

**TOWN OF FREEPORT, MAINE**

**Annual Financial Report**

**June 30, 2012**

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Accessible  
Approachable  
Accountable

## Independent Auditors' Report

Town Council  
Town of Freeport  
Freeport, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Freeport, Maine, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Freeport, Maine's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Freeport, Maine, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and the Schedule of Funding Progress on page 44 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.

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Town Council  
Town of Freeport

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Freeport, Maine's financial statements as a whole. The accompanying schedules on pages 46 through 73 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Town of Freeport, Maine, as of and for the year ended June 30, 2011 (none of which is presented herein), and we expressed an unqualified opinion on those financial statements. In our opinion, the combining statements for the General Fund Balance Sheet, Exhibit A-1, and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance, Exhibit A-2, as of and for the year ended June 30, 2011 are fairly stated in all material respects, in relation to the basic financial statements from which it has been derived.

*Maerpage LLC*

South Portland, Maine  
December 10, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF

### TOWN OF FREEPORT FISCAL YEAR 2012 AUDIT

As the management of the Town of Freeport, Maine, we are pleased to provide this Management Discussion and Analysis as part of our annual financial statements. We offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town of Freeport for the year ended June 30, 2012. It is the belief of management that all the information contained herein is accurate in all material respects and reflects fairly the financial position and operations of the Town. This Management Discussion and Analysis is designed to offer further explanation of the information contained herein. We encourage readers to consider the information that we have furnished in the Town's basic financial statements that follow this section.

#### FINANCIAL HIGHLIGHTS

The assets of the Town of Freeport exceeded its liabilities as of June 30<sup>th</sup>, 2012 by \$30,723,122 (net assets). Of this amount, \$14,889,731 represents unrestricted net assets, 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 \$17,390,245 which is a decrease of \$2,133,646 from FY 2011. The decline is mainly due to a fields construction project on the Hunter Road. The Town Council voted to expend up to \$2.3 million on fields construction, and during FY 2012, almost \$1.5 million was spent on this project. Since the governmental funds fund financial statements do not report fixed assets, the value of the fields is not shown on Statement 3 from which this comparison is drawn. Of the \$17,390,245, \$2,858,654 is available for spending at the government's discretion (unassigned fund balance).

The Town of Freeport's total outstanding long-term debt decreased by \$1,022,983 during the course of the fiscal year; the June 30, 2012 outstanding debt totaled \$6,308,656.

#### 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 assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Freeport that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Town currently reports the activities of the Nonemergency Transportation Program (NET Program) as a business-type activity. The governmental activities of the Town include general government, public safety, public works, education, and community services.

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

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

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

**ENTITY WIDE CONDENSED PRESENTATION OF NET ASSETS**

Net Assets will serve as a useful indicator of a government’s financial position. The following information is condensed from Statement 1, Statement of Net Assets for Fiscal 2012. It distinguishes between capital and other assets, includes the Town’s general liabilities and long-term debt obligations, and shows the Town’s net assets by restricted and unrestricted amounts. This information is for the Town’s Governmental Activities and Business-type Activity as of June 30:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 14,874,351	\$ 13,394,413			\$ 14,874,351.0	\$ 13,394,413
Investments	3,381,935	6,472,843			3,381,935	6,472,843
Receivables	1,281,184	1,590,547	\$ 203,443	\$ 156,789	1,484,627	1,747,336
Internal balances	93,689	127,094	(93,689)	(127,094)	-	-
Inventory	13,386	41,953	-	-	13,386	41,953
Capital assets, net	19,602,252	15,546,856	39,170	11,119	19,641,422	15,557,975
<b>Total assets</b>	<b>39,246,797</b>	<b>37,173,706</b>	<b>148,924</b>	<b>40,814</b>	<b>39,395,721</b>	<b>37,214,520</b>
<b>LIABILITIES</b>						
Current liabilities	1,426,326	1,371,895	11,033	3,003	1,437,359	1,374,898
Noncurrent liabilities	7,235,240	8,200,820	-	-	7,235,240	8,200,820
<b>Total liabilities</b>	<b>8,661,566</b>	<b>9,572,715</b>	<b>11,033</b>	<b>3,003</b>	<b>8,672,599</b>	<b>9,575,718</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of debt	13,293,596	8,215,217	39,170	11,119	13,332,766	8,226,336
Restricted	2,500,625	2,472,845		-	2,500,625	2,472,845
Unrestricted	14,791,010	16,912,928	98,721	26,692	14,889,731	16,939,620
<b>Total net assets</b>	<b>\$ 30,585,231</b>	<b>\$ 27,600,990</b>	<b>\$ 137,891</b>	<b>\$ 37,811</b>	<b>\$ 30,723,122</b>	<b>\$ 27,638,801</b>

A large portion of the Town’s net assets 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 assets represents resources that are subject to external restrictions on how they may be expended. The remaining unrestricted balance of net assets may be used to meet the government’s ongoing obligations to its citizens and creditors.



