15,523
<b>Debt service</b>		293,220	293,220	293,220	-
<b>Totals</b>	\$	<b>24,127,573</b>	<b>24,127,573</b>	<b>23,794,148</b>	<b>333,425</b>

## Expenditure Components 2014



### 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 and an account for purchases of a police cars from the police department's operating budget.

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2014**

The Town's fiscal year 2015 capital budget that was approved in June of 2014 included the following:

**Summary of Funding Sources**  
**FY 2015 Capital Program**

	FY 2014 Approved	FY 2015			Funding Source		
		Manager Proposed	Council Approved	Council Appropriated	Reserve	TIF	Other
Police	\$ 25,000	86,000	86,000	86,000	78,000	-	8,000
Fire	15,000	50,000	50,000	50,000	50,000	-	-
Rescue	189,000	400,000	214,000	214,000	214,000	-	-
Public Works	276,500	45,000	45,000	45,000	45,000	-	-
Solid Waste	30,000	162,000	12,000	12,000	12,000	-	-
Comprehensive Town Imp.	235,600	1,639,000	1,590,000	1,590,000	1,086,500	-	503,500
Municipal Facilities	84,000	231,500	191,500	191,500	191,500	-	-
Cable	19,000	32,000	32,000	36,000	36,000	-	-
Other	71,000	16,000	16,000	16,000	16,000	-	-
Destination Freeport TIF	219,500	227,000	247,000	247,000	-	247,000	-
<b>Total</b>	<b>\$ 1,164,600</b>	<b>2,888,500</b>	<b>2,483,500</b>	<b>2,487,500</b>	<b>1,729,000</b>	<b>247,000</b>	<b>511,500</b>

It is notable that the FY 2015 capital improvement plan is funded on June 30, 2014. This is the reason the Town reflects the FY 2015 plan in the MD&A section of the financial statements.

A summary of the Town's governmental capital assets at June 30, 2014 and 2013 are as follows:

	2014	2013
<b>General capital assets:</b>		
Land	\$ 2,204,884	2,204,884
Land improvements	3,502,741	3,502,741
Buildings and improvements	8,473,012	8,423,965
Machinery, equipment and other	5,359,024	5,039,847
Vehicles	3,675,116	3,915,444
Infrastructure	11,036,375	10,642,724
Construction in process	374,944	349,297
	<b>\$ 34,626,096</b>	<b>34,078,902</b>

**LONG-TERM DEBT**

The State law allows municipalities to borrow up to 15% of their total valuation. Since the Town's State Valuation was \$1,335,900,000 for 2014, the debt limit was more than \$200 million. The Town's current debt is \$4,630,000, or less than 1% of State Valuation or approximately 2.3% of the Town's debt limit. Another measure of a municipality's debt load is debt-per-capita. As of June 30, 2014, the Town of Freeport's debt per capita was \$572 as compared to the prior year of \$660 (based upon a population of 8,100).

The following is a summary of bond and note transactions of the Town for the year ended June 30, 2014:

Bonds and notes payable at June 30, 2013	\$ 5,345,000
Principal payments	(715,000)
<b><u>Bonds and notes payable at June 30, 2014</u></b>	<b><u>\$ 4,630,000</u></b>

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2014**

---

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

Freeport has a vibrant downtown, many thriving businesses, and residential growth outside the downtown, but has not been immune to the national economic downturn. For example, on average, the Town permits 37 new single family dwelling units per year. At the peak permitting year in 2004, 60 permits were issued for new single family homes. The Town then saw a steady decline the next few years, but luckily, Freeport was ahead of the trend with a sharp increase up in 2013 with 45 single family permits being issued and 44 permits in 2014.

Commercial construction and interior fit-ups of existing commercial spaces, remained above average for much of the past decade. With the completion of the construction of Freeport Village Station and the center's full occupancy, and the overall low commercial vacancy rates in Freeport, permits for commercial construction have been below average the past two years.

New commercial/industrial development projects approved by the town in previous years became fully taxable in FY2015. Most notable are the Maine Beer Company production facility at 525 U.S. Route 1, and Hughes Arbor and Land Management storage and garage facility at 284 U.S. Route 1. The calendar year 2014 has seen a number of investments designed at revitalizing commercial properties rather than constructing new space for businesses. In January, a developer purchased five existing buildings on eight acres of commercially-zoned land at 291 U.S. Route 1, and has launched a revitalization effort. In the Spring, 20 Bow Street was sold and redeveloped into a food court-style public market, and the Kendall Tavern Inn was sold to new owners who re-visioned and updated the bed & breakfast's rooms and common areas. Freeport continues to be a place that attracts a variety of investments.

In addition, Freeport's downtown storefront vacancy rate remains lower than that of other Southern Maine communities, which makes Freeport highly desirable for new businesses. Vacancy rate data is difficult to capture on any given date due to the different organizations tracking the information, but it is estimated that the average vacancy rate in Southern Maine retail districts is approximately 15-18%; Freeport's vacancy rate as of October 1, 2014 was only eight percent of total storefront space. This has decreased from approximately 12% over the last two years.

The FY 2015 budget includes a \$675,000 transfer in from fund balance for the purpose of offsetting the property tax rate. Historically, the Town has budgeted \$500,000 and not used the transfer in due to conservative estimates of revenue and departments underspending their budgets. Over the past several years, however, the State of Maine has been removing funds from the State Revenue Sharing pool. The pool consists of five percent of the sales and income taxes received Statewide, and is distributed to the Towns based on a population and valuation formula. The Town lost \$140,000 during the FY 2014 year, and the FY 2015 budget is based upon a reduction of \$175,000. This was shifted to the fund balance transfer in, and consideration will need to be given to reducing that figure in future years, so as not to begin to need the transfers in and deplete the Town's fund balance.

**New Fiscal Year Budget**

In adopting the budget for the ensuing fiscal year 2015, 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 focused on the tax rate during the FY 2015 budgeting process, as the State passed a \$175,000 cut in the Town's share of State revenue sharing.

**TOWN OF FREEPORT, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2014**

The budget for the fiscal year starting July 1, 2014 was approved by the Town Council with a tax rate of 15.80 mills, which is a five-cent decrease per \$1,000 of valuation from FY 2014 to FY 2015. However, it is notable that the Town's assessor did a market update, and valuations on average increased by five percent. The tax bills are sent out twice each year, and during FY 2015 are due on November 17, 2014 and May 18, 2015.

The following summarizes the major components of the FY 2014 and FY 2015 budgets:

	<u>FY 2014 Appropriation</u>	<u>FY 2015 Appropriation</u>	<u>Increase (Decrease)</u>
<b>REVENUES</b>			
Town Non-property Tax	\$ 3,486,527	3,299,965	(186,562)
Property Tax	20,001,046	20,946,525	945,479
Fund Balance	640,000	675,000	35,000
<b>TOTALS</b>	<b>24,127,573</b>	<b>24,921,490</b>	<b>793,917</b>
<b>EXPENDITURES</b>			
Municipal	8,685,015	8,780,797	95,782
School	14,291,054	15,076,758	785,704
County Tax	858,284	879,073	20,789
Debt Service	293,220	184,862	(108,358)
<b>TOTALS</b>	<b>24,127,573</b>	<b>24,921,490</b>	<b>793,917</b>
<b>Mill Rate</b>	<b>\$ 15.85</b>	<b>\$ 15.80</b>	

While Freeport is currently in very good financial shape, the Town must be very careful of declining 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 Joseph  
Town Manager

Abigail C. Yacoben  
Finance Director

## ***BASIC FINANCIAL STATEMENTS***

**TOWN OF FREEPORT, MAINE**  
**Statement of Net Position**  
**June 30, 2014**

	Governmental Activities	Business-type Activities	Total	Component Unit FEDC
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,348,587	-	13,348,587	39,431
Investments	6,095,819	-	6,095,819	23,991
Receivables:				
Accounts, net	201,074	215,326	416,400	6,500
Taxes receivable	619,517	-	619,517	-
Tax liens	292,789	-	292,789	-
Prepaid items	-	8,537	8,537	-
Internal balances	13,156	(13,156)	-	-
Inventory	28,831	-	28,831	-
Receivable - RSU #5 debt service payments	3,310,568	-	3,310,568	-
Capital assets, not being depreciated	2,579,828	-	2,579,828	-
Capital assets, net of accumulated depreciation	17,331,119	83,581	17,414,700	-
<b>Total assets</b>	<b>43,821,288</b>	<b>294,288</b>	<b>44,115,576</b>	<b>69,922</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	577,546	274	577,820	2,927
Accrued wages and benefits payable	147,509	14,760	162,269	2,609
Accrued interest	32,491	-	32,491	-
Noncurrent liabilities:				
Other long-term liabilities	807,225	-	807,225	-
Other postemployment benefits liability	510,365	-	510,365	-
Bonds due within one year	715,000	-	715,000	-
Bonds due in more than one year	3,915,000	-	3,915,000	-
<b>Total liabilities</b>	<b>6,705,136</b>	<b>15,034</b>	<b>6,720,170</b>	<b>5,536</b>
<b>NET POSITION</b>				
Net investment in capital assets	15,280,947	83,581	15,364,528	-
Restricted for:				
Grants and other programs	1,446,938	-	1,446,938	-
Nonexpendable trust principal	1,330,273	-	1,330,273	-
Expendable trust - income portion	37,959	-	37,959	-
Unrestricted	19,020,035	195,673	19,215,708	64,386
<b>Total net position</b>	<b>\$ 37,116,152</b>	<b>279,254</b>	<b>37,395,406</b>	<b>64,386</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

