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TOWN OF FREEPORT, MAINE

Annual Financial Report

**For the Year Ended
June 30, 2018**

TOWN OF FREEPORT, MAINE
Annual Financial Report
For the Year Ended June 30, 2018

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Independent Auditor's Report

Town Council
Town of Freeport, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Freeport, Maine, as of and for the year ended June 30, 2018, 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 activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Freeport, Maine, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2018 on our consideration of the Town of Freeport, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Freeport, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Freeport, Maine's internal control over financial reporting and compliance.

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

November 7, 2018
South Portland, Maine

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2018

As the management of the Town of Freeport, Maine, we are pleased to provide this Management's Discussion and Analysis as part of our annual financial statements. We offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town of Freeport for the year ended June 30, 2018. It is the belief of management that all the information contained herein is accurate in all material respects and reflects fairly the financial position and operations of the Town. This Management's Discussion and Analysis is designed to offer further explanation of the information contained herein. We encourage readers to consider the information that we have furnished in the Town's basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

The governmental activities assets and deferred outflows of resources of the Town of Freeport exceeded its liabilities and deferred inflows of resources as of June 30, 2018 by \$38,118,438 (net position). Of this amount, \$14,661,973 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 \$21,245,792 (Statement 4) which is an increase of \$165,030 from FY 2017.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,128,874.

The Town of Freeport's total outstanding long-term debt decreased by \$560,000 during the course of the fiscal year; the June 30, 2018 outstanding debt totaled \$1,930,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2018

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, community services, and community development.

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

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

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

ENTITY-WIDE CONDENSED PRESENTATION OF NET POSITION

Net position will serve as a useful indicator of a government's financial position. The following information is condensed from Statement 1, Statement of Net Position for Fiscal Year 2018. It distinguishes between capital and other assets, includes the Town's general liabilities and long-term debt obligations, and shows the Town's net position by restricted and unrestricted amounts.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2018

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Cash and cash equivalents	\$ 15,488,489	15,719,080	-	-	15,488,489	15,719,080
Investments	6,207,356	5,075,062	-	-	6,207,356	5,075,062
Receivables	762,845	729,045	47,217	69,835	810,062	798,880
Receivable from RSU #5	1,575,795	2,007,727	-	-	1,575,795	2,007,727
Prepaid Items	-	-	-	-	-	-
Internal balances	315,006	331,650	(315,006)	(331,650)	-	-
Inventory	13,132	8,584	-	-	13,132	8,584
Capital assets, net	20,533,223	20,367,335	37,458	43,879	20,570,681	20,411,214
Total assets	44,895,846	44,238,483	(230,331)	(217,936)	44,665,515	44,020,547
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources:						
related to pensions	481,954	1,165,871	-	-	481,954	1,165,871
Total deferred outflows of resources	481,954	1,165,871	-	-	481,954	1,165,871
LIABILITIES						
Current liabilities	1,336,381	423,505	7,182	7,745	1,343,563	431,250
Noncurrent liabilities	5,480,609	6,609,602	-	-	5,480,609	6,609,602
Total liabilities	6,816,990	7,033,107	7,182	7,745	6,824,172	7,040,852
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources:						
related to pensions	226,511	276,442	-	-	226,511	276,442
related to OPEB	215,861	-	-	-	215,861	-
Total deferred inflows of resources	442,372	276,442	-	-	442,372	276,442
NET POSITION						
Net investment in capital assets	20,179,018	17,877,335	37,458	43,879	20,216,476	17,921,214
Restricted	3,277,447	3,331,671	-	-	3,277,447	3,331,671
Unrestricted	14,661,973	16,885,799	(274,971)	(269,560)	14,387,002	16,616,239
Total net position	\$ 38,118,438	38,094,805	(237,513)	(225,681)	37,880,925	37,869,124

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
June 30, 2018

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 \$338,337 during the year ended June 30, 2018. The following analysis provides the key elements of the increases.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 2,374,705	2,127,790	207,843	281,808	2,582,548	2,409,598
Operating grants and contributions	300,516	336,525	-	-	300,516	336,525
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	25,701,308	24,756,575	-	-	25,701,308	24,756,575
Motor vehicle excise taxes	1,959,247	1,897,096	-	-	1,959,247	1,897,096
Interest and lien costs	24,193	69,048	-	-	24,193	69,048
State revenue sharing	367,137	327,296	-	-	367,137	327,296
Homestead exemption	264,308	210,316	-	-	264,308	210,316
BETE reimbursements	587,396	635,870	-	-	587,396	635,870
Other State aid	95,148	101,288	-	-	95,148	101,288
Investment earnings	488,077	418,407	-	-	488,077	418,407
Miscellaneous revenues	47,801	167,703	-	-	47,801	167,703
Total revenues	32,209,836	31,047,914	207,843	281,808	32,417,679	31,329,722
Program expenses:						
General government	3,147,785	3,930,124	-	-	3,147,785	3,930,124
Public safety	3,715,159	3,641,383	-	-	3,715,159	3,641,383
Public works	3,545,875	3,397,331	-	-	3,545,875	3,397,331
Community services	1,375,487	1,325,913	-	-	1,375,487	1,325,913
Community development	1,609,144	1,472,014	-	-	1,609,144	1,472,014
Education	17,355,332	16,610,407	-	-	17,355,332	16,610,407
Unclassified	1,107,914	627,789	-	-	1,107,914	627,789
Interest on debt	14,803	20,016	-	-	14,803	20,016
Nonemergency transportation	-	-	219,675	250,868	219,675	250,868
Total expenses	31,871,499	31,024,977	219,675	250,868	32,091,174	31,275,845
Change in net position	338,337	22,937	(11,832)	30,940	326,505	53,877
Net position - beginning, restated	37,780,101	38,071,868	(225,681)	(256,621)	37,554,420	37,815,247
Net position - ending	\$ 38,118,438	38,094,805	(237,513)	(225,681)	37,880,925	37,869,124

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2018

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 \$4.1 million. The Town Council established a figure of approximately \$3.7 million (one and one-half months of the annual budgets for the Town, RSU #5 Town portion, and County tax) as a minimum level of fund balance to maintain. The Town Council budgeted to use \$600,000 to offset taxes in the FY 2019 budget; that is an assigned fund balance. Under the Town's fund balance policy, amounts in excess of one and one-half months of the annual budget can be used to set aside additional reserves for capital needs, used to reduce property taxes for subsequent years' budgets or be used for immediate operational or capital needs. The Town Council also established a Tax Rate Stabilization Account of \$1 million. No additional funding was provided during FY 2018 and the account remained at \$1 million at June 30, 2018. 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 revenues over expenditures of \$319,297 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 \$(192,203) decrease in fund balance. This is due in part to the \$1,122,400 net transfer to the reserve funds for future capital projects. As of June 30, 2018, the Town's fund balance policy required the Town to hold just over \$3.7 million in fund balance (one and-a-half months of Town, RSU, and County budgets), and the unassigned fund balance was \$4.1 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 \$3.8 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 2019 presentation, staff will recommend that the Town Council leave the funds, as the Town is just over the maximum level of its policy and expects budgetary impacts next year.

General Fund Revenues Budget to Actual Summary

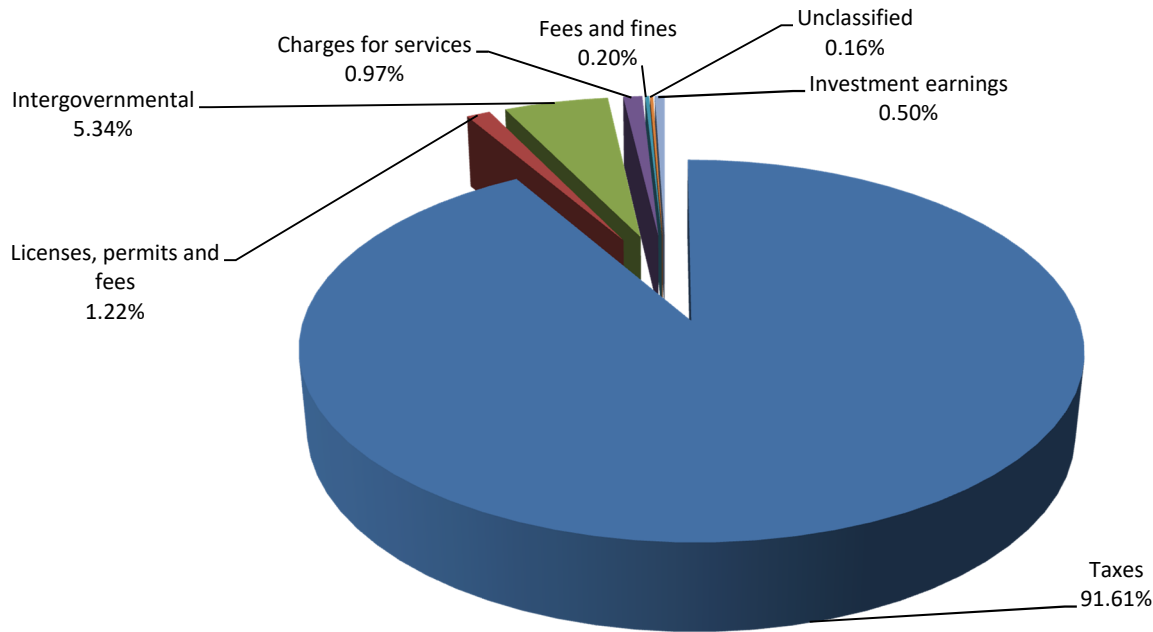
For fiscal year 2018, revenues exceeded expenditures by \$319,297. The major reason for this is that the Town budgeted its expenditures to be \$1.2 million more than revenues; the difference was budgeted to be made up by transfers into the General Fund from fund balance (\$600,000), Bartol Building lease fund transfers (\$175,000), emergency and non-emergency rescue revenues (\$200,000), and miscellaneous transfers in (\$235,900). The property tax collection rate for the year decreased slightly to 98.21% from the previous year's collection rate of 98.57%.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2018