**ENTITY WIDE CONDENSED PRESENTATION OF CHANGES IN NET ASSETS**

Our next analysis focuses on changes in net assets of the Town’s governmental and business type activities. Governmental activities increased the Town of Freeport’s net assets by \$2.98 million during the year ended June 30, 2012. The following analysis provides the key elements of the increases.

	Governmental Activities	Business-type Activities	2012 Primary Government	2011 Primary Government
<b>Program revenues:</b>				
Charges for Services	\$ 899,996	556,022	1,456,018	1,320,123
Operating grants and contributions	209,749	-	209,749	222,308
Capital grants and contributions	-	-	-	-
<b>General revenues:</b>				
Property taxes	20,559,351	-	20,559,351	20,465,268
Motor vehicle excise taxes	1,353,054	-	1,353,054	1,356,321
Interest and lien costs	76,562	-	76,562	85,595
State Revenue Sharing	526,900	-	526,900	506,347
Homestead exemption	141,174	-	141,174	142,546
Other State aid	395,632	-	395,632	362,874
Unrestricted investment earnings	(1,801)	-	(1,801)	1,044,476
Miscellaneous revenues	2,453,769	-	2,453,769	1,911,447
<b>Total revenues</b>	<b>26,614,386</b>	<b>556,022</b>	<b>27,170,408</b>	<b>27,417,306</b>
<b>Program expenses:</b>				
General government	1,899,730	-	1,899,730	1,887,390
Public safety	2,877,459	496,487	3,373,946	3,241,189
Public works	2,633,568	-	2,633,568	2,664,697
Community services	907,943	-	907,943	973,820
Education	12,749,483	-	12,749,483	12,084,925
County tax	846,018	-	846,018	825,598
Unclassified	1,426,148	-	1,426,148	2,238,552
Interest on debt	249,251	-	249,251	275,690
Loss on disposal of capital asseets	-	-	-	2,035,783
<b>Total expenses</b>	<b>23,589,600</b>	<b>496,487</b>	<b>24,086,087</b>	<b>26,227,644</b>
Change in net assets before transfers	3,024,786	59,535	3,084,321	1,189,662
Transfers	(40,545)	40,545	-	-
<b>Change in net assets after transfers</b>	<b>2,984,241</b>	<b>100,080</b>	<b>3,084,321</b>	<b>1,189,662</b>
<b>Net assets - beginning</b>	<b>27,600,990</b>	<b>37,811</b>	<b>27,638,801</b>	<b>26,449,139</b>
<b>Net assets - ending</b>	<b>\$ 30,585,231</b>	<b>\$ 137,891</b>	<b>30,723,122</b>	<b>27,638,801</b>

It should be noted that this presentation is prepared on an entity wide condensed net assets 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.

## **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 \$2.9 million. The Town Council established a figure of approximately \$3 million (one and-one-half months of the annual budgets for the Town, RSU #5 Town portion, and County tax) as a minimum level of fund balance to maintain. During FY 2011, the Town Council voted to spend the additional fund balance on athletic fields (\$2.3 million) and assigned \$500,000 for use offsetting the tax rate in the FY 2013 budget. Under the Town's fund balance policy, amounts in one and one-half months of the annual budget can be used to set aside additional reserves for capital needs, used to reduce property taxes for subsequent years' budgets or be used for immediate operational or capital needs. The Town Council modified its fund balance policy eight years ago, establishing a Tax Rate Stabilization Account. The Council funded the stabilization account each of the first three years for a total of \$1 million. No additional funding was provided during FY 2011 and the account remained at \$1 million at June 30, 2012. 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 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 revenue over expenditures of \$137,356 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 \$1 million loss. This is due in most part to a transfer to the capital projects fund of \$1,473,803 for the Hunter Road fields project. During FY 2012, the Town Council amended its minimum fund balance policy. Historically, the policy had required a minimum of one month of all budgets. The increase of one-half month equates to approximately \$900,000; Town policy states that the fund balance policy should be satisfied before funding reserves or other projects. Therefore, there was no transfer to reserves during FY 2012 in order to allow the minimum fund balance to accumulate to the new larger figure. As of June 30, 2012, the target was \$2.9 million, and the general fund's unassigned fund balance was \$2.859 million.