		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	\$ 1,944,512	1,038,936	-	-	(905,576)	-	(905,576)	-
Public safety	3,209,289	130,594	44,736	-	(3,033,959)	-	(3,033,959)	-
Public works	3,137,243	212,754	141,628	-	(2,782,861)	-	(2,782,861)	-
Community services	1,158,068	105,415	4,202	-	(1,048,451)	-	(1,048,451)	-
Education	14,116,053	-	-	-	(14,116,053)	-	(14,116,053)	-
County tax	858,284	-	-	-	(858,284)	-	(858,284)	-
Unclassified	2,344,341	277,983	-	-	(2,066,358)	-	(2,066,358)	-
Interest on debt	151,759	-	-	-	(151,759)	-	(151,759)	-
Total governmental activities	26,919,549	1,765,682	190,566	-	(24,963,301)	-	(24,963,301)	-
Business-type activities:								
Nonemergency Transportation	558,903	571,385	-	-	-	12,482	12,482	-
Total business-type activities	558,903	571,385	-	-	-	12,482	12,482	-
Total primary government	\$ 27,478,452	2,337,067	190,566	-	(24,963,301)	12,482	(24,950,819)	-
Component Unit:								
Freeport Economic Development Corporation	90,168	-	105,002	-	-	-	-	14,834
General revenues:								
Property taxes, levied for general purposes					\$ 21,943,346	-	21,943,346	-
Motor vehicle excise taxes					1,523,164	-	1,523,164	-
Interest and lien costs					55,101	-	55,101	-
Grants and contributions not restricted to specific programs:								-
Homestead exemption					143,580	-	143,580	-
Other State aid					449,393	-	449,393	-
State Revenue Sharing					366,761	-	366,761	-
Unrestricted investment earnings (losses)					644,184	-	644,184	-
Gain (loss) on disposals					(7,430)	-	(7,430)	-
Miscellaneous revenues					689,354	-	689,354	-
Transfers in/out					(19,208)	19,208	-	-
Total general revenues					25,788,245	19,208	25,807,453	-
Change in net position					824,944	31,690	856,634	14,834
Net position - beginning					36,291,208	247,564	36,538,772	49,552
Net position - ending					37,116,152	279,254	37,395,406	64,386

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 10,354,851	2,405,039	588,697	13,348,587
Investments	359,976	4,367,201	1,368,642	6,095,819
Receivables:				
Accounts net of allowance	87,296	113,778	-	201,074
Taxes receivable	619,517	-	-	619,517
Tax liens	292,789	-	-	292,789
Interfund loans receivable	799,881	3,413,166	2,076,493	6,289,540
Inventory	28,831	-	-	28,831
Receivable - RSU #5 debt service payments	3,310,568	-	-	3,310,568
<b>Total assets</b>	<b>\$ 15,853,709</b>	<b>10,299,184</b>	<b>4,033,832</b>	<b>30,186,725</b>
<b>LIABILITIES</b>				
Accounts payable	319,467	114,275	54,544	488,286
Accrued wages and benefits	147,509	-	-	147,509
Interfund loans	5,532,953	618,820	124,611	6,276,384
Development escrows	84,886	-	-	84,886
Other unearned revenues	4,374	-	-	4,374
<b>Total liabilities</b>	<b>6,089,189</b>	<b>733,095</b>	<b>179,155</b>	<b>7,001,439</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	659,164	-	-	659,164
Unavailable revenue - ambulance receivables	-	37,438	-	37,438
Unavailable revenue - RSU #5 debt service payments	3,310,568	-	-	3,310,568
<b>Total deferred inflows of resources</b>	<b>3,969,732</b>	<b>37,438</b>	<b>-</b>	<b>4,007,170</b>
<b>FUND BALANCES</b>				
Nonspendable	28,831	-	1,330,273	1,359,104
Restricted	-	-	1,484,897	1,484,897
Committed	1,411,225	3,299,359	1,065,245	5,775,829
Committed Reserves	496,671	6,229,292	-	6,725,963
Assigned	675,000	-	-	675,000
Unassigned	3,183,061	-	(25,738)	3,157,323
<b>Total fund balances</b>	<b>5,794,788</b>	<b>9,528,651</b>	<b>3,854,677</b>	<b>19,178,116</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,853,709</b>	<b>10,299,184</b>	<b>4,033,832</b>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				19,910,947
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				
Unavailable revenue - property taxes				659,164
Unavailable revenue - ambulance billings				37,438
Unavailable revenue - RSU #5 debt service payments				3,310,568
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				(5,980,081)
<b>Net position of governmental activities</b>				<b>\$ 37,116,152</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2014**

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 21,937,371	-	1,540,240	23,477,611
Licenses, permits and fees	274,869	-	-	274,869
Intergovernmental	1,150,300	-	86,340	1,236,640
Charges for services	232,849	323,932	876,417	1,433,198
Fees and fines	112,014	-	-	112,014
Unclassified	45,689	291,445	174,043	511,177
Investment earnings	45,764	401,807	196,613	644,184
Total revenues	23,798,856	1,017,184	2,873,653	27,689,693
Expenditures:				
Current:				
General government	1,391,628	-	-	1,391,628
Public safety	2,352,331	-	-	2,352,331
Public works	2,305,614	-	-	2,305,614
Community services	763,365	-	-	763,365
Education	14,291,054	-	-	14,291,054
Insurance and fringe benefits	1,323,625	-	-	1,323,625
County tax	858,284	-	-	858,284
Unclassified	216,800	-	1,725,824	1,942,624
Capital outlay	-	993,737	263,257	1,256,994
Debt service	293,220	-	143,650	436,870
Total expenditures	23,795,921	993,737	2,132,731	26,922,389
Excess of revenues over expenditures	2,935	23,447	740,922	767,304
Other financing sources (uses):				
Transfers from other funds	567,468	672,608	-	1,240,076
Transfers to other funds	(660,000)	-	(599,284)	(1,259,284)
Total other financing sources (uses)	(92,532)	672,608	(599,284)	(19,208)
Net change in fund balances	(89,597)	696,055	141,638	748,096
Fund balances, beginning of year	5,884,385	8,832,596	3,713,039	18,430,020
<b>Fund balances, end of year</b>	<b>\$ 5,794,788</b>	<b>9,528,651</b>	<b>3,854,677</b>	<b>19,178,116</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2014**

---

Net change in fund balances - total governmental funds (from Statement 4)	\$	748,096
---	----	---------

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and the loss from disposal of capital assets in the current period.		(331,182)
--	--	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		81,438
--	--	--------

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.		(127,954)
---	--	-----------

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 repayments exceeded proceeds.		715,000
--	--	---------

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 \$3,310,568 with principal amounts paid off during the year totaling \$260,454.		(260,454)
--	--	-----------

---

<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>824,944</b>
--	-----------	----------------

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - All Budgeted Governmental Fund Types**  
**General Fund**  
**For the year ended June 30, 2014**

		Budgeted amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
<b>Revenues:</b>					
Taxes	\$	21,307,346	21,307,346	21,937,371	630,025
Licenses, permits and fees		235,040	235,040	274,869	39,829
Intergovernmental		1,207,103	1,067,103	1,150,300	83,197
Charges for services		175,000	175,000	232,849	57,849
Fees and fines		92,900	92,900	112,014	19,114
Unclassified		33,400	33,400	40,357	6,957
Investment earnings		35,000	35,000	15,877	(19,123)
Total revenues		23,085,789	22,945,789	23,763,637	817,848
<b>Expenditures:</b>					
Current:					
General government		1,493,655	1,493,655	1,391,628	102,027
Public safety		2,316,593	2,316,593	2,352,331	(35,738)
Public works		2,319,956	2,319,956	2,305,614	14,342
Community services		817,861	817,861	763,365	54,496
Education		14,291,054	14,291,054	14,291,054	-
Insurance and fringe benefits		1,506,400	1,506,400	1,323,625	182,775
County tax		858,284	858,284	858,284	-
Unclassified		230,550	230,550	215,027	15,523
Debt service		293,220	293,220	293,220	-
Total expenditures		24,127,573	24,127,573	23,794,148	333,425
Deficiency of revenues under expenditures		(1,041,784)	(1,181,784)	(30,511)	1,151,273
<b>Other financing sources (uses):</b>					
Use of unassigned fund balance		500,000	640,000	-	(640,000)
Transfers from other funds		541,784	541,784	567,468	25,684
Transfers to other funds		-	-	(660,000)	(660,000)
Total other financing sources (uses)		1,041,784	1,181,784	(92,532)	(1,274,316)
Net change in fund balance - budgetary basis		-	-	(123,043)	(123,043)
Fund balance, beginning of year - budgetary basis				5,421,160	
Fund balance, end of year - budgetary basis				5,298,117	
<b>Reconciliation to GAAP basis:</b>					
Committed reserve funds fund balance				496,671	
<b>Fund balance, end of year - GAAP basis</b>	<b>\$</b>			<b>5,794,788</b>	

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

<b>Business-type Activities - Enterprise Funds</b>	
	<b>Nonemergency Transportation Program</b>
<b>ASSETS</b>	
Current assets:	
Accounts receivable less allowance for uncollectibles of \$120,000	\$ 215,326
Prepaid items	8,537
Total current assets	223,863
Noncurrent assets:	
Property, plant, and equipment	181,193
Less accumulated depreciation	(97,612)
Total noncurrent assets	83,581
<b>Total assets</b>	<b>\$ 307,444</b>
<b>LIABILITIES</b>	
Current liabilities:	
Interfund loans payable	13,156
Accounts payable	274
Accrued wages and benefits payable	14,760
Total current liabilities	28,190
<b>Total liabilities</b>	<b>\$ 28,190</b>
<b>NET POSITION</b>	
Net investment in capital assets	83,581
Unrestricted	195,673
<b>Total net position</b>	<b>\$ 279,254</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2014**

<b>Business-type Activities - Enterprise Funds</b>		
		<b>Nonemergency Transportation Program</b>
Operating revenues:		
Charges for services	\$	571,385
Total operating revenues		571,385
Operating expenses:		
Wages and benefits		502,089
Operational costs		47,635
Depreciation		9,179
Total operating expenses		558,903
Operating income		12,482
Transfers in/(out)		19,208
Change in net position		31,690
Net position, beginning of year		247,564
<b>Net position, end of year</b>	<b>\$</b>	<b>279,254</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the year ended June 30, 2014**

<b>Business-type Activities - Enterprise Funds</b>		
		<b>Nonemergency Transportation Program</b>
Cash flows from operating activities:		
Receipts from customers and users	\$	606,268
Payments to suppliers		(48,195)
Payments to employees		(496,328)
Net cash provided by operating activities		61,745
Cash flows from capital and related financing activities:		
Interfund borrowing		(16,745)
Transfers out		(45,000)
Net cash used in financing activities		(61,745)
Change in cash		-
Cash, beginning of year		-
<b>Cash, end of year</b>	<b>\$</b>	<b>-</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$	12,482
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		9,179
(Increase) decrease in operating assets:		
Accounts receivable		43,420
Prepaid items		(8,537)
Increase (decrease) in operating liabilities:		
Accounts payable		(560)
Accrued wages and benefits payable		5,761
Net cash from operating activities		61,745

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2014**

---

---

**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) Statement 14 and subsequent Statements 39 and now 61 "The Financial Reporting Entity". 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 TIF increment as a source of financing a component unit demonstrates a burden as it is a use of 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 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 is 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 for the business-type activities include an allowance for doubtful accounts in the amount of \$120,000 as of June 30, 2014. 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, and 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 fair market value at the date of donation.