General Fund Revenues Budget to Actual Summary
Budget and Actual – General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Taxes	25,165,260	25,165,260	26,189,030	1,023,770
Licenses, permits and fees	247,900	247,900	347,946	100,046
Intergovernmental	1,178,500	1,178,500	1,526,921	348,421
Charges for services	193,500	193,500	277,533	84,033
Fees and fines	100,000	100,000	56,774	(43,226)
Unclassified	25,900	25,900	46,756	20,856
Investment earnings	21,000	21,000	143,750	122,750
Total Revenues	26,932,060	26,932,060	28,588,710	1,656,650

Revenue Sources 2018



General Fund Expenditures Budget-to-Actual Summary

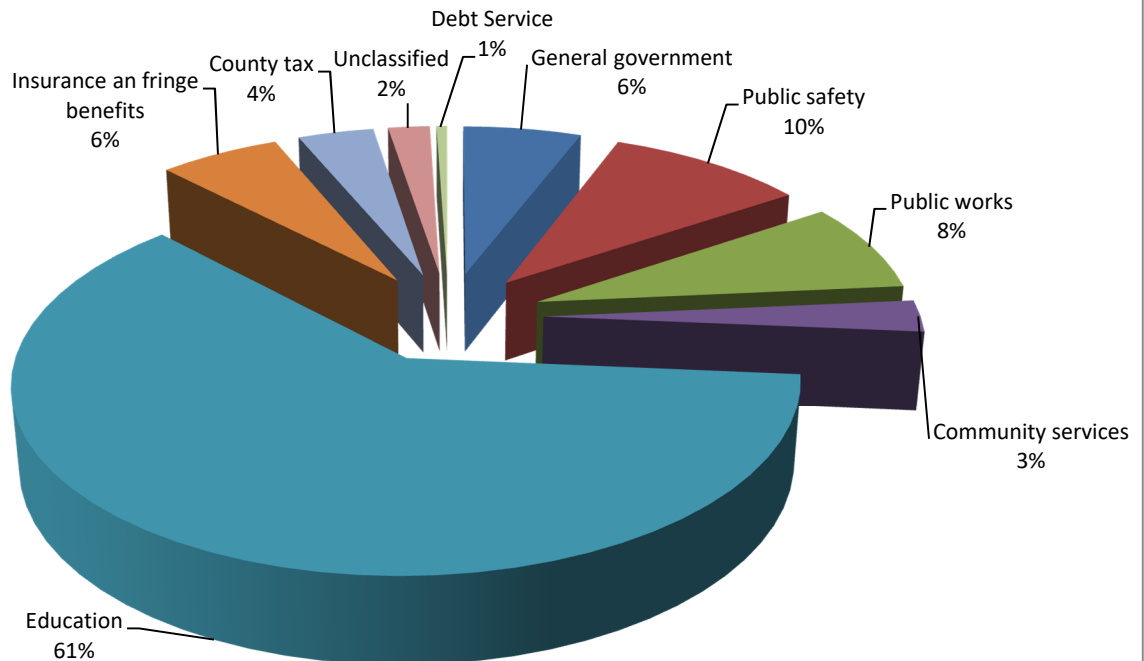
General Fund expenditure budgets are approved by the Town Council at the departmental level, with charter budgetary limits at the function level. Department managers are directed and make every effort to leave five percent surpluses in budgets, especially during tough economic times when revenue could be lower than budgeted for the fiscal year. The following summarizes the Town of Freeport's General Fund budgeted appropriations to actual by function for the year ended June 30, 2018 (see Exhibit A-2 for a more detailed presentation):

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2018

General Fund Expenditures Budget-to-Actual Summary
Budget and Actual – General Fund
For the Year Ended June 30, 2018

		<u>Budgeted Amounts</u>			
		Original	Final	Actual	Variance
Expenditures					
Current					
	General government	1,714,618	1,714,618	1,644,785	69,833
	Public safety	2,612,110	2,612,110	2,763,843	(151,733)
	Public works	2,223,521	2,223,521	2,244,017	(20,496)
	Community services	887,806	887,806	795,775	92,031
	Education	17,355,392	17,355,392	17,355,332	60
	Insurance an fringe benefits	1,901,700	1,901,700	1,681,263	220,437
	County tax	1,056,633	1,056,633	1,056,633	-
	Unclassified	244,450	244,450	581,035	(336,585)
	Debt service	146,730	146,730	146,730	-
Total Expenditures		28,142,960	28,142,960	28,269,413	(126,453)

Expenditure Source 2018



TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2018

SUMMARY OF CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

CAPITAL ASSETS

The Town has developed and maintained a five-year and a twenty-year Capital Improvement Plan (CIP) for over twenty years. This plan is updated annually as part of the budget cycle and is used for equipment, vehicles, building, and Town-wide infrastructure needs. Additionally, the Town has a street paving account in the public works department budget for ongoing street paving.

The Town's fiscal year 2019 capital budget that was approved in June of 2018 included the following:

Town of Freeport
Summary of Funding Sources
FY 2019 Capital Program

	FY 2018	FY 2019			Funding Source	
	Council Approved	Manager Proposed	Council Approved	Council Appropriated	Reserve	TIF
Police	\$ 147,000	48,000	48,000	48,000	48,000	-
Fire	-	52,000	67,000	67,000	67,000	-
Rescue	-	20,000	20,000	20,000	20,000	-
Public Works	115,000	240,000	240,000	240,000	240,000	-
Solid Waste	50,000	15,000	15,000	15,000	15,000	-
Comprehensive Town Imp.	1,064,500	425,000	425,000	425,000	425,000	-
Municipal Facilities (1)	345,500	313,500	330,500	330,500	330,500	-
Cable	132,600	4,000	4,000	4,000	4,000	-
Destination Freeport TIF	398,000	300,000	320,000	320,000	-	320,000
Total	\$ 2,252,600	1,417,500	1,469,500	1,469,500	1,149,500	320,000

It is notable that the FY 2019 capital improvement plan is funded by June 30, 2018. This is the reason the Town reflects the FY 2019 plan in the MD&A section of the financial statements.

A summary of the Town's capital assets at June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
General capital assets:		
Land	\$ 2,204,884	2,204,884
Land improvements	3,502,741	3,502,741
Buildings and improvements	8,515,572	8,515,572
Machinery, equipment, and other	5,757,066	5,419,473
Vehicles	5,082,075	5,106,023
Infrastructure	13,314,935	13,188,955
Construction in process	1,302,785	327,896
	<u>\$ 39,680,058</u>	<u>38,265,544</u>

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2018

LONG-TERM DEBT

The State law allows municipalities to borrow up to 15% of their total valuation. Since the Town's State Valuation was \$1,595,900,000 for 2018, the debt limit was more than \$239 million. The Town's current debt is \$1,930,000, or 0.12% of State Valuation or approximately 0.81% of the Town's debt limit. Another measure of a municipality's debt load is debt-per-capita. As of June 30, 2018, the Town of Freeport's debt per capita was \$238 as compared to the prior year of \$307 (based upon a population of 8,100).

The following is a summary of bond transactions of the Town for the year ended June 30, 2018:

Bonds payable at June 30, 2017	\$ 2,490,000
Principal payments	<u>(560,000)</u>
Bonds payable at June 30, 2018	<u>\$ 1,930,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

Freeport has a vibrant downtown, many thriving businesses, and residential growth outside the downtown. On average, the Town permits 44 new single-family dwelling units per year.

In addition, Freeport's downtown storefront vacancy rate remains lower than that of other Southern Maine communities, which makes Freeport highly desirable for new retail 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 March 30, 2018 was only 8.89% of total storefront space.

New Fiscal Year Budget

In adopting the budget for the ensuing fiscal year 2019, the Town officials considered many factors in making judgments and estimates about the finances for the upcoming year. A primary objective was to continue to provide basic town services to the citizens while attempting to keep the property tax rate steady. The Town Council continued to focus on the tax rate during the FY 2019 budgeting process.

The budget for the fiscal year starting July 1, 2018 was approved by the Town Council with a tax rate of 15.05 mills, which is a \$0.10 increase per \$1,000 of valuation from FY 2018 to FY 2019. The tax bills are sent out twice each year, and during FY 2019 are due on November 15, 2018 and May 15, 2019.

TOWN OF FREEPORT, MAINE
Management's Discussion and Analysis
June 30, 2018

The following summarizes the major components of the FY 2018 and FY 2019 budgets:

	<u>FY 2018</u> <u>Appropriation</u>	<u>FY 2019</u> <u>Appropriation</u>	<u>Increase</u> <u>(Decrease)</u>
REVENUES			
Town Non-property Tax	\$ 3,919,000	4,181,750	262,750
Property Tax	23,623,960	24,566,312	942,352
Fund Balance	600,000	600,000	-
TOTALS	\$ 28,142,960	29,348,062	1,205,102
EXPENDITURES			
Municipal	9,584,205	9,963,332	379,127
School	17,355,392	18,133,850	778,458
County Tax	1,056,633	1,109,052	52,419
Debt Service	146,730	141,828	(4,902)
TOTALS	\$ 28,142,960	29,348,062	1,205,102