**General Fund Revenues Budget to Actual Summary**

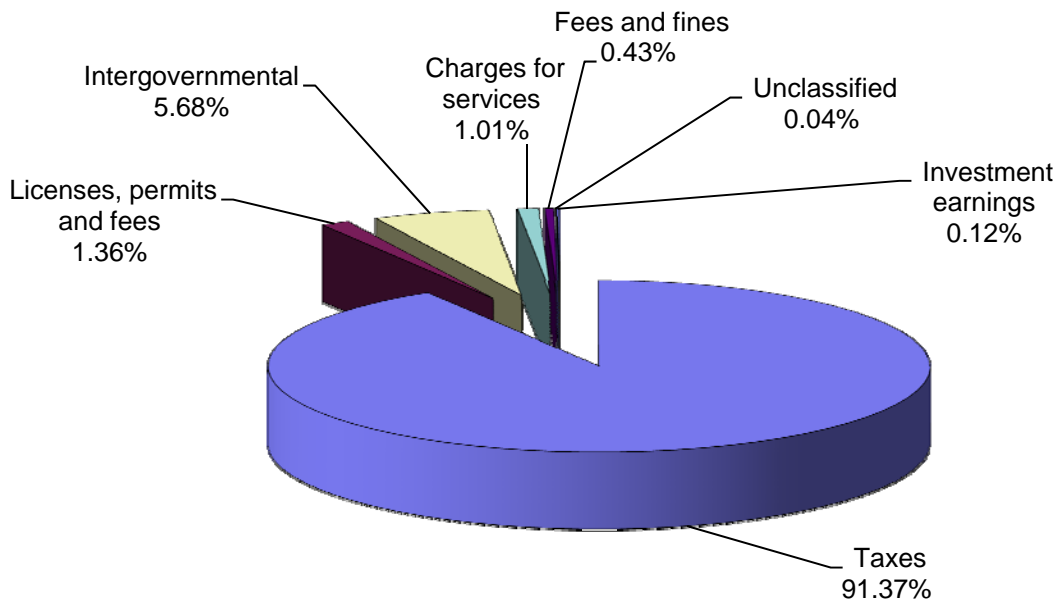
For fiscal year 2012, revenues exceeded budgeted revenues by approximately \$686,000. The major reasons were an overlay of \$342,000 and strong vehicle excise tax collections with collections exceeding budget by \$140,000. It is notable that while the FY 2011 State revenue sharing amount received was \$500,000, and this was \$81,000 more than budgeted, the FY 2012 budget included an estimate of \$500,000; the actual received was \$527,000. For FY 2012, \$500,000 was budgeted from the fund balance to reduce property taxes. The property tax collection rate for the year increased slightly to 96.26% from the previous year’s collection rate of 96.39%.

**General Fund Revenues Budget to Actual Summary**

**Budget and Actual - All Budgeted Governmental Fund Types  
General Fund  
For the year ended June 30, 2012**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 20,067,055	20,067,055	20,471,248	404,193
Licenses, permits and fees	198,290	198,290	304,607	106,317
Intergovernmental	1,117,040	1,117,040	1,273,455	156,415
Charges for services	167,500	167,500	225,224	57,724
Fees and fines	76,400	76,400	96,935	20,535
Unclassified	5,000	5,000	7,959	2,959
Investment earnings	88,000	88,000	26,215	(61,785)
<b>Total revenues</b>	<b>21,719,285</b>	<b>21,719,285</b>	<b>22,405,643</b>	<b>686,358</b>