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

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

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

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

**F. Capital Assets, continued**

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. The Town conducted an inventory of all other non-infrastructure capital assets for fiscal year 2003 and infrastructure for the fiscal year 2007. This process determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each capital asset. The book value was then computed by deducting the accumulated depreciation from the original cost.

**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 portion of this liability attributable to the General Fund, which is expected to be paid with current financial resources, is accrued in the General Fund with the balance reported in the government-wide financial statements. All vacation and sick leave is accrued when incurred in the proprietary fund financial statements.

**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.

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

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

**I. Deferred Inflows of Resources**

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The government has three types of items, which arise under a modified accrual basis of accounting that qualifies for reporting in this category. They are unavailable revenue from property taxes, unavailable revenue from ambulance receivables, and unavailable revenue from Regional School Unit #5 debt service payments, which are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**J. 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.

**K. 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.

**L. 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.

**M. Fund Equity**

The Town uses the following fund balance classifications.

<b>Nonspendable</b>	Nonspendable fund balance represents fund balance amounts that are not in spendable form, such as inventories or resources that must be maintained intact pursuant to legal or contractual requirements.
<b>Restricted</b>	Restricted fund balance represents amounts that are restricted by State or Federal statute or by external third parties, such as TIF Fund commitments or private or public grants. Any matching amounts are also considered restricted as they cannot be withdrawn due to the outside parties' involvement and commitment.

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

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

<b>Committed</b>	Committed is that portion of fund balance that has been approved by the highest level of formal action of the Town Council and does not lapse at year-end. Committed fund balance requires action by the Town Council to remove them. Examples of committed funds are amounts for Town initiated projects or activities in the recreation and capital funds.
<b>Assigned</b>	Assigned is the portion of fund balance that does not meet the definition of restricted or committed. The amounts are not for a highly specified purpose and their use has some discretion by the administration.
<b>Unassigned</b>	Fund balance that has not been reported in any other classification. Note that in all governmental funds other than the General Fund, amounts expended in excess of resources that do not meet the above categories are classified here (i.e., residual deficits).

The Town's fund balance policy establishes that an amount equal to at least one and-one-half months of the Town's most recent approved operating budget shall be established as a minimum unassigned fund balance. Annually, following completion of the Town's audit, the Town Manager shall review the unrestricted fund balance and propose to utilize, through the annual budget process, surplus funds above the minimum, if any. Use of those unassigned fund balances should be dedicated to projects in the capital improvement program or other unanticipated one-time expenses. The Council may vote to establish certain reserve accounts from the unrestricted 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.

The Town has no formal revenue spending policy for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

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 fund balance of the General Fund 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, 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, new valuation or extraordinary unpredicted increases in costs, up to fifty (50) percent of the Tax Rate Stabilization Account may be used annually to offset the municipal tax rate.
- The need for tax rate stabilization is defined as: a predicted five percent increase in the combination of the Town, RSU, and County budgets, or a predicted five percent increase in the Town's total mil rate.

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

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

**N. 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 level of control for the budget is at the department level. 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.

**Excess of Expenditures over Appropriations**

For the year ended June 30, 2014, the following expenditures exceeded appropriations:

Public safety	\$ 35,738
---------------	-----------

These over expenditures lapsed to fund balance at year end.

**O. Recent Accounting Pronouncements**

In June 2012, the GASB issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" – an amendment of GASB Statement No. 27. This statement improves accounting and financial reporting by state and local governments for pensions. The new statement is effective for periods beginning after June 15, 2014. The Town is currently assessing the impact of this statement on its financial statements.

---

CASH 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. The Town invests general excess funds in cash management accounts and various insured certificates of deposits. Additionally, reserves and trust funds are invested in other government agency notes.

**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, 2014, the Town reported deposits of \$13,348,587 with a bank balance of \$13,336,660. None of the Town's bank balances are uninsured or uncollateralized.

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

---

**CASH AND INVESTMENTS, CONTINUED**

---

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.

At June 30, 2014, the Town had the following investments and maturities:

	Fair Value	Not Applicable	Less than 1 Year	1-5 Years
<b>Mutual Funds</b>	\$ 3,158,538	3,158,538	-	-
<b>Money Markets</b>	84,926	84,926	-	-
<b>Federal Farm Credit Bank</b>	1,005,083	-	-	1,005,083
<b>Federal Home Loan Mortgage Corp</b>	250,485	-	-	250,485
<b>Federal Home Loan Bank</b>	1,100,457	-	-	1,100,457
<b>Federal National Mortgage Association</b>	496,330	-	-	496,330
<b>Total Investments</b>	<b>\$ 6,095,819</b>	<b>3,243,464</b>	<b>-</b>	<b>2,852,355</b>

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

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. Generally, the Town invests such excess funds in U.S. Treasury and Agency bonds and notes, repurchase agreements, and in investment pool funds. Certain long-term reserve and trust funds are invested through a financial institution with trust powers in fixed income and equity mutual funds to provide long-term growth and income. The Town's investments in debt securities that require disclosure of credit risk were rated by Standard & Poor's as follows: Money market funds \$84,926 – AAA, Fixed income government agency notes \$2,852,355 – AA+.

The Town's investment portfolio is comprised of a mix of money market, equity mutual funds and bond mutual funds. At June 30, 2014, the Town had investments exceeding five percent of the total portfolio as follows:

	6/30/2014	S&P Rating	% of Total
<b>Federal Farm Credit Bank</b>	\$ 1,005,083	AA+	16.49%
<b>Federal Home Loan Bank</b>	1,100,458	AA+	18.05%

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

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

---

**PROPERTY TAX**

---

Property taxes for the current period were committed on September 16, 2013, on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. For real property, payment of taxes was due in equal installments on November 15, 2013 and May 15, 2014. Personal property taxes were due in full on November 15, 2013. Interest at the rate of 7% 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 2014 assessed value was 100% of the estimated market value and 103.45% of the 2014 state valuation of \$1,335,900,000.

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 \$364,310 for the period ended June 30, 2014.

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

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

	<u><b>FY 2014</b></u>	<u><b>FY 2013</b></u>
<b>Assessed Value</b>	\$ 1,382,056,464	1,365,767,145
<b>Tax Rate (per \$1,000)</b>	15.85	15.45
<b>Commitment</b>	21,905,595	21,101,102
<b>Supplemental taxes assessed</b>	37,740	-
<b>Subtotal</b>	21,943,335	21,101,102
<b>Less Collections and Abatements</b>	21,361,037	20,512,562
<b>Receivable at the end of Period</b>	582,298	588,540
 <b>Collection Rate</b>	 <b>97.35%</b>	 <b>97.21%</b>

---

**SIGNIFICANT TAXPAYER**

---

For the year ended June 30, 2014, the Town of Freeport committed and collected \$2,483,549 in real estate and personal property tax revenue from L.L. Bean Inc. This commitment represents approximately 11.34% of total property taxes assessed.

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance 6/30/2013	Increases	Decreases	Balance 6/30/2014
<b>Governmental Activities</b>				
Construction work in process	\$ 349,297	452,764	427,117	374,944
Land	2,204,884	-	-	2,204,884
Total capital assets not being depreciated	2,554,181	452,764	427,117	2,579,828
Capital assets being depreciated				
Land improvements	3,502,741	-	-	3,502,741
Buildings and building improvements	8,423,965	49,047	-	8,473,012
Machinery, equipment, and other	5,039,847	376,162	56,985	5,359,024
Vehicles	3,915,444	27,868	268,196	3,675,116
Infrastructure	10,642,724	393,651	-	11,036,375
Total capital assets being depreciated	31,524,721	846,728	325,181	32,046,268
Less accumulated depreciation	13,836,773	1,196,126	317,750	14,715,149
Total capital assets being depreciated, net	17,687,948	(349,398)	7,431	17,331,119
<b>Governmental activities capital assets, net</b>	<b>\$ 20,242,129</b>	<b>103,366</b>	<b>434,548</b>	<b>19,910,947</b>
<b>Business-type Activities</b>				
Equipment	28,227	64,209	7,370	85,066
Vehicles	96,127	-	-	96,127
Total capital assets being depreciated	124,354	64,209	7,370	181,193
Less accumulated depreciation	95,803	9,179	7,370	97,612
<b>Business-type activities capital assets, net</b>	<b>\$ 28,551</b>	<b>55,030</b>	<b>-</b>	<b>83,581</b>

Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2014 as follows:

<b>Governmental Activities</b>	
General government	\$ 94,619
Public safety	301,690
Public works	575,961
Community services	101,847
Recreation	104,912
Unclassified	17,097
<b>Total depreciation expense-governmental activities</b>	<b>1,196,126</b>
<b>Business-type Activities</b>	
Nonemergency Transportation Program	\$ 9,179
<b>Total depreciation expense-business activities</b>	<b>9,179</b>

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

---

**INTERFUND TRANSACTIONS**

---

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers. Individual fund interfund receivables and payables balances at June 30, 2014 arising from these transactions were as follows:

		Receivable	Payable	Net Transfers In/(Out)
<b>General Fund</b>	\$	799,881	5,532,953	(92,532)
<b>Special Revenue Funds:</b>				
Winslow Park		-	98,463	-
TIF Funds		211,797	-	-
Bartol building lease fund		474,982	-	(350,000)
Tower lease fund		392,935	-	(175,000)
Other Town grants and programs		996,779	-	(74,284)
<b>Capital Project Funds:</b>				
Fire department projects		69,436	-	50,000
Rescue department projects		219,948	-	149,791
Public works projects		95,551	-	25,000
Police department projects		147,581	-	128,000
Recycling projects		210,408	-	12,000
Comprehensive Town projects		1,907,657	-	928,317
Municipal buildings and other		634,205	-	284,631
Boards and committees		128,380	-	14,995
Capital Reserves		-	618,820	(920,126)
<b>Enterprise NET program</b>		-	13,156	19,208
<b>Permanent funds</b>		-	26,148	-
<b>Totals</b>	\$	<b>6,289,540</b>	<b>6,289,540</b>	<b>-</b>

---

**FUND BALANCE**

---

At June 30, 2014, the General Fund's fund balance was comprised of the following:

Nonspendable:	
Inventory	\$ 28,831
<b>Total</b>	<b>\$ 28,831</b>
Committed fund balances:	
Accrued Compensated Absences	\$ 411,225
Tax rate stabilization account	1,000,000
<b>Total</b>	<b>\$ 1,411,225</b>
Committed reserves:	
Unemployment compensation fund	\$ 403,037
Other	93,634
<b>Total</b>	<b>\$ 496,671</b>
Assigned fund balances:	
Funds appropriated by Council for FY 2015 budget offset	675,000
<b>Total</b>	<b>\$ 675,000</b>

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

---

**PENSION PLANS**

---

**Maine Public Employees Retirement System**

**Description of the Plan** - The Town contributes to the Maine Public Employees Retirement System Consolidated Plan, a cost sharing, multiple employer retirement system established by the Maine State Legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

**Funding Policy** - Plan members are required to contribute a percentage of their annual covered salary. The Town is required to contribute an actuarially determined rate. Employer and member rates for the year ended June 30, 2014 were as follows:

	<u>Special #2C</u>
Employer payroll rate(s):	
Normal cost	10.2%
Pooled UAL	-2.3%
Total payroll rate	7.9%
Monthly IUUAL available (7/1/13-6/30/14):	
Payment/(Credit)	(\$ 2,347)
Member contribution rate	6.5%

Prior to the Consolidated Plan, the Town had a separate inactive District Plan. Effective July 1, 2003, the Town elected to join the Consolidated Plan. Under the terms of joining the Consolidated Plan, the Town has an Initial Unpooled Unfunded Actuarial Liability Credit (IUUAL). The credit is being amortized over eight years starting with the fiscal year 2012. Employer contributions for the year ended June 30, 2014 and 2013 were \$173,612 and \$155,897, respectively, net of credits taken. The contribution rates of plan members and the Town are established and may be amended by the Maine State Retirement System Board of Trustees. For the year ended June 30, 2014 and 2013, employee contributions to the plan totaled \$166,990 and \$161,279, respectively.