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

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

REQUEST FOR INFORMATION

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

Respectfully submitted,

Peter E. Joseph
Town Manager

Jessica L. Maloy
Finance Director

BASIC FINANCIAL STATEMENTS

TOWN OF FREEPORT, MAINE
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total	Component Unit FEDC
ASSETS				
Cash and cash equivalents	\$ 15,488,489	-	15,488,489	69,778
Investments	6,207,356	-	6,207,356	-
Receivables:				
Accounts, net	126,144	47,217	173,361	-
Due from other governments	52,508	-	52,508	-
Taxes receivable	476,722	-	476,722	-
Tax liens	107,471	-	107,471	-
Prepaid items	-	-	-	554
Internal balances	315,006	(315,006)	-	-
Inventory	13,132	-	13,132	-
Receivable - RSU #5 debt service payments	1,575,795	-	1,575,795	-
Capital assets, not being depreciated	3,507,669	-	3,507,669	-
Capital assets, net of accumulated depreciation	17,025,554	37,458	17,063,012	-
Total assets	44,895,846	(230,331)	44,665,515	70,332
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	481,954	-	481,954	-
Total deferred outflows of resources	481,954	-	481,954	-
LIABILITIES				
Accounts payable and other current liabilities	1,254,375	-	1,254,375	42
Accrued wages and benefits payable	69,890	7,182	77,072	1,065
Accrued interest	12,116	-	12,116	-
Noncurrent liabilities:				
Liabilities due in one year	521,000	-	521,000	-
Other long-term liabilities	2,706,703	-	2,706,703	-
Other postemployment benefits liability	827,906	-	827,906	-
Bonds due in more than one year	1,425,000	-	1,425,000	-
Total liabilities	6,816,990	7,182	6,824,172	1,107
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	226,511	-	226,511	-
Deferred inflows of resources related to OPEB	215,861	-	215,861	-
Total deferred inflows of resources	442,372	-	442,372	-
NET POSITION				
Net investment in capital assets	20,179,018	37,458	20,216,476	-
Restricted for:				
Grants and other programs	1,717,018	-	1,717,018	-
Nonexpendable trust principal	1,494,230	-	1,494,230	-
Expendable trust - income portion	66,199	-	66,199	-
Unrestricted	14,661,973	(274,971)	14,387,002	69,225
Total net position	\$ 38,118,438	(237,513)	37,880,925	69,225

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Activities
For the Year Ended June 30, 2018

		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			FEDC
					Governmental activities	Business-type activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 3,147,785	998,210	965	-	(2,148,610)	-	(2,148,610)	-
Public safety	3,715,159	370,796	56,507	-	(3,287,856)	-	(3,287,856)	-
Public works	3,545,875	455,277	137,404	-	(2,953,194)	-	(2,953,194)	-
Community services	1,375,487	550,422	79,836	-	(745,229)	-	(745,229)	-
Community development	1,609,144	-	-	-	(1,609,144)	-	(1,609,144)	-
Education	17,355,332	-	-	-	(17,355,332)	-	(17,355,332)	-
Unclassified	1,107,914	-	25,804	-	(1,082,110)	-	(1,082,110)	-
Interest on debt	14,803	-	-	-	(14,803)	-	(14,803)	-
Total governmental activities	31,871,499	2,374,705	300,516	-	(29,196,278)	-	(29,196,278)	-
Business-type activities:								
Nonemergency transportation	219,675	207,843	-	-	-	(11,832)	(11,832)	-
Total business-type activities	219,675	207,843	-	-	-	(11,832)	(11,832)	-
Total primary government	\$ 32,091,174	2,582,548	300,516	-	(29,196,278)	(11,832)	(29,208,110)	-
Component Unit:								
Freeport Economic Development Corporation	96,964	-	95,000	-	-	-	-	(1,964)
General revenues:								
Property taxes, levied for general purposes					\$ 25,701,308	-	25,701,308	-
Motor vehicle excise taxes					1,959,247	-	1,959,247	-
Interest and lien costs					24,193	-	24,193	-
Grants and contributions not restricted to specific programs:								
Homestead exemption					264,308	-	264,308	-
BETE reimbursements					587,396	-	587,396	-
State revenue sharing					367,137	-	367,137	-
Other State aid					95,148	-	95,148	-
Unrestricted investment earnings					488,077	-	488,077	22
Miscellaneous revenues					47,801	-	47,801	-
Total general revenues					29,534,615	-	29,534,615	22
Change in net position					338,337	(11,832)	326,505	(1,942)
Net position - beginning, restated					37,780,101	(225,681)	37,554,420	71,167
Net position - ending					38,118,438	(237,513)	37,880,925	69,225

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 12,938,472	1,718,470	831,547	15,488,489
Investments	406,526	4,227,449	1,573,381	6,207,356
Receivables:				
Accounts, net of allowance	8,860	117,284	-	126,144
Due from other governments	52,508	-	-	52,508
Taxes receivable	476,722	-	-	476,722
Tax liens	107,471	-	-	107,471
Interfund loans receivable	-	4,260,253	2,717,624	6,977,877
Inventory	13,132	-	-	13,132
Receivable - RSU #5 debt service payments	1,575,795	-	-	1,575,795
Total assets	\$ 15,579,486	10,323,456	5,122,552	31,025,494
LIABILITIES				
Accounts payable	572,687	265,947	99,932	938,566
Accrued wages and benefits	66,301	-	3,589	69,890
Interfund loans payable	6,122,148	234,588	306,135	6,662,871
Development escrows	150,546	-	-	150,546
Other unearned revenues	165,263	-	-	165,263
Total liabilities	7,076,945	500,535	409,656	7,987,136
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	194,702	-	-	194,702
Unavailable revenue - ambulance receivables	-	22,069	-	22,069
Unavailable revenue - RSU #5 debt service payments	1,575,795	-	-	1,575,795
Total deferred inflows of resources	1,770,497	22,069	-	1,792,566
FUND BALANCES				
Nonspendable	13,132	-	1,494,230	1,507,362
Restricted	-	-	1,783,217	1,783,217
Committed	1,990,038	9,800,852	1,435,449	13,226,339
Assigned	600,000	-	-	600,000
Unassigned	4,128,874	-	-	4,128,874
Total fund balances	6,732,044	9,800,852	4,712,896	21,245,792
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,579,486	10,323,456	5,122,552	

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.	20,533,223
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Unavailable revenue - property taxes	194,702
Unavailable revenue - ambulance billings	22,069
Unavailable revenue - RSU #5 debt service payments	1,575,795
Deferred inflows/(outflows) related to pensions	255,443
Deferred inflows/(outflows) related to OPEB	(215,861)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,492,725)

Net position of governmental activities **\$ 38,118,438**

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, 2018

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 26,189,030	-	1,655,119	27,844,149
Licenses, permits and fees	347,946	-	-	347,946
Intergovernmental	1,526,921	-	16,850	1,543,771
Charges for services	277,533	664,351	1,032,801	1,974,685
Fees and fines	56,774	-	-	56,774
Unclassified	46,756	-	66,034	112,790
Investment earnings	163,502	198,438	126,137	488,077
Total revenues	28,608,462	862,789	2,896,941	32,368,192
Expenditures:				
Current:				
General government	1,644,785	-	-	1,644,785
Public safety	2,763,843	-	23,138	2,786,981
Public works	2,244,017	-	-	2,244,017
Community services	795,775	-	289,344	1,085,119
Community development	-	-	1,609,144	1,609,144
Education	17,355,332	-	-	17,355,332
Insurance and fringe benefits	1,681,263	-	-	1,681,263
County tax	1,056,633	-	-	1,056,633
Unclassified	582,360	-	18,740	601,100
Capital outlay	-	1,793,390	198,668	1,992,058
Debt service	146,730	-	-	146,730
Total expenditures	28,270,738	1,793,390	2,139,034	32,203,162
Excess (deficiency) of revenues over (under) expenditures	337,724	(930,601)	757,907	165,030
Other financing sources (uses):				
Transfers from other funds	610,900	1,325,034	-	1,935,934
Transfers to other funds	(1,122,400)	(177,165)	(636,369)	(1,935,934)
Total other financing sources (uses)	(511,500)	1,147,869	(636,369)	-
Net change in fund balances	(173,776)	217,268	121,538	165,030
Fund balances, beginning of year	6,905,820	9,583,584	4,591,358	21,080,762
Fund balances, end of year	\$ 6,732,044	9,800,852	4,712,896	21,245,792

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, 2018

Net change in fund balances - total governmental funds (from Statement 4)	\$	165,030
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation. 165,886

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (158,359)

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. 37,712

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments. 560,000

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 \$1,575,795 with principal amounts paid off during the year totaling \$431,932. (431,932)

Change in net position of governmental activities (see Statement 2)	\$	338,337
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See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - All Budgeted Governmental Fund Types
General Fund
For the year ended June 30, 2018

For the year ended June 30, 2018					Variance with Final Budget Positive (Negative)
		Budgeted amounts		Actual	
		Original	Final		
Revenues:					
Taxes	\$	25,165,260	25,165,260	26,189,030	1,023,770
Licenses, permits and fees		247,900	247,900	347,946	100,046
Intergovernmental		1,178,500	1,178,500	1,526,921	348,421
Charges for services		193,500	193,500	277,533	84,033
Fees and fines		100,000	100,000	56,774	(43,226)
Unclassified		25,900	25,900	46,756	20,856
Investment earnings		21,000	21,000	143,750	122,750
Total revenues		26,932,060	26,932,060	28,588,710	1,656,650
Expenditures:					
Current:					
General government		1,714,618	1,714,618	1,644,785	69,833
Public safety		2,612,110	2,612,110	2,763,843	(151,733)
Public works		2,223,521	2,223,521	2,244,017	(20,496)
Community services		887,806	887,806	795,775	92,031
Education		17,355,392	17,355,392	17,355,332	60
Insurance and fringe benefits		1,901,700	1,901,700	1,681,263	220,437
County tax		1,056,633	1,056,633	1,056,633	-
Unclassified		244,450	244,450	581,035	(336,585)
Debt service		146,730	146,730	146,730	-
Total expenditures		28,142,960	28,142,960	28,269,413	(126,453)
Excess (deficiency) of revenues over (under) expenditures		(1,210,900)	(1,210,900)	319,297	1,530,197
Other financing sources (uses):					
Use of unassigned fund balance		600,000	600,000	-	(600,000)
Transfers from other funds		610,900	610,900	610,900	-
Transfers to other funds		-	-	(1,122,400)	(1,122,400)
Total other financing sources (uses)		1,210,900	1,210,900	(511,500)	(1,722,400)
Net change in fund balance - budgetary basis		-	-	(192,203)	(192,203)
Fund balance, beginning of year - budgetary basis				6,380,868	
Fund balance, end of year - budgetary basis				6,188,665	
Reconciliation to GAAP basis:					
Committed reserve funds fund balance				543,379	
Fund balance, end of year - GAAP basis		\$		6,732,044	