**Revenue Sources 2012**



## General Fund Expenditures Budget-to-Actual Summary

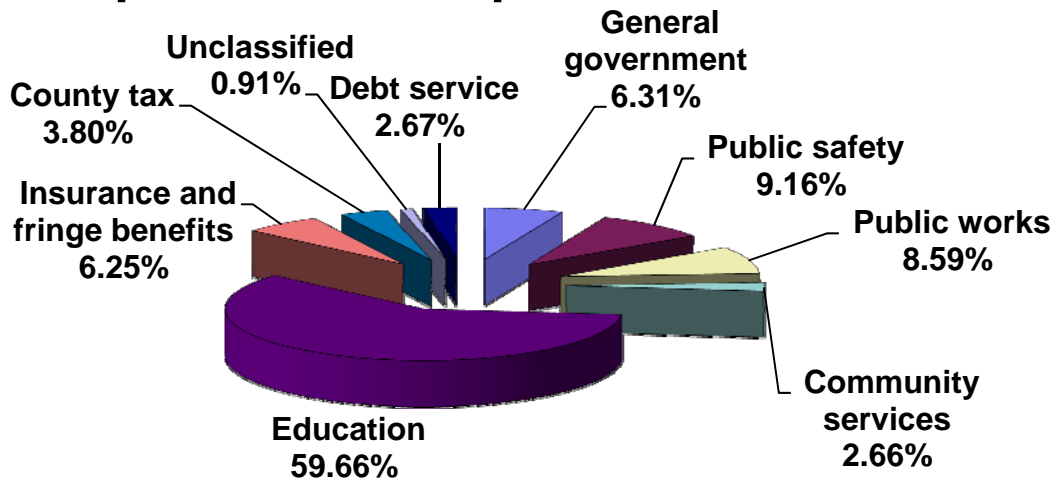
General Fund expenditure budgets are approved by the Town Council at the departmental level, with charter budgetary limits at the function level. Expenditures were less than appropriations throughout the budget resulting in approximately \$319,000 of savings. Department managers are directed and make every effort to leave five percent surpluses in budgets, especially during tough economic times when revenue could be lower than budgeted for the fiscal year. All charter function levels were within budget limits. The following summarizes the Town of Freeport's General Fund budgeted appropriations to actual by function for the year ended June 30, 2012 (see Exhibit A-2 for a more detailed presentation):

## General Fund Expenditures Budget-to-Actual Summary

**TOWN OF FREEPORT, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - All Budgeted Governmental Fund Types**  
**General Fund**  
**For the year ended June 30, 2012**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
General government	1,409,387	1,409,387	1,408,316	1,071
Public safety	2,041,190	2,041,190	2,045,275	(4,085)
Public works	2,064,129	2,064,129	1,913,850	150,279
Community services	632,454	632,454	594,090	38,364
Education	13,275,403	13,275,403	13,275,403	-
Insurance and fringe benefits	1,448,100	1,448,100	1,389,619	58,481
County tax	846,018	846,018	846,018	-
Unclassified	245,805	245,805	202,558	43,247
Debt service	624,799	624,799	593,159	31,640
Total expenditures	22,587,285	22,587,285	22,268,287	318,998

## Expenditure Components 2012



**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. It is notable that historically the capital planning has been done on a calendar year basis. For FY 2012, this was changed and the budget adopted in April of 2012 was available for expenditure immediately, but was officially a “FY 2013” appropriation. It is listed in these financial statements because the Council specifically gave approval for immediate expenditure during FY 2012. Additionally, the Town has a street paving account in the public works department budget for ongoing street paving.

The Town’s fiscal year 2013 capital budget that was approved in April of 2012 included the following:

**Town of Freeport  
Summary of Funding Sources  
FY 2013 Capital Budget**

	Department <u>Proposed</u>	Manager <u>Proposed</u>	Council <u>Approved</u>	<u>Reserve</u>
Police	\$ 35,000	35,000	50,000	50,000
Fire	77,000	77,000	77,000	77,000
Rescue	174,000	174,000	174,000	174,000
Public Works	479,000	479,000	471,000	471,000
Solid Waste	90,000	90,000	90,000	90,000
Comprehensive Town Imp.	637,000	637,000	614,900	614,900
Municipal Facilities	287,000	287,000	266,000	266,000
Library	-	-	-	-
Cable	17,750	17,750	16,750	16,750
Other	188,000	188,000	188,000	188,000
<b>Total</b>	<b>\$ 1,984,750</b>	<b>1,984,750</b>	<b>1,947,650</b>	<b>1,947,650</b>

A summary of the Town’s capital assets at June 30, 2012 and 2011 are as follows:

	<b>2012</b>	<b>2011</b>
<b>General fixed assets:</b>		
Land	\$ 1,489,584	1,489,584
Land improvements	1,570,709	1,570,709
Buildings and improvements	8,067,214	8,067,214
Machinery, equipment and other	4,781,446	4,617,967
Vehicles	3,734,492	3,762,230
Infrastructure	8,990,440	8,099,266
Construction in process	3,932,842	770,741
	<b>\$ 32,566,727</b>	<b>28,377,711</b>

The large amount in construction-in-progress is mainly attributable to the Hunter Road Fields Project. The amount in-progress as of June 30<sup>th</sup>, 2012 was \$2.2 million, with \$1.27 million in two other projects on Flying Point Road and the remainder on other smaller projects.