**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, 2014, the Town's contribution to the plan totaled \$90,353.

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

---

**PENSION PLANS, CONTINUED**

---

**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 \$325,646 for the year ended June 30, 2014.

---

**CHANGES IN LONG-TERM LIABILITIES**

---

Long-term liability activity for the year ended June 30, 2014 was as follows:

		<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>						
General obligation bonds	\$	5,345,000	-	715,000	4,630,000	715,000
Accrued interest payable		38,057	-	5,566	32,491	-
Compensated absences		359,665	51,560	-	411,225	-
Landfill closure and post-closure costs		408,000	-	12,000	396,000	12,000
Other post employment benefits		416,405	108,702	14,742	510,365	-
<b>Governmental Activities</b>						
<b>long-term liabilities</b>	<b>\$</b>	<b>6,567,127</b>	<b>160,262</b>	<b>747,308</b>	<b>5,980,081</b>	<b>727,000</b>

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

---

**LONG-TERM DEBT**

---

Bonds and notes payable at June 30, 2014 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, 2014</u>
<b>Governmental activities:</b>					
1997 Capital improvements	1/23/1997	\$ 4,275,000	2016	2.91%	450,000
2008 School improvements	2/1/2008	655,000	2018	2.92%	220,000
2009 MMBB	3/11/2009	300,000	2019	variable	150,000
2011 Refunding	4/19/2011	5,635,000	2023	4-5%	3,810,000
<b>Total bonds and notes payable</b>					<b>\$ 4,630,000</b>

As of July 1, 2009, the Freeport School Department joined Regional School Unit (RSU) #5. RSU #5 will reimburse the Town of Freeport for all of Freeport School Department bonds payable when the debt service payments are due. The Town has recorded a receivable for \$3,310,568, which is the outstanding amount of bonds payable related to the School Department.

Arbitrage rebate - Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. There are certain exceptions which result in a municipal issuer not having to calculate or pay the required rebate. The Town of Freeport has met these exceptions since the effective date of the regulations.

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 \$4,630,000 at June 30, 2014 was within the statutory limit.

The annual requirements to amortize all debt outstanding at June 30, 2014 are as follows. Such amounts exclude overlapping debt requirements, but include school debt requirements to be reimbursed by the State of Maine.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 715,000	184,233	899,233
2016	715,000	158,259	873,259
2017	710,000	132,385	842,385
2018	560,000	106,486	666,486
2019	505,000	81,287	586,287
2020-2024	1,425,000	110,350	1,535,350
<b>Totals</b>	<b>\$ 4,630,000</b>	<b>773,000</b>	<b>5,403,000</b>

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

---

**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, 2014:

	<u>Years Remaining</u>	<u>Cost Per-Year</u>	<u>Total Cost</u>
Post Closure Monitoring Section Closed in 1995-30 Years of Monitoring	11	\$ 5,000	55,000
Post Closure Monitoring Section Closed in 1992-30 Years of Monitoring	8	7,000	56,000
Current Activities in Open Portion First Ten-Year Period of Post-Closure Monitoring	10	4,000	40,000
Subsequent 20-Year Period of Post-Closure Monitoring	20	3,000	60,000
Demo Debris Closure Cost			185,000
<b>Total Landfill Liability</b>		<b>\$</b>	<b>396,000</b>

Under existing state law, Maine communities have to close existing landfills under a State-approved plan and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Historically, the Town maintained two old solid waste landfills which were closed and permanently capped in 1992 and 1995. Additionally, the Town maintains a demolition debris landfill which is near full capacity. The transfer station has been modified to handle and transport future materials.

The demolition debris landfill will be accepting limited material for the next few years and is to be closed thereafter. The Town has set aside funds totaling \$185,000 for its closure. The Town has estimated that there will be post closure care costs for the various landfills approximating \$211,000 over the next 30 years. As such, the Town has recognized a liability of \$185,000 for closure and an estimate for post closure monitoring and maintenance costs of \$211,000 for a total of \$396,000 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.

---

**OVERLAPPING DEBT**

---

**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, 2014, the Town's share of the expenditure was \$1,325,703 (3.46%) of Cumberland County's outstanding debt of \$38,325,000.

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

---

**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 community 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, 2014 includes total assets of \$64,568,980, total liabilities of \$18,893,073 and unrestricted net position of \$16,593,731. The liabilities include an accrual for landfill closure and postclosure care amounting to \$16,191,575. 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.

---

**OTHER POST-EMPLOYMENT BENEFITS**

---

*GASB Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, requires that the long-term cost of retirement health care and obligations for other post-employment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town is a member of the Maine Municipal Employees Health Trust, which is an agent multiple-employer plan. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in August, 2014. GASB 45 rules allow employers with less than 200 employees to use the same actuarial study for three years.

**Plan Descriptions** – In addition to providing pension benefits, the Town provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

**Funding Policy and Annual OPEB Cost** – GASB Statement 45 does not mandate the prefunding of post-employment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide post-employment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

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

---

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

---

The following table represents the OPEB costs for years ending June 30, 2014, 2013 and 2012 and the annual required contribution:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Normal cost	\$ 53,217	39,209	39,209
Amortization of Unfunded	60,655	56,979	56,979
Adjustment to ARC	(24,081)	(19,473)	-
Interest	18,911	15,375	5,351
Annual Required Contribution	\$ 108,702	92,089	101,539

**Net OPEB Obligation** – The Town’s net OPEB obligation was calculated as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
OPEB liability, July 1, 2013	\$ 416,405	336,738	252,125
Annual required contribution	108,702	92,089	101,539
Less: Actual contributions	(14,742)	(12,422)	(16,926)
OPEB liability, June 30, 2014	\$ 510,365	416,405	336,738

**Funding Status and Funding Progress** – The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30, 2014, 2013 and 2012 were as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ 108,702	92,089	101,539
Actual contribution	14,742	12,422	16,926
Percent contributed	13.56%	13.49%	16.67%
Actuarial accrued liability	1,090,803	1,024,703	1,024,703
Plan assets	-	-	-
Unfunded actuarial accrued liability	1,090,803	1,024,703	1,024,703
Covered payroll	3,313,590	3,204,254	3,046,864
Unfunded actuarial accrued liability as a percentage of covered payroll	32.92%	31.98%	33.63%

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

---

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

---

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions** – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	January 1, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.0%
Healthcare cost trends	4.0% - 8.7%

---

**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.

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

---

**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, 2014.

---

**COMMITMENTS**

---

Construction in progress of \$374,944 as of June 30, 2014 consists primarily the West Street reconstruction for \$155,551, and the Torrey Hill Range Road reconstruction for \$100,912. Both of these are expected to be completed during FY 2015 at an estimated additional cost of \$50,000 to \$65,000.

**TOWN OF FREEPORT, MAINE**  
**Required Supplementary Information**  
**Other Post-Employment Benefits Schedule of Funding Progress**  
**Year Ended June 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2014	-	\$ 1,090,803	\$ 1,090,803	0.00%	\$ 3,313,590	32.92%
June 30, 2013	-	\$ 1,024,703	\$ 1,024,703	0.00%	\$ 3,204,254	31.98%
June 30, 2012	-	\$ 1,024,703	\$ 1,024,703	0.00%	\$ 3,046,864	33.63%
June 30, 2011	-	\$ 1,024,703	\$ 1,024,703	0.00%	\$ 3,034,313	33.77%
June 30, 2010	-	\$ 979,479	\$ 979,479	0.00%	\$ 3,045,472	32.16%

## ***GENERAL FUND***

**TOWN OF FREEPORT, MAINE**  
**Comparative Balance Sheets - General Fund - Budgetary Basis**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,163,094	9,544,435
Investments	11,772	16,442
Accounts receivable	87,296	290,255
Taxes receivable	619,517	612,759
Tax liens	292,789	299,950
Inventory	28,831	19,511
Interfund loans receivable	799,881	666,376
Receivable - RSU #5 debt service payments	3,310,568	3,571,022
<b>Total assets</b>	<b>\$ 15,313,748</b>	<b>15,020,750</b>
<b>LIABILITIES</b>		
Accounts payable	319,467	205,322
Accrued wages and benefits	147,509	126,849
Interfund loans payable	5,489,663	4,918,798
Development escrows	84,886	162,435
Other unearned revenues	4,374	-
<b>Total liabilities</b>	<b>6,045,899</b>	<b>5,413,404</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	659,164	615,164
Unavailable revenue - RSU #5 debt service payments	3,310,568	3,571,022
<b>Total deferred inflows of resources</b>	<b>3,969,732</b>	<b>4,186,186</b>
<b>FUND BALANCE</b>		
Nonspendable	28,831	19,511
Committed - Stabilization Fund	1,000,000	1,000,000
Committed - other	411,225	359,666
Assigned	675,000	668,877
Unassigned	3,183,061	3,373,106
<b>Total fund balance</b>	<b>5,298,117</b>	<b>5,421,160</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,313,748</b>	<b>15,020,750</b>