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2018

Business-type Activities - Enterprise Funds	
	Nonemergency Transportation Program
ASSETS	
Current assets:	
Accounts receivable less allowance for uncollectibles of \$20,000	\$ 47,217
Total current assets	47,217
Noncurrent assets:	
Property, plant, and equipment	151,194
Less accumulated depreciation	(113,736)
Total noncurrent assets	37,458
Total assets	\$ 84,675
LIABILITIES	
Current liabilities:	
Interfund loans payable	315,006
Accrued wages and benefits payable	7,182
Total current liabilities	322,188
Total liabilities	\$ 322,188
NET POSITION	
Net investment in capital assets	37,458
Unrestricted	(274,971)
Total net position	\$ (237,513)

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, 2018

Business-type Activities - Enterprise Funds		
		Nonemergency Transportation Program
Operating revenues:		
Charges for services	\$	207,843
Total operating revenues		207,843
Operating expenses:		
Wages and benefits		196,592
Operational costs		16,662
Depreciation		6,421
Total operating expenses		219,675
Operating loss		(11,832)
Change in net position		(11,832)
Net position, beginning of year		(225,681)
Net position, end of year	\$	(237,513)

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2018

Business-type Activities - Enterprise Funds		
		Nonemergency Transportation Program
Cash flows from operating activities:		
Receipts from customers and users	\$	230,460
Payments to suppliers		(16,695)
Payments to employees		(197,122)
Net cash provided by operating activities		16,643
Cash flows from capital and related financing activities:		
Interfund borrowing		(16,643)
Net cash used in financing activities		(16,643)
Change in cash		-
Cash, beginning of year		-
Cash, end of year	\$	-
Reconciliation of operating income/(loss) to net cash provided by operating activities:		
Operating loss	\$	(11,832)
Adjustments to reconcile the operating loss to net cash provided by operating activities:		
Depreciation		6,421
(Increase) decrease in operating assets:		
Accounts receivable		22,617
Increase (decrease) in operating liabilities:		
Accounts payable		(33)
Accrued wages and benefits payable		(530)
Net cash from operating activities		16,643

See accompanying notes to financial statements.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Component Unit

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

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

B. Government-wide and Fund Financial Statements

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Town reports the following proprietary fund:

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

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

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

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

D. Receivables

Accounts receivable for the business-type activities include an allowance for doubtful accounts in the amount of \$20,000 as of June 30, 2018. Management has determined that potential uncollectible accounts for intergovernmental, taxes and tax liens receivable are not material.

E. Investments

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

F. Capital Assets

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

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

G. Vacation and Sick Leave

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

H. Long-term Obligations

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

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

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

I. Pensions

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

J. Deferred Inflows and Outflows of Resources

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

K. Inventory

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

L. Interfund Transactions

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

M. Use of Estimates

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

N. Comparative Data

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

O. Fund Equity

The Town uses the following fund balance classifications.

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

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

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

P. Budgetary Information

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

Q. Recent Accounting Pronouncements

In June 2015, the GASB issued GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. This statement replaces GASB Statement No. 45 and amends the reporting requirements of OPEB (Other Post-Employment Benefits) for state and local governments. The statement is effective for periods beginning after June 15, 2017. The Town has assessed the impact of this statement on its financial statements and has reflected accordingly beginning in FY 2018.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended June 30, 2018, the following General Fund expenditures exceeded appropriations in the following departments:

Public safety	\$ 151,733
Public works	20,496
Unclassified	336,585

DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk, but requires all deposit accounts to hold collateral either at an outside bank in the Town's name or through an irrevocable letter of credit to the Town in any amounts above the FDIC insurance limits. The Town maintains deposits in banks or savings and loans that are a member of the FDIC and qualify as a depository of public funds in the State of Maine as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. As of June 30, 2018, the Town reported deposits of \$15,488,489 with a bank balance of \$15,875,639. Of the Town's bank balances of \$15,875,639, \$804,345 was subject to custodial credit risk as it was not insured by FDIC or covered by additional collateral.

As of June 30, 2018, the Freeport Economic Development Corporation reported deposits of \$69,778, with a bank balance of \$72,682. Of the FEDC'S bank balance of \$72,682, none was subject to custodial credit risk as it was insured by FDIC.

Investments:

Custodial Credit Risk - Investments: For investments, this is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk.

The Town categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Town's investments are valued using level 1 inputs.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

At June 30, 2018, the Town had the following investments and maturities:

	Fair <u>value</u>	Less than <u>1 year</u>	<u>1-5 years</u>
U. S. Government securities	\$ 3,056,591	489,955	2,566,636
Money markets	125,905	N/A	-
Mutual funds	3,024,860	N/A	-
Total investments	\$ 6,207,356	489,955	2,566,636

Credit Risk and Concentration of Credit Risk:

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

The Town's investments in debt securities that require disclosure of credit risk were rated by Standard & Poor's as follows: Money market funds \$125,905 – AAA, Fixed income U.S. government securities \$3,056,591 AA.

The government securities include United States Treasury Notes, Federal Farm Credit Bank, Federal Home Loan Mortgage Corp., Federal Home Loan Bank, and Federal National Mortgage Association (Fannie Mae) bonds with fair values of \$739,873, \$249,230, \$295,839, \$1,230,222, and \$541,427, respectively.

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

At June 30, 2018, the Town had investments exceeding five percent of the total portfolio as follows:

	Value <u>6/30/18</u>	S & P <u>Rating</u>	<u>% of Total</u>
Federal Farm Credit Bank	\$ 249,230	AA	8.15%
Federal Home Loan bank	1,230,222	AA	40.25%
Federal Home Loan Mortgage Corp	295,839	AA	9.68%
Federal National Mortgage Assoc.	541,427	AA	17.71%
United States Treasury Notes	739,873	AA	24.21%

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 15, 2017, on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. For real property, payment of taxes was due in equal installments on November 15, 2017 and May 15, 2018. Personal property taxes were due in full on November 15, 2017. 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 2018 assessed value was 100% of the estimated market value and 107% of the 2018 state valuation of \$1,595,900,000.

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 \$319,369 for the period ended June 30, 2018.

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

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

The following summarizes the periods ended June 30, 2018 and 2017 levies:

	<u>2018</u>	<u>2017</u>
Assessed value	\$ 1,712,266,822	1,566,549,103
Tax rate (per \$1,000)	14.95	15.80
Commitment	25,598,389	24,751,476
Supplemental taxes assessed	102,882	9,260
Total assessments	25,701,271	24,760,736
Less:		
Collections and abatements	25,240,859	24,406,494
Receivable at June 30	\$ 460,412	354,242
Collection rate	98.21%	98.57%

SIGNIFICANT TAXPAYER

For the year ended June 30, 2018, the Town of Freeport committed and collected \$3,308,057 in real estate and personal property tax revenue from L.L. Bean, Inc. This commitment represents approximately 13.81% of total property taxes assessed. For the year ended June 30, 2018, the Town of Freeport abated \$325,056 in personal property taxes assessed to L.L. Bean, Inc.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 327,896	1,100,458	125,569	1,302,785
Land	2,204,884	-	-	2,204,884
<u>Total capital assets, not being depreciated</u>	<u>2,532,780</u>	<u>1,100,458</u>	<u>125,569</u>	<u>3,507,669</u>
Capital assets, being depreciated:				
Land improvements	3,502,741	-	-	3,502,741
Buildings and building improvements	8,515,572	-	-	8,515,572
Machinery and equipment and other	5,419,473	337,593	-	5,757,066
Vehicles	5,106,023	53,708	77,656	5,082,075
<u>Infrastructure</u>	<u>13,188,955</u>	<u>125,980</u>	<u>-</u>	<u>13,314,935</u>
<u>Total capital assets being depreciated</u>	<u>35,732,764</u>	<u>517,281</u>	<u>77,656</u>	<u>36,172,389</u>
<u>Less accumulated depreciation</u>	<u>17,898,209</u>	<u>1,326,282</u>	<u>77,656</u>	<u>19,146,835</u>
<u>Total capital assets being depreciated, net</u>	<u>17,834,555</u>	<u>(809,001)</u>	<u>-</u>	<u>17,025,554</u>
<u>Governmental activities capital assets, net</u>	<u>\$ 20,367,335</u>	<u>291,457</u>	<u>125,569</u>	<u>20,533,223</u>

Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2018 as follows:

Governmental activities:	
General government	\$ 107,795
Public safety	345,820
Public works, including depreciation of general infrastructure assets	765,526
Community services	97,716
<u>Unclassified</u>	<u>9,425</u>
<u>Total depreciation expense – governmental activities</u>	<u>\$ 1,326,282</u>

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

	Balance July 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 85,066	-	-	85,066
Vehicles	66,128	-	-	66,128
Total capital assets being depreciated	151,194	-	-	151,194
Less accumulated depreciation	107,315	6,421	-	113,736
Total capital assets being depreciated, net	43,879	6,421	-	37,458
<u>Business-type activities capital assets, net</u>	<u>\$ 43,879</u>	<u>6,421</u>	<u>-</u>	<u>37,458</u>

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

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, 2018 arising from these transactions were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
General Fund	\$ -	6,122,148	(511,500)
Capital project funds	4,260,253	234,588	1,147,869
Nonmajor governmental funds:			
Special revenue funds:			
Winslow Park	-	293,623	-
TIF funds	504,749	-	-
Bartol building lease	541,595	-	(350,000)
Tower lease fund	604,233	-	(200,000)
Other Town grants and programs	930,606	-	(86,369)
Leon Gorman Park	136,441	-	-
Permanent funds	-	12,512	-
Proprietary Funds:			
Nonemergency Transportation Services	-	315,006	-
<u>Totals</u>	<u>\$ 6,977,877</u>	<u>6,977,877</u>	<u>-</u>