## LONG-TERM DEBT

The State law allows municipalities to borrow up to 15% of their total valuation. Since the Town's State Valuation was \$1,425,350,000 for 2012, the debt limit was more than \$213,802,500. The Town's current debt is \$6,308,656, or less than 1% of State Valuation or approximately 2.95% of the Town's debt limit. Another measure of a municipality's debt load is debt-per-capita. As of June 30, 2012, the Town of Freeport's debt per capita was \$779 as compared to the prior year of \$905 (based upon a population of 8,100).

The following is a summary of bond and note transactions of the Town for the year ended June 30, 2012:

Bonds and notes payable at June 30, 2011	\$ 7,331,639
Principal additions	-
Principal payments	(1,022,983)
<b><u>Bonds and notes payable at June 30, 2012</u></b>	<b><u>\$ 6,308,656</u></b>

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

Freeport has a vibrant downtown, many thriving businesses, and residential growth outside the downtown, but has not been immune to the national economic downturn. For example, at the height of residential growth in 2005, the Town issued 85 new building permits, and only issued 37 during FY 2011. The Town issued 60 building permits during FY 2012, with 25 being attributed to the Oak Leaf Affordable Housing Project.

In the spring of 2011, the Town Council approved an expenditure of up to \$2.3 million from fund balance for the construction of athletic fields on Hunter Road in the Western section of Town. As of June 30<sup>th</sup>, 2012, almost \$2.2 million had been spent on the fields. This is the reason for the relatively large decline in the general fund's unassigned fund balance during FY 2011 and FY 2012.

The Northern New England Passenger Rail Authority received a \$35 million federal ARRA grant for the construction of passenger rail infrastructure from Brunswick to Portland with a stop in Freeport for service beginning in 2012. This will impact the general fund in FY 2013; the Town budgeted \$55,000 for capital improvements to the new train station and \$50,000 in the operating budget for the maintenance and operation of the station.

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 20%; Freeport's vacancy rate as of June 30, 2012 was only 9.9% of total storefront space. This has decreased from approximately 13.9% at June 30, 2011, and any downward movement during tough economic times is considered positive.

### **New Fiscal Year Budget**

In adopting the budget for the ensuing fiscal year 2013, 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 low. The Town focused on service levels during the FY 2013 budget, and realized a six-cent per \$1,000 of valuation increase. The increase was mainly due to an increase of \$27,000 or 46 percent increase in the general assistance budget due to changes in the State's funding of welfare benefits, a new \$50,000 train station maintenance budget (an increase of \$45,000 from FY 2012, and approximately \$60,000 in increases in personnel costs net of increased revenue associated with parking tickets, alarm fees and donation funds. This funds a new police officer, part-time assistant at public works, add 20 hours-per-week to the library staffing in order to create a technology librarian position, and provide 24/7 coverage at the fire department.

The budget for the fiscal year starting July 1, 2012 was approved by the Town Council with a tax rate of 15.45 mills, which is a 25 cent increase per \$1,000 of valuation from FY 2012 to FY 2013. The tax bills are sent out twice each year, and were due on November 15<sup>th</sup>, 2011 and May 15<sup>th</sup>, 2012.

The following summarizes the major components of the FY 2012 and FY 2013 budgets:

	<b>FY 2012 Appropriation</b>	<b>FY 2013 Appropriation</b>	<b>Increase (Decrease)</b>
<b>REVENUES</b>			
School	\$ -		\$ -
Town Non-Property Tax	3,297,730	3,471,032	173,302
Property Tax	18,789,555	19,251,075	461,520
Fund Balance	500,000	500,000	-
<b>TOTALS</b>	<b>\$ 22,587,285</b>	<b>\$ 23,222,107</b>	<b>\$ 634,822</b>
<b>EXPENDITURES</b>			
Municipal	\$ 7,841,075	\$ 8,386,214	\$ 545,139
School	13,275,403	13,631,935	356,532
County Tax	846,018	831,619	(14,399)
Reserves	-		-
Debt Service	624,789	372,339	(252,450)
<b>TOTALS</b>	<b>\$ 22,587,285</b>	<b>\$ 23,222,107</b>	<b>\$ 634,822</b>
<b>Mill Rate</b>	<b>\$ 15.20</b>	<b>\$ 15.45</b>	