**TOWN OF FREEPORT, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**Year ended June 30, 2014**  
**(with comparative actual amounts for the year ended June 30, 2013)**

	<b>2014</b>		<b>Variance positive (negative)</b>	<b>2013 Actual</b>
	<b>Budget</b>	<b>Actual</b>		
Revenues:				
Taxes:				
Property taxes	\$ 20,001,046	20,359,106	358,060	19,836,808
Excise taxes and registration fees	1,241,300	1,523,164	281,864	1,420,825
Interest and lien costs	65,000	55,101	(9,899)	73,633
Total taxes	21,307,346	21,937,371	630,025	21,331,266
Licenses, permits and fees:				
Building, plumbing and electrical permits	92,000	108,065	16,065	123,927
Town clerk licenses and fees	27,900	40,334	12,434	29,599
Moorings and other harbor fees	75,000	77,924	2,924	69,644
Solid waste permits	2,640	2,475	(165)	4,646
Shellfish licenses	12,500	12,591	91	13,113
Alarm permits	25,000	33,480	8,480	30,760
Total licenses, permits and fees	235,040	274,869	39,829	271,689
Intergovernmental:				
State tree growth reimbursement	70,000	67,007	(2,993)	72,743
State general assistance	15,000	4,202	(10,798)	2,507
State revenue sharing	360,000	366,761	6,761	529,360
State homestead exemption reimbursement	142,000	143,580	1,580	141,056
State road assistance	125,000	141,628	16,628	138,228
Public safety contributions	44,603	44,736	133	42,176
Other intergovernmental	310,500	382,386	71,886	389,817
Total intergovernmental	1,067,103	1,150,300	83,197	1,315,887
Charges for services:				
Planning	8,500	14,120	5,620	8,442
Transfer station and recycling	120,000	160,887	40,887	156,351
Parking lot	37,500	37,501	1	37,500
Vehicle maintenance	5,000	5,431	431	6,288
Engineering	4,000	6,460	2,460	5,808
Hunter Road Fields	-	8,450	8,450	1,500
Total charges for services	175,000	232,849	57,849	215,889
Fees and fines:				
Police parking and other fines	80,000	90,404	10,404	84,352
Library fines and fees	10,000	14,900	4,900	16,569
Alarm and other fire fees	2,900	6,710	3,810	5,865
Total fees and fines	92,900	112,014	19,114	106,786

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

	<b>2014</b>		<b>Variance positive (negative)</b>	<b>2013 Actual</b>
	<b>Budget</b>	<b>Actual</b>		
Revenues, continued:				
Unclassified	\$ 33,400	40,357	6,957	288,087
Investment earnings	35,000	15,877	(19,123)	13,569
Total revenues	22,945,789	23,763,637	817,848	23,543,173
Expenditures:				
Current:				
General government:				
Town council	130,135	96,421	33,714	117,042
Town manager	108,500	103,659	4,841	125,901
Finance and treasury	341,828	342,983	(1,155)	345,425
Assessing	160,145	149,826	10,319	139,440
Code enforcement	78,069	79,077	(1,008)	76,815
Town clerk and elections	104,837	97,605	7,232	95,697
General administration	161,978	140,806	21,172	113,379
Municipal buildings	268,325	252,604	15,721	319,274
Planning	139,838	128,647	11,191	129,390
Total general government	1,493,655	1,391,628	102,027	1,462,363
Public Safety:				
Police department	1,056,401	1,116,308	(59,907)	1,058,175
Special enforcement	55,076	53,260	1,816	52,765
Fire department	475,736	485,020	(9,284)	467,939
Rescue	333,493	321,160	12,333	339,054
Reception	180,887	176,863	4,024	170,046
Hydrant rental	170,000	153,425	16,575	156,681
Street lights	45,000	46,295	(1,295)	40,264
Total public safety	2,316,593	2,352,331	(35,738)	2,284,924
Public Works:				
General road operations	759,270	758,348	922	736,501
Summer roads	718,500	761,930	(43,430)	447,780
Winter roads	153,000	154,880	(1,880)	134,867
Tree program	15,500	9,532	5,968	5,927
Solid waste	437,490	389,215	48,275	387,508
Engineering	117,939	121,661	(3,722)	115,417
Hunter Road Fields Maintenance	118,257	110,048	8,209	-
Total public works	2,319,956	2,305,614	14,342	1,828,000

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Community services:				
Human services agencies	\$ 43,200	42,300	900	41,000
Public library	412,926	384,428	28,498	346,547
Cable TV	76,863	72,554	4,309	72,997
Promotions	5,350	4,337	1,013	7,581
General assistance	100,757	75,317	25,440	83,180
Coastal waters	64,490	76,108	(11,618)	58,303
Shellfish commission	4,100	1,092	3,008	4,690
Amtrak station operations	105,450	104,323	1,127	-
Other	4,725	2,906	1,819	2,016
Total community services	817,861	763,365	54,496	616,314
Education	14,291,054	14,291,054	-	13,631,935
Insurance and fringe benefits:				
Employee benefits	1,401,400	1,230,191	171,209	1,302,604
Insurances	105,000	93,434	11,566	90,789
Total insurance and fringe benefits	1,506,400	1,323,625	182,775	1,393,393
County tax	858,284	858,284	-	831,619
Unclassified:				
Bustin's Island Corporation	172,000	170,665	1,335	167,749
Miscellaneous and contingency	33,550	33,078	472	21,761
Abatements	25,000	11,284	13,716	33,136
Total unclassified	230,550	215,027	15,523	222,646
Debt service	293,220	293,220	-	493,208
Total expenditures	24,127,573	23,794,148	333,425	22,764,402
Excess (deficiency) of revenues over (under) expenditures	(1,181,784)	(30,511)	1,151,273	778,771

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

	2014			2013 Actual
	Budget	Actual	Variance positive (negative)	
Other financing sources (uses):				
Budgeted utilization of surplus	\$ 640,000	-	(640,000)	-
Transfers in	541,784	567,468	25,684	323,000
Transfers out	-	(660,000)	(660,000)	(681,086)
Total other financing sources (uses)	1,181,784	(92,532)	(1,274,316)	(358,086)
Net change in fund balance - budgetary basis	-	(123,043)	(123,043)	420,685
Fund balance, beginning of year - budgetary basis		5,421,160		5,000,475
Fund balance, end of year - budgetary basis		5,298,117		5,421,160
Reconciliation of fund balance to GAAP basis:				
Committed reserve funds fund balance		496,671		463,225
<b>Fund Balance, end of year - GAAP Basis</b>	<b>\$</b>	<b>5,794,788</b>		<b>5,884,385</b>

## ***OTHER GOVERNMENTAL FUNDS***

**TOWN OF FREEPORT, MAINE**  
**Combining Balance Sheet**  
**All Other Governmental Funds**  
**June 30, 2014**

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash	\$ 588,697	-	588,697
Investments	-	1,368,642	1,368,642
Interfund loans receivable	2,076,493	-	2,076,493
<b>Total assets</b>	<b>\$ 2,665,190</b>	<b>1,368,642</b>	<b>4,033,832</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	54,544	-	54,544
Interfund loans payable	98,463	26,148	124,611
Total liabilities	153,007	26,148	179,155
Fund balances:			
Nonspendable	-	1,330,273	1,330,273
Restricted	1,446,938	37,959	1,484,897
Committed	1,065,245	-	1,065,245
Unassigned	-	(25,738)	(25,738)
Total fund balances	2,512,183	1,342,494	3,854,677
<b>Total liabilities and fund balances</b>	<b>\$ 2,665,190</b>	<b>1,368,642</b>	<b>4,033,832</b>

**TOWN OF FREEPORT, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Other Governmental Funds**  
**For the year ended June 30, 2014**

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
Revenues:			
Property taxes	\$ 1,540,240	-	1,540,240
Charges for services	876,417	-	876,417
Gifts and donations	73,009	2,209	75,218
Intergovernmental	86,340	-	86,340
Unclassified	98,825	-	98,825
Investment income	16,021	180,592	196,613
Total revenues	2,690,852	182,801	2,873,653
Expenditures:			
Current:			
Unclassified	1,694,915	30,909	1,725,824
Capital outlay	263,257	-	263,257
Debt service	143,650	-	143,650
Total expenditures	2,101,822	30,909	2,132,731
Excess of revenues over expenditures	589,030	151,892	740,922
Other financing uses:			
Transfers to other funds	(599,284)	-	(599,284)
Total other financing uses	(599,284)	-	(599,284)
Net change in fund balance	(10,254)	151,892	141,638
Fund balances, beginning of year	2,522,437	1,190,602	3,713,039
<b>Fund balances, end of year</b>	<b>\$ 2,512,183</b>	<b>1,342,494</b>	<b>3,854,677</b>

## ***SPECIAL REVENUE FUNDS***

**TOWN OF FREEPORT, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2014**

		<b>Winslow Park</b>	<b>Tax Increment Financing Funds</b>	<b>Bartol Building Lease Fund</b>	<b>Tower Lease Fund</b>	<b>Other Town Grants &amp; Programs</b>	<b>Leon Gorman Park</b>	<b>Totals 2014</b>
<b>ASSETS</b>								
Cash	\$	588,697	-	-	-	-	-	588,697
Interfund loans receivable		-	211,797	474,982	392,935	847,588	149,191	2,076,493
<b>Total assets</b>	<b>\$</b>	<b>588,697</b>	<b>211,797</b>	<b>474,982</b>	<b>392,935</b>	<b>847,588</b>	<b>149,191</b>	<b>2,665,190</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable		13,474	38,705	-	-	1,378	987	54,544
Interfund loans payable		98,463	-	-	-	-	-	98,463
<b>Total liabilities</b>		<b>111,937</b>	<b>38,705</b>	<b>-</b>	<b>-</b>	<b>1,378</b>	<b>987</b>	<b>153,007</b>
Fund balances:								
Restricted		476,760	173,092	-	-	648,882	148,204	1,446,938
Committed		-	-	474,982	392,935	197,328	-	1,065,245
<b>Total fund balances</b>		<b>476,760</b>	<b>173,092</b>	<b>474,982</b>	<b>392,935</b>	<b>846,210</b>	<b>148,204</b>	<b>2,512,183</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>588,697</b>	<b>211,797</b>	<b>474,982</b>	<b>392,935</b>	<b>847,588</b>	<b>149,191</b>	<b>2,665,190</b>