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

FUND BALANCE AND NET POSITION

The General Fund unassigned fund balance total of \$4,128,874 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. As of June 30, 2018, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Inventory	\$ 13,132	-	-	-
Accrued compensation	-	-	446,659	-
Tax rate stabilization	-	-	1,000,000	-
Unemployment fund compensation	-	-	440,611	-
Other	-	-	102,768	-
Subsequent year budget	-	-	-	600,000
Capital Projects Funds	-	-	9,800,852	-
Nonmajor Governmental Funds:				
Special Revenue Funds:				
Winslow Park	-	505,994	-	-
TIF	-	433,907	-	-
Leon Gorman Park	-	136,198	-	-
Bartol building lease	-	-	541,595	-
Tower lease	-	-	604,233	-
Other	-	640,919	289,621	-
Permanent Funds:				
Principal	1,494,230	-	-	-
Unexpended Income	-	66,199	-	-
Totals	\$ 1,507,362	1,783,217	13,226,339	600,000

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

The Town's net investment in capital assets was calculated as follows at June 30, 2018:

	<u>Governmental activities</u>
Capital assets	\$ 39,680,058
Accumulated depreciation	(19,146,835)
Bonds payable	(1,930,000)
Bonds related to RSU assets	1,575,795
Net investment in capital assets	\$ 20,179,018

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance <u>Restated</u>	<u>Additions</u>	<u>Reductions</u>	Ending balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 2,490,000	-	560,000	1,930,000	505,000
Accrued compensated absences	430,754	15,905	-	446,659	-
Other post-employment benefits	1,044,097	-	216,191	827,906	-
Net pension liability	2,788,455	-	667,411	2,121,044	-
Landfill closure and post closure care costs	171,000	-	16,000	155,000	16,000
Total governmental activity					
<u>long-term liabilities</u>	<u>\$ 6,924,306</u>	<u>15,905</u>	<u>1,459,602</u>	<u>5,480,609</u>	<u>521,000</u>

LONG-TERM DEBT

Bonds payable at June 30, 2018 are comprised of the following:

	Date of <u>issue</u>	Original amount <u>issued</u>	Date of <u>maturity</u>	Interest <u>rate</u>	Balance <u>June 30, 2018</u>
Governmental activities:					
2009 MMBB	3/11/2009	\$ 300,000	2019	variable	30,000
2011 refunding	4/19/2011	5,635,000	2023	4.0-5.0%	1,900,000
<u>Total bonds payable</u>					<u>\$ 1,930,000</u>

As of July 1, 2009, the Freeport School Department joined Regional School Unit (RSU) #5. RSU #5 will reimburse the Town of Freeport for all of Freeport School Department bonds payable when the debt service payments are due. The Town has recorded a receivable for \$1,575,795, 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 \$1,930,000 at June 30, 2018 was within the statutory limit.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

The annual requirements to amortize all debt outstanding at June 30, 2018 are as follows. Such amounts exclude overlapping debt requirements, but include school debt requirements to be reimbursed by the State of Maine.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 505,000	80,975	585,975
2020	475,000	57,225	532,225
2021	470,000	33,600	503,600
2022	265,000	15,225	280,225
2023	215,000	4,300	219,300
Totals	\$ 1,930,000	191,325	2,121,325

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, 2018:

	<u>Years remaining</u>	<u>Cost per year</u>	<u>Total cost</u>
Post closure monitoring:			
Section closed in 1995 - 30 years of monitoring	7	\$ 5,000	35,000
Post closure monitoring:			
Section closed in 1992 - 30 years of monitoring	4	7,000	28,000
Section closed in 2016:			
First ten-year period of post closure monitoring	8	4,000	32,000
Subsequent 20-year period of post-closure monitoring	20	3,000	60,000
Total landfill liability			\$ 155,000

Under existing state law, Maine communities have to close existing landfills under a State-approved plan and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Historically, the Town maintained two old solid waste landfills which were closed and permanently capped in 1992 and 1995. Additionally, the Town maintained a demolition debris landfill which was closed in FY 2016. The Town has estimated that there will be post closure care costs for the various landfills approximating \$155,000 over the next 30 years. As such, the Town has recognized an estimate for post closure monitoring and maintenance costs of \$155,000 in the government-wide financial statements. The actual costs of closure and post closure care may be higher or lower due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's state valuation to the County's state valuation. For the year ended June 30, 2018, the Town's share was \$1,289,194 (3.62%) of Cumberland County's outstanding debt of \$35,585,000.

The Town's proportionate share of Regional School Unit No. 5's debt of \$18,847,838 is \$12,435,803 (65.98%). This debt service is included in the annual assessments to the Town.

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, 2018, the most recent information available, includes total assets of \$62,899,434, total liabilities of \$17,719,973 and unrestricted net position of \$17,354,190. The liabilities include an accrual for landfill closure and postclosure care amounting to \$14,819,398. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2012 and a projected closing date. The separate audited financial statements of ecomaine may be obtained at their administrative office: ecomaine, 64 Blueberry Rd., Portland, Maine 04102.

CREDIT ENHANCEMENT AGREEMENTS

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

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

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

CREDIT ENHANCEMENT AGREEMENTS, CONTINUED

For the year ended June 30, 2018, the Town abated real estate property taxes totaling \$1,244,169 through these credit enhancement agreements, including the following:

<i>TIF District</i>	<i>Beginning; Duration</i>	<i>CEA Entity</i>	<i>Percentage of Assessed Value Abated</i>	<i>Amount Paid in FY 2018</i>
TIF II Desert Rd. Phase II	1996-97 30 Years	Berenson Assoc.	75%	\$290,103
TIF V Hotel	2004-05 30 Years	Frost Gully LLC.	51%	79,226
TIF II Desert Rd. Phase II	2007-08 20 Years	Berenson Assoc.	90%	841,670
TIF IV Destination	2010-11 10 Years	Berenson Assoc.	-	20,000
TIF VI Housing	2011-12 30 Years	Freeport Housing Trust	50%	13,170

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Employees are required to contribute 8.0% of their annual pay.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

The Town's contractually required contribution rate for the year ended June 30, 2018, were 10.1% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$301,466 for the year ended June 30, 2018.

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

At June 30, 2018, the Town reported a liability of \$2,121,044 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2018, the Town's proportion was 0.5180%.

For the year ended June 30, 2018, the Town recognized pension expense of \$268,041.

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	101,901
Changes in Assumptions	180,488	
Net difference between projected and actual earnings on pension plan investments	-	58,324
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	66,286
Town contributions subsequent to the measurement date	301,466	-
Total	\$ 481,954	226,511

An amount of \$301,466 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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

Year ended June 30:

2018	\$ (94,578)
2019	178,734
2020	14,230
2021	(144,409)

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75-9.00% per year
Investment return	6.875% per annum, compounded annually
Cost of living benefit increases	2.20% per annum

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
Private equities	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Diversifiers	10.0%	5.9%
Traditional credit	7.5%	3.0%
US Government securities	7.5%	2.3%
Natural resources	5.0%	5.0%
Alternative credit	5.0%	4.2%
Total	100.0%	

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 6.875%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.875%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1 percentage point higher (7.875%) than the current rate:

	1% Decrease (<u>5.875%</u>)	Current Discount Rate (<u>6.875%</u>)	1% Increase (<u>7.875%</u>)
Town's proportionate share of the net pension liability	\$ 4,255,465	2,121,044	514,155

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2018.

PENSION PLANS

Defined Contribution Plan

The Town offers its regular employees a defined contribution money purchase plan created in accordance with Internal Revenue Code Section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate and are vested from the date of employment. Participating employees are required to contribute 7% of compensation for the year and the Town matches the employees' contribution with 10% of compensation for the plan year. For the year ended June 30, 2018, the Town's contribution to the plan totaled \$86,649.

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 \$346,216 for the year ended June 30, 2018.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plans

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

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

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

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Active employees	54
Total	<u>59</u>

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

The Town's total Health Plan OPEB liability of \$827,906 was measured as of June 30, 2018, and was determined by an actuarial valuation as of January 1, 2018.

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Changes in the Total Health Plan OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ 1,044,977
Changes for the year:	
Service Cost	33,043
Interest	40,032
Changes of benefit terms	-
Differences between expected and actual experience	(248,074)
Changes in assumptions or other inputs	(3,764)
Benefit payments	(38,308)
Net changes	<u>(217,071)</u>
Balance at June 30, 2018	\$ <u>827,906</u>

Change in assumptions and other inputs reflect a change in the discount rate from 3.78% in 2017 to 3.44% in 2018.

For the year ended June 30, 2018, the Town recognized OPEB expense of \$37,098 related to the Health Plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	212,635
Changes of assumption or other inputs	-	3,226
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	\$ <u>-</u>	<u>215,861</u>

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

Year ended June 30:	
2019	\$ (35,977)
2020	(35,977)
2021	(35,977)
2022	(35,977)
2023	(35,977)
Thereafter	(35,976)

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per annum
Salary increases	2.75% per annum
Discount rate	3.44% per annum
Healthcare cost trend rates	8.27% for 2018, decreasing to 4.00% for 2032
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2018 valuation for the Health Plan were based on the results of an actuarial experience study for the period January 1, 2015 to December 31, 2016.

Discount Rate - The rate used to measure the total OPEB liability for the Health plan was 3.44% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate - The following presents the Town's total OPEB liability related to the Health Plan calculated using the discount rate of 3.44%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$ 937,331	827,906	736,659

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Town's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates per year, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 728,876	827,906	949,296

TOWN OF FREEPORT, MAINE
Notes to Financial Statements, Continued

CONTINGENCIES

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

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

RISK MANAGEMENT

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

Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2018.

COMMITMENTS

As of June 30, 2018, the Town had several outstanding commitments related to its ongoing projects, consisting primarily of the South Freeport Village Project, Curtis Road Reconstruction, and the South Freeport Road Project. Of the contracts related to those projects, South Freeport Village Project has \$26,782 remaining, Curtis Road has \$139,956 remaining, and South Freeport Road Project has \$38,425 remaining. These projects are expected to be completed during FY 2019.

NEW PRONOUNCEMENT AND RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2018, the Town has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. As a result of implementing GASB Statement No. 75, the Town has restated beginning net position in the government-wide statement of net position to account for the addition of the Town's net OPEB liability of \$314,704 which effectively decreased the Town's net position as of July 1, 2017 by \$314,704.