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

**REQUEST FOR INFORMATION**

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

Respectfully submitted,

Peter Joseph  
Town Manager

Abigail C. Yacoben  
Finance Director

# **BASIC FINANCIAL STATEMENTS**



**TOWN OF FREEPORT, MAINE**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,874,351	-	14,874,351
Investments	3,381,935	-	3,381,935
Receivables:			
Accounts, net	133,362	203,443	336,805
Taxes receivable	768,420	-	768,420
Tax liens	379,402	-	379,402
Internal balances	93,689	(93,689)	0
Inventory	13,386	-	13,386
Capital assets, net	19,602,252	39,170	19,641,422
Total assets	39,246,797	148,924	39,395,721
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	969,617	2,060	971,677
Accrued wages and benefits payable	159,457	8,973	168,430
Compensated absences payable	255,283	-	255,283
Accrued interest	41,969	-	41,969
Noncurrent liabilities:			
Other long-term liabilities	589,846	-	589,846
Other postemployment benefits liability	336,738	-	336,738
Bonds due within one year	936,656	-	936,656
Bonds due in more than one year	5,372,000	-	5,372,000
Total liabilities	8,661,566	11,033	8,672,599
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	13,293,596	39,170	13,332,766
Restricted for:			
Special revenues	1,393,734	-	1,393,734
Capital projects	24,531	-	24,531
Nonexpendable trust principal	1,079,415	-	1,079,415
Expendable trust - income portion	2,945	-	2,945
Unrestricted	14,791,010	98,721	14,889,731
<b>Total net assets</b>	<b>\$ 30,585,231</b>	<b>137,891</b>	<b>30,723,122</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 1,899,730	235,563	-	-	(1,664,167)	-	(1,664,167)
Public safety	2,877,459	95,705	52,779	-	(2,728,975)	-	(2,728,975)
Public works	2,633,568	204,418	141,656	-	(2,287,494)	-	(2,287,494)
Community services	907,943	91,080	15,314	-	(801,549)	-	(801,549)
Education	12,749,483	-	-	-	(12,749,483)	-	(12,749,483)
County tax	846,018	-	-	-	(846,018)	-	(846,018)
Unclassified	1,426,148	273,230	-	-	(1,152,918)	-	(1,152,918)
Interest on debt	249,251	-	-	-	(249,251)	-	(249,251)
Total governmental activities	23,589,600	899,996	209,749	-	(22,479,855)	-	(22,479,855)
Business-type activities:							
Nonemergency Transportation	496,487	556,022	-	-	-	59,535	59,535
Total business-type activities	496,487	556,022	-	-	-	59,535	59,535
<b>Total primary government</b>	<b>\$ 24,086,087</b>	<b>1,456,018</b>	<b>209,749</b>	<b>-</b>	<b>(22,479,855)</b>	<b>59,535</b>	<b>(22,420,320)</b>
General revenues:							
Property taxes, levied for general purposes					\$ 20,559,351	-	20,559,351
Motor vehicle excise taxes					1,353,054	-	1,353,054
Interest and lien costs					76,562	-	76,562
Grants and contributions not restricted to specific programs:							
Homestead exemption					141,174	-	141,174
Other State aid					395,632	-	395,632
State Revenue Sharing					526,900	-	526,900
Unrestricted investment earnings (losses)					(1,801)	-	(1,801)
Transfer (to)/from NET					(40,545)	40,545	-
Miscellaneous revenues					2,453,769	-	2,453,769
Total general revenues and transfers					25,464,096	40,545	25,504,641
Change in net assets					2,984,241	100,080	3,084,321
Net assets - beginning					27,600,990	37,811	27,638,801
Net assets - ending					<b>\$ 30,585,231</b>	<b>137,891</b>	<b>30,723,122</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Assets:				
Cash	\$ 9,509,654	4,793,380	571,317	14,874,351
Investments	212,472	2,040,171	1,129,292	3,381,935
Receivables:				
Accounts	121,880	9,500	1,982	133,362
Taxes receivable	768,420		-	768,420
Tax liens	379,402		-	379,402
Interfund loans receivable	1,280,982	3,165,107	1,822,522	6,268,611
Inventory	13,386		-	13,386
<b>Total assets</b>	<b>\$ 12,286,196</b>	<b>10,008,158</b>	<b>3,525,113</b>	<b>25,819,467</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 159,006	195,008	70,334	424,348
Accrued wages and benefits	159,457		-	159,457
Compensated absences payable	255,283		-	255,283
Interfund loans	5,074,097	907,616	193,209	6,174,922
Development escrows	350,330		-	350,330
Deferred tax revenues	869,943		-	869,943
Other deferred revenues	194,939		-	194,939
<b>Total liabilities</b>	<b>7,063,055</b>	<b>1,102,624</b>	<b>263,543</b>	<b>8,429,222</b>
Fund balances:				
Nonspendable	13,386		1,079,415	1,092,801
Restricted	-		1,393,734	1,393,734
Committed	1,173,750	2,971,900	788,421	4,934,071
Committed Reserves	570,139	5,933,634	-	6,503,773
Assigned	607,212		-	607,212
Unassigned	2,858,654		-	2,858,654
<b>Total fund balances</b>	<b>5,223,141</b>	<b>8,905,534</b>	<b>3,261,570</b>	<b>17,390,245</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,286,196</b>	<b>10,008,158</b>	<b>3,525,113</b>	<b>25,819,467</b>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,602,252
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	869,943
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(7,277,209)