**TOWN OF FREEPORT, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the year ended June 30, 2014**

	<b>Winslow Park</b>	<b>Tax Increment Financing Funds</b>	<b>Bartol Building Lease Fund</b>	<b>Tower Lease Fund</b>	<b>Other Town Grants &amp; Programs</b>	<b>Leon Gorman Park</b>	<b>Totals 2014</b>
Revenues:							
Property taxes	\$ -	1,540,240	-	-	-	-	1,540,240
Charges for services	277,983	-	362,577	235,857	-	-	876,417
Gifts and donations	-	-	-	-	73,009	-	73,009
Intergovernmental	-	-	-	-	86,340	-	86,340
Investment income	6,023	-	-	-	-	9,998	16,021
Unclassified	-	-	-	-	98,825	-	98,825
<b>Total revenues</b>	<b>284,006</b>	<b>1,540,240</b>	<b>362,577</b>	<b>235,857</b>	<b>258,174</b>	<b>9,998</b>	<b>2,690,852</b>
Expenditures:							
Current:							
Unclassified	224,526	1,301,104	-	-	155,896	13,389	1,694,915
Debt service	-	143,650	-	-	-	-	143,650
Capital	-	149,674	35,039	-	78,544	-	263,257
<b>Total expenditures</b>	<b>224,526</b>	<b>1,594,428</b>	<b>35,039</b>	<b>-</b>	<b>234,440</b>	<b>13,389</b>	<b>2,101,822</b>
Excess (deficiency) of revenues over (under) expenditures	59,480	(54,188)	327,538	235,857	23,734	(3,391)	589,030
Other financing uses:							
Transfer to other funds	-	-	(350,000)	(175,000)	(74,284)	-	(599,284)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(350,000)</b>	<b>(175,000)</b>	<b>(74,284)</b>	<b>-</b>	<b>(599,284)</b>
<b>Net change in fund balances</b>	<b>59,480</b>	<b>(54,188)</b>	<b>(22,462)</b>	<b>60,857</b>	<b>(50,550)</b>	<b>(3,391)</b>	<b>(10,254)</b>
Fund balances, beginning of year	417,280	227,280	497,444	332,078	896,760	151,595	2,522,437
<b>Fund balances, end of year</b>	<b>\$ 476,760</b>	<b>173,092</b>	<b>474,982</b>	<b>392,935</b>	<b>846,210</b>	<b>148,204</b>	<b>2,512,183</b>

**TOWN OF FREEPORT, MAINE**  
**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**Year ended June 30, 2014**

	Fund Balance June 30, 2013	Revenues		Expenditures	Revenues over (under) expenditures	Other sources and (uses)	Fund Balance June 30, 2014
		Inter- governmental	Other				
Winslow Park Fund	\$ 417,280	-	284,006	224,526	59,480	-	476,760
Tax Incremental Financing Funds:							
TIF II - Desert Road phase II	56,389	-	1,192,939	1,192,940	(1)	-	56,388
TIF IV - Destination TIF	170,891	-	269,450	323,637	(54,187)	-	116,704
TIF V - Hotel TIF	-	-	66,750	66,750	-	-	-
TIF VI - Housing TIF	-	-	11,101	11,101	-	-	-
Total TIF funds	227,280	-	1,540,240	1,594,428	(54,188)	-	173,092
Bartol Building Lease Fund	497,444	-	362,577	35,039	327,538	(350,000)	474,982
Tower Lease Fund	332,078	-	235,857	-	235,857	(175,000)	392,935

**TOWN OF FREEPORT, MAINE**  
**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**Year ended June 30, 2014**

	Fund Balance (deficit) June 30, 2013	Revenues		Expenditures	Revenues over (under) expenditures	Other sources and (uses)	Fund Balance (deficit) June 30, 2014
		Inter- governmental	Other				
Town Grants and Programs:							
Jump start program	\$ 306	-	-	-	-	-	306
FEMA	65,431	-	-	-	-	-	65,431
Regional Efficiency grant	1,249	-	-	-	-	-	1,249
CDBG-Elders Bus	150	15,000	-	15,000	-	-	150
CDBG-Habitat for Humanity	78,696	-	-	68,241	(68,241)	-	10,455
Maine Arts Commission	1,907	-	-	-	-	-	1,907
Shellfish Water Testing	16,782	-	2,325	1,400	925	-	17,707
Shellfish Grant-State of Maine	521	-	-	-	-	-	521
Green Crab Eradication Grant-State of Maine	10,000	15,000	-	25,130	(10,130)	-	(130)
Winslow Park-State of Maine	535	-	-	-	-	-	535
Fuel Assistance Fund-Freeport	16,749	-	14,573	21,603	(7,030)	10,000	19,719
Fuel Assistance Fund-Yarmouth	14,497	-	11,677	20,902	(9,225)	-	5,272
Freeport Housing Trust Rental Assistance Grant	-	-	12,000	1,921	10,079	-	10,079
Library Donations	36,152	-	9,066	-	9,066	(17,784)	27,434
Road Impact Fees	329,411	-	61,500	-	61,500	(100,000)	290,911
Stormwater Connection Fees	52,286	-	1,678	-	1,678	(7,000)	46,964
Village Open Spaces	12,457	-	-	-	-	-	12,457
Fire and Rescue Donations	24,157	-	10,003	669	9,334	-	33,491
Sandy Beach Stairs/SHIP Grant	1,606	35,242	-	41,274	(6,032)	33,500	29,074
Project Canopy Grant	1,485	7,556	-	7,384	172	7,000	8,657
Fire Department Annual Appeal Donations	5,534	-	-	2,425	(2,425)	-	3,109
Police Donations	658	-	600	-	600	-	1,258
Rescue Donations	1,169	-	-	-	-	-	1,169
Library Book Donations	8,201	-	13,959	10,939	3,020	-	11,221
Public Works Donations	2,791	-	1,381	1,995	(614)	-	2,177
Police K-9 Program Donations	3,041	-	84	2,166	(2,082)	-	959
Dollars for Scholars	1,779	-	-	-	-	-	1,779
Soule School Lease	98,112	-	21,443	-	21,443	-	119,555
Dunning Boat Yard Lease	70,600	-	7,173	-	7,173	-	77,773
Police Speed Enforcement/Seat Belt	9,743	1,972	-	-	1,972	-	11,715
Other	30,755	11,570	4,372	13,391	2,551	-	33,306
<b>Total Town Grants and Projects</b>	<b>896,760</b>	<b>86,340</b>	<b>171,834</b>	<b>234,440</b>	<b>23,734</b>	<b>(74,284)</b>	<b>846,210</b>
Leon Gorman Park	151,595	-	9,998	13,389	(3,391)	-	148,204
<b>Total special revenue funds</b>	<b>\$ 2,522,437</b>	<b>86,340</b>	<b>2,604,512</b>	<b>2,101,822</b>	<b>589,030</b>	<b>(599,284)</b>	<b>2,512,183</b>

## ***CAPITAL PROJECT FUNDS***

**TOWN OF FREEPORT, MAINE**  
**Capital Projects Funds**  
**Year ended June 30, 2014**

	Fire Department Projects	Rescue Department Projects	Public Works Projects	Police Department Projects	Recycling Projects	Comprehensive Town Projects	Municipal Buildings and Other	Boards and Committees	Capital Reserves	Total 2014
<b>ASSETS</b>										
Cash and equivalents	\$ -	-	-	-	-	-	-	-	2,405,039	2,405,039
Investments	-	-	-	-	-	-	-	-	4,367,201	4,367,201
Accounts receivable net of allowance	-	-	-	-	-	-	-	-	113,778	113,778
Interfund loans receivable	69,436	219,948	95,551	147,581	210,408	1,907,657	634,205	128,380	-	3,413,166
<b>Total assets</b>	<b>\$ 69,436</b>	<b>219,948</b>	<b>95,551</b>	<b>147,581</b>	<b>210,408</b>	<b>1,907,657</b>	<b>634,205</b>	<b>128,380</b>	<b>6,886,018</b>	<b>10,299,184</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	-	1,723	-	-	-	111,280	500	304	468	114,275
Interfund loans payable	-	-	-	-	-	-	-	-	618,820	618,820
<b>Total liabilities</b>	<b>-</b>	<b>1,723</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,280</b>	<b>500</b>	<b>304</b>	<b>619,288</b>	<b>733,095</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
unavailable revenues - ambulance	-	-	-	-	-	-	-	-	37,438	37,438
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,438</b>	<b>37,438</b>
Fund balances:										
Committed	69,436	218,225	95,551	147,581	210,408	1,796,377	633,705	128,076	6,229,292	9,528,651
<b>Total fund balances</b>	<b>69,436</b>	<b>218,225</b>	<b>95,551</b>	<b>147,581</b>	<b>210,408</b>	<b>1,796,377</b>	<b>633,705</b>	<b>128,076</b>	<b>6,229,292</b>	<b>9,528,651</b>
<b>Total liabilities and fund balances</b>	<b>\$ 69,436</b>	<b>219,948</b>	<b>95,551</b>	<b>147,581</b>	<b>210,408</b>	<b>1,907,657</b>	<b>634,205</b>	<b>128,380</b>	<b>6,886,018</b>	<b>10,299,184</b>

**TOWN OF FREEPORT, MAINE**  
**Capital Project Funds**  
**Year ended June 30, 2014**

	Fire Department Projects	Rescue Department Projects	Public Works Projects	Police Department Projects	Recycling Projects	Comprehensive Town Projects	Municipal Buildings and Other	Boards and Committees	Capital Reserves	Total 2014
Revenues:										
Interest earnings	\$ -	-	-	-	-	-	-	-	401,807	401,807
Charges for services	-	-	-	-	-	-	-	-	323,932	323,932
Other revenue	-	-	-	-	-	110,576	4,190	-	176,679	291,445
Total revenues	-	-	-	-	-	110,576	4,190	-	902,418	1,017,184
Expenditures:										
Capital outlay	10,416	142,780	161,374	25,808	341	394,079	170,618	71,423	16,898	993,737
Total expenditures	10,416	142,780	161,374	25,808	341	394,079	170,618	71,423	16,898	993,737
		-								
Excess (deficiency) of revenues over (under) expenditures	(10,416)	(142,780)	(161,374)	(25,808)	(341)	(283,503)	(166,428)	(71,423)	885,520	23,447
Other financing sources (uses):										
Transfer in (out)	50,000	149,791	25,000	128,000	12,000	928,317	284,631	14,995	(920,126)	672,608
Total other financing sources (uses)	50,000	149,791	25,000	128,000	12,000	928,317	284,631	14,995	(920,126)	672,608
Net change in fund balances	39,584	7,011	(136,374)	102,192	11,659	644,814	118,203	(56,428)	(34,606)	696,055
Fund balances, beginning of year	29,852	211,214	231,925	45,389	198,749	1,151,563	515,502	184,504	6,263,898	8,832,596
		-								
Fund balances, end of year	\$ 69,436	218,225	95,551	147,581	210,408	1,796,377	633,705	128,076	6,229,292	9,528,651