TOWN OF FREEPORT, MAINE
Required Supplementary Information

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

	<u>2018</u>
Total Health Plan OPEB Liability	
Service Cost	\$ 33,043
Interest	40,032
Changes of benefit terms	-
Differences between expected and actual experience	(248,074)
Changes of assumptions or other inputs	(3,764)
Benefit payments	(38,308)
Net change in total Health Plan OPEB Liability	<u>(217,071)</u>
 Total Health Plan OPEB liability - beginning	 1,044,977
Total Health Plan OPEB liability - ending	\$ <u>827,906</u>
 Covered-employee payroll	 \$ 2,914,647
Total Health Plan OPEB liability as a percentage of covered-employee payroll	28.41%

* Only one year of information available.

TOWN OF FREEPORT, MAINE
Required Supplementary Information, Continued

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

Last 10 Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.5180%	0.5248%	0.5292%	0.5823%
Town's proportionate share of the net pension liability	\$ 2,121,044	2,788,455	1,688,331	896,070
Town's covered-employee payroll	2,916,093	2,767,003	2,608,145	2,555,144
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	72.74%	100.78%	64.73%	35.07%
Plan fiduciary net position as a percentage of of the total pension liability	86.43%	81.61%	88.27%	94.10%

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

**Only four years of information available.*

TOWN OF FREEPORT, MAINE
Required Supplementary Information, Continued

Schedule of Town Contributions
Maine Public Employees Retirement System
Consolidated Plan (PLD)
Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan</u>					
Contractually required contribution	\$ 301,466	265,364	246,263	187,331	173,612
Contributions in relation to the contractually required contribution	(301,466)	(265,364)	(246,263)	(187,331)	(173,612)
<u>Contribution deficiency (excess)</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Town's covered payroll	 \$ 2,984,815	 2,916,093	 2,767,003	 2,608,145	 2,555,144
Contributions as a percentage of covered payroll	10.10%	9.10%	8.90%	7.00%	6.79%

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

**Only five years of information available.*

TOWN OF FREEPORT, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

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

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

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

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

Net OPEB Liability

Changes of Benefit Terms - None.

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

Fiscal Year	Discount Rate
2018	3.44%
2017	3.78%

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

GENERAL FUND

TOWN OF FREEPORT, MAINE
Comparative Balance Sheets - General Fund - Budgetary Basis
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 12,938,472	12,258,531
Investments	406,526	331,836
Accounts receivable	8,860	14,319
Due from other governments	52,508	48,589
Taxes receivable	476,722	423,333
Tax liens	107,471	112,431
Inventory	13,132	8,584
Receivable - RSU #5 debt service payments	1,575,795	2,007,727
Total assets	\$ 15,579,486	15,205,350
LIABILITIES		
Accounts payable	572,687	115,824
Accrued wages and benefits	66,301	64,188
Interfund loans payable	6,122,148	5,548,246
Development escrows	150,546	209,442
Other unearned revenues	165,263	-
Total liabilities	7,076,945	5,937,700
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	194,702	354,103
Unavailable revenue - RSU #5 debt service payments	1,575,795	2,007,727
Total deferred inflows of resources	1,770,497	2,361,830
FUND BALANCE		
Nonspendable	13,132	8,584
Committed - Stabilization Fund	1,000,000	1,000,000
Committed - other	446,659	430,754
Committed - reserves	543,379	524,952
Assigned	600,000	710,900
Unassigned	4,128,874	4,230,630
Total fund balance	6,732,044	6,905,820
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,579,486	15,205,350

TOWN OF FREEPORT, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Year ended June 30, 2018
(with comparative actual amounts for the year ended June 30, 2017)

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 23,623,960	24,205,590	581,630	23,216,353
Excise taxes and registration fees	1,491,300	1,959,247	467,947	1,897,096
Interest and lien costs	50,000	24,193	(25,807)	69,048
Total taxes	25,165,260	26,189,030	1,023,770	25,182,497
Licenses, permits, and fees:				
Building, plumbing and electrical permits	100,000	175,027	75,027	131,696
Town clerk licenses and fees	28,800	42,055	13,255	41,133
Moorings and other harbor fees	70,000	82,607	12,607	79,568
Solid waste permits	1,600	1,650	50	1,650
Shellfish licenses	12,500	10,902	(1,598)	12,611
Alarm permits	35,000	35,705	705	32,950
Total licenses, permits, and fees	247,900	347,946	100,046	299,608
Intergovernmental:				
State tree growth reimbursement	65,000	71,234	6,234	71,106
State general assistance	15,000	33,814	18,814	24,027
State revenue sharing	340,000	367,137	27,137	327,296
State homestead exemption reimbursement	140,000	264,308	124,308	210,316
State BETE reimbursement	425,000	587,396	162,396	635,870
State road assistance	129,000	132,704	3,704	130,692
Public safety contributions	43,500	46,414	2,914	44,267
Other intergovernmental	21,000	23,914	2,914	30,182
Total intergovernmental	1,178,500	1,526,921	348,421	1,473,756
Charges for services:				
Planning	11,500	25,671	14,171	20,514
Transfer station and recycling	135,000	191,093	56,093	163,553
Parking lot	37,500	37,500	-	37,500
Vehicle maintenance	2,000	2,976	976	2,556
Engineering	4,000	15,593	11,593	9,000
Hunter Road Fields	3,500	4,700	1,200	5,000
Total charges for services	193,500	277,533	84,033	238,123
Fees and fines:				
Police parking and other fines	85,000	37,624	(47,376)	54,624
Library fines and fees	11,000	13,605	2,605	11,906
Alarm and other fire fees	4,000	5,545	1,545	5,341
Total fees and fines	100,000	56,774	(43,226)	71,871

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

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Revenues, continued:				
Unclassified	\$ 25,900	46,756	20,856	161,407
Investment earnings	21,000	143,750	122,750	45,727
Total revenues	26,932,060	28,588,710	1,656,650	27,472,989
Expenditures:				
Current:				
General government:				
Town council	128,400	126,649	1,751	128,629
Town manager	114,300	114,754	(454)	111,076
Finance and treasury	411,055	402,516	8,539	373,031
Assessing	173,460	161,081	12,379	162,408
Code enforcement	83,350	80,164	3,186	103,721
Town clerk and elections	124,445	115,807	8,638	109,677
General administration	146,940	142,328	4,612	124,051
Municipal buildings	372,160	356,977	15,183	331,334
Planning	160,508	144,509	15,999	139,840
Total general government	1,714,618	1,644,785	69,833	1,583,767
Public Safety:				
Police department	1,166,420	1,181,478	(15,058)	1,157,293
Special enforcement	58,220	58,160	60	72,560
Fire department	582,500	730,829	(148,329)	681,438
Rescue	389,520	394,632	(5,112)	375,563
Reception	197,450	187,319	10,131	186,550
Hydrant rental	160,000	163,319	(3,319)	153,365
Street lights	58,000	48,106	9,894	46,307
Total public safety	2,612,110	2,763,843	(151,733)	2,673,076
Public Works:				
General road operations	819,830	818,372	1,458	771,942
Summer roads	576,000	553,167	22,833	587,192
Winter roads	169,000	168,624	376	157,843
Tree program	11,500	17,916	(6,416)	10,639
Solid waste	405,500	456,881	(51,381)	420,558
Engineering	123,700	115,969	7,731	109,411
Hunter Road Fields Maintenance	117,991	113,088	4,903	110,257
Total public works	2,223,521	2,244,017	(20,496)	2,167,842

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

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Community services:				
Human services agencies	\$ 39,800	39,800	-	36,651
General assistance	104,740	103,252	1,488	94,926
Public library	454,330	407,322	47,008	405,437
Cable TV	84,590	67,195	17,395	70,434
Promotions	7,200	5,206	1,994	7,344
Coastal waters	75,615	64,160	11,455	58,616
Shellfish commission	6,000	1,289	4,711	694
Amtrak station operations	101,981	98,018	3,963	67,107
Other	13,550	9,533	4,017	1,257
Total community services	887,806	795,775	92,031	742,466
Education	17,355,392	17,355,332	60	16,610,407
Insurance and fringe benefits:				
Employee benefits	1,799,700	1,583,981	215,719	1,517,287
Insurances	102,000	97,282	4,718	97,890
Total insurance and fringe benefits	1,901,700	1,681,263	220,437	1,615,177
County tax	1,056,633	1,056,633	-	991,074
Unclassified:				
Bustin's Island Corporation	195,900	192,582	3,318	188,069
Miscellaneous and contingency	23,550	17,960	5,590	11,441
Abatements	25,000	370,493	(345,493)	12,401
Total unclassified	244,450	581,035	(336,585)	211,911
Debt service	146,730	146,730	-	171,443
Total expenditures	28,142,960	28,269,413	(126,453)	26,767,163
Excess (deficiency) of revenues over (under) expenditures	(1,210,900)	319,297	1,530,197	705,826

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

	2018			2017 Actual
	Budget	Actual	Variance positive (negative)	
Other financing sources (uses):				
Budgeted utilization of surplus	\$ 600,000	-	(600,000)	-
Transfers in	610,900	610,900	-	540,000
Transfers out	-	(1,122,400)	(1,122,400)	(1,236,029)
Total other financing sources (uses)	1,210,900	(511,500)	(1,722,400)	(696,029)
Net change in fund balance - budgetary basis	-	(192,203)	(192,203)	9,797
Fund balance, beginning of year - budgetary basis		6,380,868		6,371,071
Fund balance, end of year - budgetary basis		6,188,665		6,380,868
Reconciliation of fund balance to GAAP basis:				
Committed reserve funds fund balance		543,379		524,952
Fund balance, end of year - GAAP basis	\$	6,732,044		6,905,820

OTHER GOVERNMENTAL FUNDS

TOWN OF FREEPORT, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 831,547	-	831,547
Investments	-	1,573,381	1,573,381
Interfund loans receivable	2,717,624	-	2,717,624
Total assets	\$ 3,549,171	1,573,381	5,122,552
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	99,492	440	99,932
Accrued wages and benefits	3,589	-	3,589
Interfund loans payable	293,623	12,512	306,135
Total liabilities	396,704	12,952	409,656
Fund balances:			
Nonspendable	-	1,494,230	1,494,230
Restricted	1,717,018	66,199	1,783,217
Committed	1,435,449	-	1,435,449
Total fund balances	3,152,467	1,560,429	4,712,896
Total liabilities and fund balances	\$ 3,549,171	1,573,381	5,122,552