**Net assets of governmental activities**

**30,585,231**

*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, 2012**

	General	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 20,471,248		1,418,941	21,890,189
Licenses, permits and fees	304,607		-	304,607
Intergovernmental	1,273,455		275,071	1,548,526
Charges for services	225,224		824,734	1,049,958
Fees and fines	96,935		-	96,935
Unclassified	12,836	1,374,341	240,017	1,627,194
Investment earnings (losses)	30,500	(4,050)	(28,251)	(1,801)
<b>Total revenues</b>	<b>22,414,805</b>	<b>1,370,291</b>	<b>2,730,512</b>	<b>26,515,608</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,408,316		-	1,408,316
Public safety	2,045,275		-	2,045,275
Public works	1,913,850		-	1,913,850
Community services	594,090		-	594,090
Education	13,275,403		-	13,275,403
Insurance and fringe benefits	1,389,619		-	1,389,619
County tax	846,018		-	846,018
Unclassified	214,086		1,610,729	1,824,815
Capital outlay	-	4,221,263	386,159	4,607,422
Debt service	593,159		151,288	744,447
<b>Total expenditures</b>	<b>22,279,815</b>	<b>4,221,263</b>	<b>2,148,176</b>	<b>28,649,254</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>134,990</b>	<b>(2,850,972)</b>	<b>582,336</b>	<b>(2,133,646)</b>
<b>Other financing sources (uses):</b>				
Operating transfers from other funds	323,000	1,697,427	(530,993)	1,489,434
Operating transfers to other funds	(1,489,434)			(1,489,434)
<b>Total other financing sources (uses)</b>	<b>(1,166,434)</b>	<b>1,697,427</b>	<b>(530,993)</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>(1,031,444)</b>	<b>(1,153,545)</b>	<b>51,343</b>	<b>(2,133,646)</b>
Fund balances, beginning of year	6,254,585	10,059,079	3,210,227	19,523,891
<b>Fund balances, end of year</b>	<b>\$ 5,223,141</b>	<b>8,905,534</b>	<b>3,261,570</b>	<b>17,390,245</b>

*See accompanying notes to financial statements.*



**TOWN OF FREEPORT, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - All Budgeted Governmental Fund Types**  
**General Fund**  
**For the year ended June 30, 2012**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 20,067,055	20,067,055	20,471,248	404,193
Licenses, permits and fees	198,290	198,290	304,607	106,317
Intergovernmental	1,117,040	1,117,040	1,273,455	156,415
Charges for services	167,500	167,500	225,224	57,724
Fees and fines	76,400	76,400	96,935	20,535
Unclassified	5,000	5,000	7,959	2,959
Investment earnings	88,000	88,000	26,215	(61,785)
Total revenues	21,719,285	21,719,285	22,405,643	686,358
<b>Expenditures:</b>				
Current:				
General government	1,409,387	1,409,387	1,408,316	1,071
Public safety	2,041,190	2,041,190	2,045,275	(4,085)
Public works	2,064,129	2,064,129	1,913,850	150,279
Community services	632,454	632,454	594,090	38,364
Education	13,275,403	13,275,403	13,275,403	-
Insurance and fringe benefits	1,448,100	1,448,100	1,389,619	58,481
County tax	846,018	846,018	846,018	-
Unclassified	245,805	245,805	202,558	43,247
Debt service	624,799	624,799	593,159	31,640
Total expenditures	22,587,285	22,587,285	22,268,287	318,998
Excess (deficiency) of revenues over expenditures	(868,000)	(868,000)	137,356	1,005,356
<b>Other financing sources (uses):</b>				
Use of undesignated fund balance - Town	500,000	500,000	-	(500,000)
Operating transfers from other funds	368,000	368,000	323,000	(45,000)
Operating transfers to other funds	-	-	(1,476,434)	(1,476,434)
Total other financing sources (uses)	868,000	868,000	(1,153,434)	(2,021,434)
Deficiency of revenues and other financing sources over expenditures and other financing uses - budgetary basis	-	-	(1,016,078)	(1,016,078)
Fund balance, beginning of year - budgetary basis			5,669,080	
Fund balance, end of year - budgetary basis	\$		4,653,002	
<b>Reconciliation to GAAP basis:</b>				
Committed reserve funds fund balance			570,139	
<b>Fund balance, end of year - GAAP basis</b>	<b>\$</b>		<b>5,223,141</b>	