**TOWN OF FREEPORT, MAINE**  
**Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**Year ended June 30, 2014**

	Fund Balance (deficit) June 30, 2013	Revenues and Other Sources					Fund Balance (deficit) June 30, 2014
		Inter- governmental	Other Revenues	Bond Proceeds	Transfers	Expenditures	
<b>Fire Department Capital Project Funds:</b>							
Protective clothing	\$ 19,282	-	-	-	-	10,416	8,866
Engine Five	19,110	-	-	-	-	-	19,110
Engine Three repair	(4,827)	-	-	-	-	-	(4,827)
Air packs & compressor	(474)	-	-	-	-	-	(474)
Communication upgrade	(1,393)	-	-	-	50,000	-	48,607
Service vehicle	(1,846)	-	-	-	-	-	(1,846)
Total fire department	29,852	-	-	-	50,000	10,416	69,436
<b>Rescue Department Capital Project Funds:</b>							
Protective clothing	15,724	-	-	-	-	16,488	(764)
Ambulance replacement	14,209	-	-	-	186,000	2,730	197,479
Communication upgrade	16,919	-	-	-	-	18,613	(1,694)
Rescue equipment	164,362	-	-	-	(64,209)	104,949	(4,796)
Other-SCBA Replacement	-	-	-	-	28,000	-	28,000
Total rescue department	211,214	-	-	-	149,791	142,780	218,225
<b>Public Works Capital Project Funds:</b>							
Grader repair	11,286	-	-	-	-	8,707	2,579
Dump truck replacement, sander & plow	171,341	-	-	-	(50,000)	93,909	27,432
Sidewalk plow-Shared with TIF	27,500	-	-	-	30,000	55,433	2,067
Fuel depot	1,792	-	-	-	-	-	1,792
Pick-up truck replacement	16,737	-	-	-	-	-	16,737
One Ton Truck Replacement	-	-	-	-	45,000	-	45,000
Dump truck body sand blast and paint	3,269	-	-	-	-	3,325	(56)
Total public works	231,925	-	-	-	25,000	161,374	95,551
<b>Police Department Capital Project Funds:</b>							
Communication upgrade	20,278	-	-	-	50,000	833	69,445
Bullet proof vests	(2,001)	-	-	-	8,000	-	5,999
In-Car cameras	457	-	-	-	-	-	457
Mobile data terminals	25,000	-	-	-	-	24,975	25
Boat and motor replacement	(755)	-	-	-	-	-	(755)
Vehicle Replacement	2,410	-	-	-	70,000	-	72,410
Total police department	45,389	-	-	-	128,000	25,808	147,581

**TOWN OF FREEPORT, MAINE**  
**Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**Year ended June 30, 2014**

	Fund Balance June 30, 2013	Revenues and Other Sources					Expenditures	Fund Balance June 30, 2014
		Inter- governmental	Other Revenues	Charges for Services	Bond Proceeds	Transfers		
Recycling Capital Project Funds:								
Landfill closing	\$ 116,436	-	-	-	-	-	-	116,436
Paving	1,758	-	-	-	-	-	-	1,758
Other	80,555	-	-	-	-	12,000	341	92,214
Total recycling capital projects	198,749	-	-	-	-	12,000	341	210,408
Comprehensive Town Improvement Funds:								
Dennison Avenue Drainage	-	-	-	-	-	50,000	-	50,000
Wardtown Road Reconstruction and Shoulders	-	-	-	-	-	800,000	195	799,805
Public Works paving	11,330	-	-	-	-	-	10,400	930
Main St. paving and drainage match	29,874	-	-	-	-	-	-	29,874
Flying Point Road-2011 reconstruction	23,044	-	-	-	-	-	-	23,044
Flying Point Road-Pleasant Hill to Wolfe's Neck	19,531	-	-	-	-	-	-	19,531
North Main Street sidewalks	(10,690)	-	-	-	-	-	-	(10,690)
Upper Mast Landing partial reconstruction	(6,232)	-	-	-	-	-	-	(6,232)
Hedgehog Mountain Sight improvements	1,774	-	-	-	-	-	-	1,774
South Street project	165,635	110,576	-	-	-	-	96,269	179,942
Desert Road match	23,000	-	-	-	-	-	3,607	19,393
Burnett Road Bridge	11,048	-	-	-	-	-	-	11,048
US Route 1 North (PACTS)	151,607	-	-	-	-	-	16,616	134,991
Prout Road culvert	34,230	-	-	-	-	-	-	34,230
West Street-Depot Street to South Street reconstruction	154,209	-	-	-	-	-	137,102	17,107
Desert Road Business Park	235,000	-	-	-	-	-	-	235,000
Torrey Hill Range Road reconstruction	150,000	-	-	-	-	-	100,912	49,088
Freeport Fields and Trails Project	59,000	-	-	-	-	138,000	5,484	191,516
Freeport Fields and Trails Project maintenance	60,667	-	-	-	-	(59,683)	984	-
Active Living	24,000	-	-	-	-	-	19,125	4,875
Other	14,536	-	-	-	-	-	3,385	11,151
Total comprehensive Town improvement	1,151,563	110,576	-	-	-	928,317	394,079	1,796,377
Municipal Buildings and Other Improvement Funds:								
Computer system upgrade/Connectivity Town-wide	138,713	-	4,190	-	-	64,000	69,509	137,394
Dunning boat yard	26,445	-	-	-	-	-	-	26,445
Cable TV	61,258	-	-	-	-	54,370	39,107	76,521
Valuation update	39,003	-	-	-	-	10,000	5,440	43,563
Building winterization	55,881	-	-	-	-	-	491	55,390
Public Safety renovation (Sallyport, Flooring, etc.)	19,225	-	-	-	-	-	18,760	465
Town Hall exterior	41,393	-	-	-	-	(1,393)	-	40,000
Public Works Roofing Projects	28,000	-	-	-	-	-	17,652	10,348
Cemetery vault roofing projects	18,000	-	-	-	-	-	12,635	5,365
Copier replacement	16,439	-	-	-	-	-	-	16,439
Library building exterior	10,000	-	-	-	-	10,000	-	20,000
Vehicle Replacement	22,420	-	-	-	-	-	3,579	18,841
Other	38,725	-	-	-	-	147,654	3,445	182,934
Total municipal buildings and other	515,502	-	4,190	-	-	284,631	170,618	633,705
Boards and Committees Improvement Funds:								
Recreation fund	5,131	-	-	-	-	-	-	5,131
Harbor fund	24,531	-	-	-	-	-	-	24,531
Citizens Survey & performance measures	1,298	-	-	-	-	(10)	-	1,288
Historic Society Archiving	-	-	-	-	-	16,000	-	16,000
Village Parking Study	269	-	-	-	-	(95)	-	174
Quiet Zone Study	5,108	-	-	-	-	-	-	5,108
Hedgehog Mountain Bridge Replacement	25,000	-	-	-	-	-	-	25,000
Shellfish Commission Habitat Improvement	122,901	-	-	-	-	(64,006)	58,895	-
Train Station Renovation	(106)	-	-	-	-	106	-	-
Withdrawal Committee	-	-	-	-	-	59,500	12,528	46,972
Other	372	-	-	-	-	3,500	-	3,872
Total boards and committees	184,504	-	-	-	-	14,995	71,423	128,076
Capital Reserves - See Exhibit F for Details	6,263,898	-	578,486	323,932	-	(920,126)	16,898	6,229,292
<b>Total capital project funds</b>	<b>8,832,596</b>	<b>110,576</b>	<b>582,676</b>	<b>323,932</b>	<b>-</b>	<b>672,608</b>	<b>993,737</b>	<b>9,528,651</b>

## ***NONMAJOR PERMANENT FUNDS***

**TOWN OF FREEPORT, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2014**

	Cemetery Care	Library Funds	School Scholarship Funds	Benevolent Funds	Totals
<b>ASSETS</b>					
Investments	\$ 313,394	289,534	274,580	491,134	1,368,642
<b>Total assets</b>	<b>313,394</b>	<b>289,534</b>	<b>274,580</b>	<b>491,134</b>	<b>1,368,642</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund loans payable	10,483	11,381	1,125	3,159	26,148
<b>Total liabilities</b>	<b>10,483</b>	<b>11,381</b>	<b>1,125</b>	<b>3,159</b>	<b>26,148</b>
Fund balances:					
Nonspendable-Principal	328,649	262,585	262,908	476,131	1,330,273
Restricted-Unexpended income	-	15,568	10,547	11,844	37,959
Unassigned	(25,738)	-	-	-	(25,738)
<b>Total fund balances</b>	<b>302,911</b>	<b>278,153</b>	<b>273,455</b>	<b>487,975</b>	<b>1,342,494</b>
<b>Total liabilities and fund balances</b>	<b>\$ 313,394</b>	<b>289,534</b>	<b>274,580</b>	<b>491,134</b>	<b>1,368,642</b>

**TOWN OF FREEPORT, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the year ended June 30, 2014**

		Cemetery Care	Library Funds	School Scholarship Funds	Benevolent Funds	Totals
Revenues:						
Investment income	\$	6,065	5,601	5,335	9,507	26,508
Realized and unrealized gains (losses) on investments		27,638	34,642	33,011	58,793	154,084
Donations		750	1,459	-	-	2,209
Total revenues		34,453	41,702	38,346	68,300	182,801
Expenditures:						
Current:						
Other miscellaneous		11,822	13,377	1,638	4,072	30,909
Total expenditures		11,822	13,377	1,638	4,072	30,909
Net change in fund balances		22,631	28,325	36,708	64,228	151,892
Fund balances, beginning of year		280,280	249,828	236,747	423,747	1,190,602
<b>Fund balances, end of year</b>	<b>\$</b>	<b>302,911</b>	<b>278,153</b>	<b>273,455</b>	<b>487,975</b>	<b>1,342,494</b>