TOWN OF FREEPORT, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Property taxes	\$ 1,655,119	-	1,655,119
Charges for services	1,032,801	-	1,032,801
Gifts and donations	66,034	-	66,034
Intergovernmental	16,850	-	16,850
Investment income	12,846	113,291	126,137
Total revenues	2,783,650	113,291	2,896,941
Expenditures:			
Current:			
Community services	274,709	14,635	289,344
Community development	1,609,144	-	1,609,144
Public safety	23,138	-	23,138
Unclassified	12,665	6,075	18,740
Capital outlay	198,668	-	198,668
Total expenditures	2,118,324	20,710	2,139,034
Excess of revenues over expenditures	665,326	92,581	757,907
Other financing uses:			
Transfers to other funds	(636,369)	-	(636,369)
Total other financing uses	(636,369)	-	(636,369)
Net change in fund balance	28,957	92,581	121,538
Fund balances, beginning of year	3,123,510	1,467,848	4,591,358
Fund balances, end of year	\$ 3,152,467	1,560,429	4,712,896

NONMAJOR SPECIAL REVENUE FUNDS

TOWN OF FREEPORT, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

		Tax Increment Financing Funds					Bartol Building Lease Fund	Tower Lease Fund	Other Town Grants & Programs	Leon Gorman Park	Totals
		Winslow Park	TIF II Desert Road Phase II	TIF IV Destination	TIF V Hotel	TIF VI Housing					2018
ASSETS											
Cash and cash equivalents	\$	831,547	-	-	-	-	-	-	-	-	831,547
Interfund loans receivable		-	56,388	448,361	-	-	541,595	604,233	930,606	136,441	2,717,624
Total assets	\$	831,547	56,388	448,361	-	-	541,595	604,233	930,606	136,441	3,549,171
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable		28,341	-	70,842	-	-	-	-	66	243	99,492
Accrued wages and benefits		3,589	-	-	-	-	-	-	-	-	3,589
Interfund loans payable		293,623	-	-	-	-	-	-	-	-	293,623
Total liabilities		325,553	-	70,842	-	-	-	-	66	243	396,704
Fund balances:											
Restricted		505,994	56,388	377,519	-	-	-	-	640,919	136,198	1,717,018
Committed		-	-	-	-	-	541,595	604,233	289,621	-	1,435,449
Total fund balances		505,994	56,388	377,519	-	-	541,595	604,233	930,540	136,198	3,152,467
Total liabilities and fund balances	\$	831,547	56,388	448,361	-	-	541,595	604,233	930,606	136,441	3,549,171

TOWN OF FREEPORT, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2018

		Tax Increment Financing Funds				Bartol		Other	Leon	
	Winslow	TIF II	TIF IV	TIF V	TIF VI	Building	Tower	Town	Gorman	Totals
	Park	Desert Road	Destination	Hotel	Housing	Lease	Lease	Grants &	Park	2018
		Phase II				Fund	Fund	Programs		
Revenues:										
Property taxes	\$ -	1,263,723	299,000	79,226	13,170	-	-	-	-	1,655,119
Charges for services	283,087	-	-	-	-	367,753	258,696	123,265	-	1,032,801
Gifts and donations	-	-	-	-	-	-	-	66,034	-	66,034
Intergovernmental	-	-	-	-	-	-	-	16,850	-	16,850
Investment income	7,849	-	-	-	-	-	-	-	4,997	12,846
Total revenues	290,936	1,263,723	299,000	79,226	13,170	367,753	258,696	206,149	4,997	2,783,650
Expenditures:										
Current:										
Community services	224,365	-	-	-	-	-	-	48,856	1,488	274,709
Community development	-	1,131,773	384,975	79,226	13,170	-	-	-	-	1,609,144
Public Safety	-	-	-	-	-	-	-	23,138	-	23,138
Unclassified	-	-	-	-	-	-	-	12,665	-	12,665
Capital	162,428	-	36,240	-	-	-	-	-	-	198,668
Total expenditures	386,793	1,131,773	421,215	79,226	13,170	-	-	84,659	1,488	2,118,324
Excess (deficiency) of revenues over (under) expenditures	(95,857)	131,950	(122,215)	-	-	367,753	258,696	121,490	3,509	665,326
Other financing uses:										
Transfer to other funds	-	-	-	-	-	(350,000)	(200,000)	(86,369)	-	(636,369)
Total other financing uses	-	-	-	-	-	(350,000)	(200,000)	(86,369)	-	(636,369)
Net change in fund balances	(95,857)	131,950	(122,215)	-	-	17,753	58,696	35,121	3,509	28,957
Fund balances (deficits), beginning of year	601,851	(75,562)	499,734	-	-	523,842	545,537	895,419	132,689	3,123,510
Fund balances, end of year	\$ 505,994	56,388	377,519	-	-	541,595	604,233	930,540	136,198	3,152,467

TOWN OF FREEPORT, MAINE
Other Town Grants and Programs
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

	Fund Balance (deficit) June 30, 2017	Inter- governmental	Revenues Gifts and donations	Charges for services	Expenditures	Revenues over (under) expenditures	Other sources and (uses)	Fund Balance June 30, 2018
Town Grants and Programs:								
Road Impact Fees	\$ 241,004	-	-	96,192	-	96,192	(106,100)	231,096
Stormwater Connection Fees	50,320	-	-	1,678	-	1,678	-	51,998
Sandy Beach Stairs/SHIP Grant	(1,809)	-	-	-	-	-	24,531	22,722
Maine Arts Commission	1,907	-	-	-	-	-	115	2,022
Project Canopy Grant	8,657	-	-	-	-	-	-	8,657
CDBG-Elders Bus	2,139	-	-	-	-	-	-	2,139
Regional Efficiency grant	1,249	-	-	-	-	-	-	1,249
CDBG-Weatherization	6,954	15,885	-	-	15,885	-	-	6,954
CDBG-Habitat for Humanity	455	-	-	-	-	-	-	455
Police Speed Enforcement/Seat Belt	34,165	-	-	-	22,391	(22,391)	-	11,774
Village Open Spaces	17,257	-	-	-	-	-	(4,800)	12,457
FEMA	61,085	-	-	-	-	-	-	61,085
Shellfish Water Testing	24,077	-	-	1,643	-	1,643	-	25,720
Fuel Assistance Fund-Freeport	7,946	-	10,033	-	7,489	2,544	-	10,490
Fuel Assistance Fund-Yarmouth	1,929	-	8,100	-	7,665	435	-	2,364
Freeport Housing Trust Rental Assistance Grant	7,599	-	214	-	1,988	(1,774)	-	5,825
Fire and Rescue Annual Appeal Donations	46,772	-	10,093	-	747	9,346	-	56,118
Library Donations	52,658	-	11,790	-	-	11,790	-	64,448
Fire Department Burn Building Donations	2,628	-	678	-	-	678	-	3,306
Police Donations	3,141	-	100	-	-	100	-	3,241
Rescue Donations	578	-	-	-	-	-	-	578
Library Book Donations	17,261	-	13,483	-	15,829	(2,346)	-	14,915
Public Works Donations	3,941	-	1,392	-	2,128	(736)	-	3,205
Dollars for Scholars	1,779	-	-	-	-	-	-	1,779
Soule School Lease	164,352	-	-	15,837	-	15,837	-	180,189
Dunning Boat Yard Lease	101,517	-	-	7,915	-	7,915	-	109,432
Other	35,858	965	10,151	-	10,537	579	(115)	36,322
Total Town Grants and Programs	895,419	16,850	66,034	123,265	84,659	121,490	(86,369)	930,540

CAPITAL PROJECT FUNDS

TOWN OF FREEPORT, MAINE
Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Individual Funds
For the year ended June 30, 2018

	Fund Balance (deficit) June 30, 2017	Revenues		Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2018
		Charges for Services	Interest			
Police Department Capital Project Funds:						
Communication upgrade	\$ 123,027	-	-	38,714	-	84,313
Bullet proof vests & protective equipment	28,623	-	-	24,038	-	4,585
Building enhancements	108	-	-	-	-	108
In-Car cameras	38,457	-	-	37,755	-	702
Vehicle replacement	70,000	-	-	68,652	48,000	49,348
Total police department	260,215	-	-	169,159	48,000	139,056
Fire Department Capital Project Funds:						
Protective clothing	8,104	-	-	-	-	8,104
Engine five	10,059	-	-	3,597	-	6,462
Engine three	31,750	-	-	14,390	-	17,360
EMP Portable Digital Signs	-	-	-	-	15,000	15,000
Communication upgrade	57,558	-	-	-	-	57,558
Service vehicle	-	-	-	-	52,000	52,000
Thermal imaging cameras	17,500	-	-	-	-	17,500
Total fire department	124,971	-	-	17,987	67,000	173,984
Rescue Department Capital Project Funds:						
Ambulance replacement	36,386	-	-	-	-	36,386
Communication upgrade	106,387	-	-	-	23,613	130,000
Rescue equipment	6,519	-	-	-	(3,613)	2,906
Total rescue department	149,292	-	-	-	20,000	169,292
Public Works Capital Project Funds:						
Grader repair	2,579	-	-	-	-	2,579
Dump truck replacement, sander & plow	17,089	-	-	951	-	16,138
Wood chipper refurbishment	2,006	-	-	-	-	2,006
Loader	-	-	-	-	165,000	165,000
Sidewalk plow-shared with TIF	667	-	-	-	75,000	75,667
Fuel depot	1,792	-	-	1,792	-	-
Pick-up truck replacement	19,438	-	-	1,867	-	17,571
One ton truck replacement	5,082	-	-	3,879	-	1,203
Backhoe	115,000	25,000	-	118,219	-	21,781
Total public works	163,653	25,000	-	126,708	240,000	301,945
Recycling Capital Project Funds:						
Landfill closing	165,450	-	-	-	-	165,450
Single sort recycling	37,691	-	-	36,635	-	1,056
Other	72,779	-	-	-	15,000	87,779
Total recycling capital projects	275,920	-	-	36,635	15,000	254,285