**TOWN OF FREEPORT, MAINE**  
**Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**Year ended June 30, 2014**

	Principal Revenues			Fund Balance June 30, 2014	Unexpended Income			Fund Balance (deficit) June 30, 2014	Total June 30, 2014
	Fund Balance June 30, 2013	Unrealized/Realized Gains (Losses)	Other		Fund Balance (deficit) June 30, 2013	Interest Income	Expenditures		
Cemetery Care:									
Perpetual Care:									
Burr	\$ 138,619	12,652	-	151,271	(11,172)	2,777	5,891	(14,286)	136,985
Grove	53,208	4,721	750	58,679	(4,593)	1,036	1,868	(5,425)	53,254
Webster	14,757	1,407	-	16,164	(499)	309	787	(977)	15,187
Woodlawn	21,647	1,925	-	23,572	(2,154)	422	1,162	(2,894)	20,678
South Freeport	49,547	4,552	-	54,099	(3,436)	999	1,669	(4,106)	49,993
Flying Point	7,891	702	-	8,593	(779)	154	317	(942)	7,651
Town maintained	2,443	259	-	2,702	214	57	57	214	2,916
Davis Mausoleum	818	146	-	964	662	32	32	662	1,626
Carrie Thomas	528	61	-	589	151	13	13	151	740
A.O. Woodard	10,803	1,213	-	12,016	1,625	266	26	1,865	13,881
Total Cemetery Funds	300,261	27,638	750	328,649	(19,981)	6,065	11,822	(25,738)	302,911
Library Funds:									
Bartol Association	38,524	5,934	-	44,458	4,351	960	92	5,219	49,677
Paul and Emma Bennett	17,109	2,018	-	19,127	(2,525)	326	31	(2,230)	16,897
Eleanor Brewer	6,964	1,115	-	8,079	1,095	180	17	1,258	9,337
Albert Conley	31,218	5,931	-	37,149	11,634	959	92	12,501	49,650
Grace Ritchie	2,792	311	-	3,103	(546)	50	5	(501)	2,602
Jane Hall	129,877	19,333	1,459	150,669	9,335	3,126	13,140	(679)	149,990
Total Library Funds	226,484	34,642	1,459	262,585	23,344	5,601	13,377	15,568	278,153
School Scholarship Funds:									
Fitts Award	2,677	363	-	3,040	(48)	59	6	5	3,045
Salomon Plummer	9,183	1,128	-	10,311	(1,031)	182	18	(867)	9,444
Wallace True	5,360	763	-	6,123	155	123	12	266	6,389
Millard and Enid Crooker	26,726	3,665	-	30,391	(245)	593	57	291	30,682
Alice Pollock	11,381	1,633	-	13,014	280	264	25	519	13,533
Auldis Foster	2,012	293	-	2,305	104	47	5	146	2,451
Kenneth Thompson	8,061	1,215	-	9,276	716	196	19	893	10,169
Christine Small Cushing	164,497	23,951	-	188,448	6,919	3,871	1,496	9,294	197,742
Total School Scholarship Funds	229,897	33,011	-	262,908	6,850	5,335	1,638	10,547	273,455
Benevolent Funds:									
George Davis	11,650	1,708	-	13,358	642	276	27	891	14,249
Arthur L. Gould	405,688	57,085	-	462,773	5,767	9,231	4,045	10,953	473,726
Total Benevolent Funds	417,338	58,793	-	476,131	6,409	9,507	4,072	11,844	487,975
<b>Total</b>	<b>\$ 1,173,980</b>	<b>154,084</b>	<b>2,209</b>	<b>1,330,273</b>	<b>16,622</b>	<b>26,508</b>	<b>30,909</b>	<b>12,221</b>	<b>1,342,494</b>

## ***TOWN RESERVE FUNDS***

**TOWN OF FREEPORT, MAINE**  
**Reserve Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**Year ended June 30, 2014**

	<b>Fund Balance June 30, 2013</b>	<b>Inter- governmental</b>	<b>Revenues Charges for Services</b>	<b>Other</b>	<b>Expenditures</b>	<b>Revenues over (under) expenditures</b>	<b>Other sources and (uses)</b>	<b>Fund Balance June 30, 2014</b>
<b>Town Reserve Funds:</b>								
<b>Capital Projects Reserve Funds</b>								
Ambulance equipment	\$ 498,758	-	323,932	58,119	592	381,459	(319,000)	561,217
General administration	178,390	-	-	5,108	151	4,957	82,238	265,585
Police equipment	290,175	-	-	13,797	288	13,509	22,000	325,684
Public infrastructure	1,985,851	-	-	146,144	2,370	143,774	(970,000)	1,159,625
Land Trust	20,719	-	-	1,342	23	1,319	-	22,038
Public works equipment	702,865	-	-	41,580	761	40,819	25,000	768,684
Building maintenance	552,996	-	-	34,327	611	33,716	132,500	719,212
Fire equipment	863,581	-	-	55,323	967	54,356	150,000	1,067,937
Recycling equipment	144,933	-	-	10,584	172	10,412	88,000	243,345
Municipal parking lot	348,552	-	-	52,264	10,356	41,908	-	390,460
Hedgehog mountain	17,839	-	-	1,155	20	1,135	-	18,974
Cable TV equipment	425,536	-	-	150,073	463	149,610	(119,370)	455,776
Boards and Commissions	69,732	-	-	7,352	100	7,252	(11,494)	65,490
Land Purchase	142,168	-	-	40		40	-	142,208
Energy Savings	21,803	-	-	1,278	24	1,254	-	23,057
<b>General Fund Reserve Funds</b>								
Unemployment compensation fund	375,192	-	-	29,519	1,674	27,845	-	403,037
Other	88,033	-	-	5,700	99	5,601	-	93,634
<b>Total Town Reserve Funds</b>	<b>6,727,123</b>	<b>-</b>	<b>323,932</b>	<b>613,705</b>	<b>18,671</b>	<b>918,966</b>	<b>(920,126)</b>	<b>6,725,963</b>
<b>Totals by Fund</b>								
Capital Projects reserve funds	6,263,898	-	323,932	578,486	16,898	885,520	(920,126)	6,229,292
General Fund reserve funds	463,225	-	-	35,219	1,773	33,446	-	496,671
<b>Total Reserve Funds</b>	<b>\$ 6,727,123</b>	<b>-</b>	<b>323,932</b>	<b>613,705</b>	<b>18,671</b>	<b>918,966</b>	<b>(920,126)</b>	<b>6,725,963</b>

***CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS***

**TOWN OF FREEPORT, MAINE**  
**Capital Assets Used in the Operation of Governmental Funds by Type**  
**June 30, 2014**

General capital assets:		
Land	\$	2,204,884
Land improvements		3,502,741
Buildings and improvements		8,473,012
Machinery, equipment and other		5,359,024
Vehicles		3,675,116
Infrastructure		11,036,375
Construction in process		374,944
<b>Total governmental fund capital assets</b>	<b>\$</b>	<b>34,626,096</b>

**TOWN OF FREEPORT, MAINE**  
**Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity**  
**For the year ended June 30, 2014**

<b>Function and Activity</b>	<b>Balance 2013</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 2014</b>
General government	\$ 3,786,048	-	32,500	3,753,548
Community services:				
Library	3,806,251	-	-	3,806,251
Cable TV	374,194	11,727	-	385,921
Coastal waters	313,593	-	-	313,593
Community center	55,569	-	-	55,569
Public safety:				
Police	1,122,670	71,603	23,650	1,170,623
Fire and Rescue	4,301,024	96,314	24,484	4,372,854
Public works:				
General	14,970,689	692,730	244,546	15,418,873
Solid waste	1,297,393	-	-	1,297,393
Recreation	3,461,916	-	-	3,461,916
Unclassified:				
Parking lots	203,154	-	-	203,154
Winslow Park	386,401	-	-	386,401
	<b>\$ 34,078,902</b>	<b>872,374</b>	<b>325,180</b>	<b>34,626,096</b>

**TOWN OF FREEPORT, MAINE**  
**Schedule of Capital Assets used in the Operation of Governmental Funds - By Function and Activity**  
**June 30, 2014**

<b>Function and Activity</b>	<b>Land</b>	<b>Land Improvements</b>	<b>Building and Improvements</b>	<b>Machinery Equipment and Other</b>	<b>Vehicles</b>	<b>Infrastructure</b>	<b>Construction Work in Process</b>	<b>Total</b>
General government	\$ 1,086,684	-	1,887,556	761,109	18,199	-	-	3,753,548
Community Services								
Library	110,000	78,405	2,364,305	1,253,541	-	-	-	3,806,251
Cable TV	-	-	-	363,921	22,000	-	-	385,921
Coastal waters	-	19,555	5,000	245,513	43,525	-	-	313,593
Community center	-	28,725	-	26,844	-	-	-	55,569
Public safety:								
Police	3,850	-	616,760	331,096	218,917	-	-	1,170,623
Fire and Rescue	40,000	-	1,289,370	1,007,337	2,036,147	-	-	4,372,854
Public works								
General	193,768	248,998	1,304,287	1,060,569	1,199,932	11,036,375	374,944	15,418,873
Solid waste	190,000	399,000	398,000	245,664	64,729	-	-	1,297,393
Recreation	577,582	2,527,904	320,000	36,430	-	-	-	3,461,916
Unclassified:								
Parking lots	3,000	200,154	-	-	-	-	-	203,154
Winslow Park	-	-	287,734	27,000	71,667	-	-	386,401
<b>Total capital assets</b>	<b>\$ 2,204,884</b>	<b>3,502,741</b>	<b>8,473,012</b>	<b>5,359,024</b>	<b>3,675,116</b>	<b>11,036,375</b>	<b>374,944</b>	<b>34,626,096</b>

**TOWN OF FREEPORT, MAINE**  
**Schedule of Depreciation - By Function and Activity**  
**Year Ended June 30, 2014**

<b>Function and Activity</b>	<b>Land Improvements</b>	<b>Building and Improvements</b>	<b>Machinery Equipment and Other</b>	<b>Vehicles</b>	<b>Infrastructure</b>	<b>Total</b>
General government	\$ -	43,676	50,943	-	-	94,619
Community services						
Library	3,270	59,108	14,253	-	-	76,631
Cable TV	-	-	11,251	-	-	11,251
Coastal waters	978	-	8,649	2,902	-	12,529
Community center	1,436	-	-	-	-	1,436
Public safety:						
Police	-	14,981	29,099	31,826	-	75,906
Fire and Rescue	-	33,305	61,098	131,381	-	225,784
Public works						
General	4,980	32,186	57,992	117,255	326,184	538,597
Solid waste	15,960	9,950	4,579	6,875	-	37,364
Recreation	96,083	6,400	2,429	-	-	104,912
Unclassified:						
Parking lots	4,101	-	-	-	-	4,101
Winslow Park	-	5,636	-	7,360	-	12,996
<b>Total capital assets</b>	<b>\$ 126,808</b>	<b>205,242</b>	<b>240,293</b>	<b>297,599</b>	<b>326,184</b>	<b>1,196,126</b>