TOWN OF FREEPORT, MAINE
Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Individual Funds
For the year ended June 30, 2018

	Fund Balance (deficit) June 30, 2017	Revenues		Expenditures	Transfers in (out)	Fund Balance (deficit) June 30, 2018
		Charges for Services	Interest			
Comprehensive Town Improvement Funds:						
Curtis Road reconstruction	\$ 500,000	-	-	359,486	(558)	139,956
Litchfield Road reconstruction	156,348	-	-	-	-	156,348
South Freeport Village project	273,673	-	-	246,892	-	26,781
Wardtown Road reconstruction and shoulders	(558)	-	-	-	558	-
Baker Road reconstruction	-	-	-	-	350,000	350,000
Lower Main Street paving overlay	-	-	-	85,180	200,000	114,820
Main St. paving and drainage match	28,494	-	-	-	-	28,494
Flying Point Road-2011 reconstruction	23,044	-	-	-	-	23,044
US Route 1 South (PACTS)	339,500	-	-	146,191	-	193,309
Concord Gully Brook watershed restoration	25,000	-	-	5,236	75,000	94,764
South Street project	140,743	12,268	-	-	-	153,011
Desert Road match	19,393	-	-	-	-	19,393
Burnett Road bridge	11,048	-	-	-	-	11,048
US Route 1 North (PACTS)	134,991	-	-	-	-	134,991
South Freeport Road (PACTS)	258,804	147,311	-	367,691	-	38,424
Prout Road culvert	9,316	-	-	-	-	9,316
West Street-Depot Street to South Street reconstruction	8,838	-	-	-	-	8,838
Desert Road business park	235,000	-	-	-	-	235,000
Freeport fields and trails project	65,948	-	-	411	-	65,537
Culvert replacement	41,273	-	-	40,650	-	623
Other	6,552	-	-	-	-	6,552
Total comprehensive town improvement	2,277,407	159,579	-	1,251,737	625,000	1,810,249
Municipal Buildings and Other Improvement Funds:						
Computer system upgrade/connectivity town-wide	109,196	-	-	34,345	85,000	159,851
Dunning boat yard	31,445	-	-	-	-	31,445
Cable TV	146,392	-	-	67,665	4,000	82,727
Valuation update	50,450	-	-	-	5,000	55,450
Building winterization	67,390	-	-	-	75,000	142,390
Public safety renovation (sallyport, flooring, etc.)	6,013	-	-	4,894	-	1,119
Town hall exterior	40,000	-	-	-	20,000	60,000
Public works roofing projects	76,684	-	-	-	90,000	166,684
LED lighting conversion	133,861	-	-	-	-	133,861
Copier replacement	18,073	-	-	11,246	-	6,827
Library building exterior	20,000	-	-	-	-	20,000
Vehicle replacement	12,772	-	-	7,774	-	4,998
Other	243,342	-	-	31,507	55,500	267,335
Total municipal buildings and other	955,618	-	-	157,431	334,500	1,132,687
Boards and Committees Improvement Funds:						
Recreation fund	5,131	-	-	-	(5,131)	-
Harbor fund	24,531	-	-	-	(24,531)	-
Citizens Survey & performance measures	1,288	-	-	-	(1,288)	-
Historic society archiving	1,387	-	-	-	-	1,387
Florida Lake bridge replacement	1,955	5,743	-	12,780	-	(5,082)
Quiet zone Study	5,108	-	-	-	1,624	6,732
Hedgehog Mountain bridge replacement	1,000	-	-	-	-	1,000
Withdrawal committee	7,827	-	-	-	-	7,827
Other	(3,916)	-	-	-	4,860	944
Total boards and committees	44,311	5,743	-	12,780	(24,466)	12,808
Capital Reserves - See Exhibit E for Details	5,332,197	474,029	198,438	20,953	(177,165)	5,806,546
Total capital project funds	9,583,584	664,351	198,438	1,793,390	1,147,869	9,800,852

NONMAJOR PERMANENT FUNDS

TOWN OF FREEPORT, MAINE
Reserve Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Individual Funds
For the year ended June 30, 2018

		Fund Balance June 30, 2017	Charges for Services	Revenues Interest	Expenditures	Transfers in (out)	Fund Balance June 30, 2018
Capital Project Reserves							
Administration - general	\$	229,774	-	8,645	480	(100,500)	137,439
Boards and commissions		37,900	-	1,426	79	65	39,312
Building maintenance		586,380	-	22,063	1,225	(180,000)	427,218
Cable TV equipment		445,505	160,221	16,763	930	(104,000)	517,559
Energy savings		29,988	-	1,090	61	-	31,017
Fire equipment		604,718	-	23,657	1,323	205,270	832,322
Hedgehog mountain		20,111	-	757	42	-	20,826
Land purchase		142,929	-	1,564	-	-	144,493
Land trust		23,359	-	879	49	-	24,189
Municipal parking lot		407,913	21,886	15,348	10,852	-	434,295
Police equipment		420,561	-	15,824	878	(23,000)	412,507
Public infrastructure		553,239	-	22,295	1,253	275,000	849,281
Public works equipment		903,235	-	33,985	1,886	(15,000)	920,334
Recycling equipment		157,937	-	5,942	330	(15,000)	148,549
Rescue equipment		768,648	291,922	28,200	1,565	(220,000)	867,205
Total capital project reserves		5,332,197	474,029	198,438	20,953	(177,165)	5,806,546
General Fund Reserves							
Unemployment compensation fund		425,711	-	16,018	1,118	-	440,611
Other		99,241	-	3,734	207	-	102,768
Total general fund reserves		524,952	-	19,752	1,325	-	543,379
Total Reserve Funds	\$	5,857,149	474,029	218,190	22,278	(177,165)	6,349,925

RESERVE FUNDS

TOWN OF FREEPORT, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2018

	Cemetery Care	Library Funds	School Scholarship Funds	Benevolent Funds	Totals
ASSETS					
Investments	\$ 331,832	322,571	330,292	588,686	1,573,381
Total assets	331,832	322,571	330,292	588,686	1,573,381
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	440	-	440
Interfund loans payable	173	4,025	1,800	6,514	12,512
Total liabilities	173	4,025	2,240	6,514	12,952
Fund balances:					
Nonspendable - principal	331,659	304,318	305,274	552,979	1,494,230
Restricted - unexpended income	-	14,228	22,778	29,193	66,199
Total fund balances	331,659	318,546	328,052	582,172	1,560,429
Total liabilities and fund balances	\$ 331,832	322,571	330,292	588,686	1,573,381

TOWN OF FREEPORT, MAINE
Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Individual Funds
For the year ended June 30, 2018

		Principal		Unexpended Income					
		Fund Balance	Unrealized/	Fund Balance	Fund Balance	Interest		Fund Balance	Total
		June 30, 2017	Gains (Losses)	June 30, 2018	June 30, 2017	Income	Expenditures	June 30, 2018	June 30, 2018
Cemetery Care:									
Perpetual Care:									
850	Burr	\$ 158,904	5,376	164,280	(17,719)	2,650	3,021	(18,090)	146,190
851	Grove	61,669	2,111	63,780	(6,190)	1,041	1,081	(6,230)	57,550
852	Webster	17,001	592	17,593	(1,440)	292	303	(1,451)	16,142
853	Woodlawn	24,702	802	25,504	(3,624)	396	411	(3,639)	21,865
854	South Freeport	56,922	7,237	64,159	(4,726)	979	1,017	(4,764)	59,395
855	Flying Point	9,021	302	9,323	(1,096)	148	154	(1,102)	8,221
856	Town maintained	2,878	123	3,001	366	61	7	420	3,421
802	Davis Mausoleum	1,057	66	1,123	665	32	34	663	1,786
803	Carrie Thomas	631	30	661	151	15	15	151	812
804	A.O. Woodard	12,843	585	13,428	2,592	289	32	2,849	16,277
Total Cemetery Funds		345,628	17,224	362,852	(31,021)	5,903	6,075	(31,193)	331,659
Library Funds:									
710	Albert Conley	41,560	3,397	44,957	15,193	1,029	119	16,103	61,060
711	Paul and Emma Bennett	20,628	1,156	21,784	(1,315)	350	40	(1,005)	20,779
712	Eleanor Brewer	8,908	639	9,547	1,765	193	22	1,936	11,483
713	Bartol Association	47,859	2,779	50,638	(1,427)	842	97	(682)	49,956
714	Grace Ritchie	3,334	178	3,512	(360)	54	6	(312)	3,200
757	Jane Hall	164,003	9,877	173,880	(976)	2,970	3,806	(1,812)	172,068
Total Library Funds		286,292	18,026	304,318	12,880	5,438	4,090	14,228	318,546
School Scholarship Funds:									
720	Fitts Award	3,310	208	3,518	170	63	7	226	3,744
721	Salomon Plummer	11,150	646	11,796	(355)	196	23	(182)	11,614
722	Wallace True	6,690	437	7,127	611	132	15	728	7,855
723	Millard and Enid Crooker	33,017	2,025	35,042	727	612	511	828	35,870
724	Alice Pollock	14,206	914	15,120	1,071	277	32	1,316	16,436
725	Aldis Foster	2,523	168	2,691	279	51	6	324	3,015
726	Kenneth Thompson	10,123	655	10,778	781	198	23	956	11,734
742	Christine Small Cushing	205,858	13,344	219,202	16,812	4,037	2,267	18,582	237,784
Total School Scholarship Funds		286,877	18,397	305,274	20,096	5,566	2,884	22,778	328,052
Benevolent Funds:									
740	George Davis	14,624	975	15,599	1,663	295	34	1,924	17,523
741	Arthur L. Gould	505,538	31,842	537,380	25,271	9,625	7,627	27,269	564,649
Total Benevolent Funds		520,162	32,817	552,979	26,934	9,920	7,661	29,193	582,172
Total		\$ 1,438,959	86,464	1,525,423	28,889	26,827	20,710	35,006	1,560,429