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

<b>Business-type Activities - Enterprise Funds</b>		<b>Nonemergency Transportation Program</b>
<b>ASSETS</b>		
Current assets:		
Accounts receivable less allowance for uncollectibles of \$90,000	\$	203,443
Total current assets		203,443
Non-current assets:		
Property, plant, and equipment		124,354
Less accumulated depreciation		(85,184)
Total noncurrent assets		39,170
<b>Total assets</b>	<b>\$</b>	<b>242,613</b>
<b>LIABILITIES</b>		
Current liabilities:		
Interfund loans		93,689
Accounts payable		2,060
Accrued wages and benefits payable		8,973
Total current liabilities		104,722
<b>Total liabilities</b>	<b>\$</b>	<b>104,722</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt		39,170
Unrestricted		98,721
<b>Total net assets</b>	<b>\$</b>	<b>137,891</b>

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2012**

<b>Business-type Activities - Enterprise Funds</b>		<b>Nonemergency Transportation Program</b>
Operating revenues:		
Charges for services	\$	556,022
Total operating revenues		556,022
Operating expenses:		
Wages and benefits		429,763
Operational costs		54,231
Depreciation		12,493
Total operating expenses		496,487
Operating income		59,535
Transfers in		40,545
Change in net assets		100,080
Total net assets, beginning of year		37,811
<b>Total net assets, end of year</b>	<b>\$</b>	<b>137,891</b>

*See accompanying notes to financial statements.*



**TOWN OF FREEPORT, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the year ended June 30, 2012**

<b>Business-type Activities - Enterprise Funds</b>	<b>Nonemergency Transportation Program</b>
Cash flows from operating activities:	
Receipts from customers and users	\$ 509,368
Payments to suppliers	(52,171)
Payments to employees	(423,793)
Net cash from operating activities	33,404
Cash flows from capital and related financing activities:	
Interfund borrowing	(33,404)
Net cash from financing activities	(33,404)
Change in cash	-
Cash, beginning of year	-
<b>Cash, end of year</b>	<b>\$ -</b>

**Reconciliation of operating income to net cash  
provided by operating activities:**

Operating loss	\$ 59,535
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	12,493
(Increase) decrease in operating assets:	
Accounts receivable	(46,654)
Increase (decrease) in operating liabilities:	
Accounts payable	2,060
Accrued wages and benefits payable	5,970
Net cash from operating activities	33,404

**Supplemental Schedule of Noncash Financing Activities:**

During the year ended June 30, 2012, the Nonemergency Transportation Program received a transfer of equipment from the general fund in the amount of \$40,545.

*See accompanying notes to financial statements.*

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**Component Unit**

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

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

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

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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.

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

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

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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.

**The Town reports the following proprietary fund:**

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance.

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

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**The Town reports the following proprietary fund - Continued:**

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 \$90,000 as of June 30, 2012. 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 fair market value at the date of donation.

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

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

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.

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**F. Capital Assets - Continued**

For all capital assets; buildings, vehicles and equipment, the Town elects to use the Depreciation Approach as defined by Statement No. 34 for reporting. The Town conducted an inventory of all other non-infrastructure capital assets for fiscal year 2003 and infrastructure for the fiscal year 2007. This process determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each capital asset. The book value was then computed by deducting the accumulated depreciation from the original cost.

**G. Vacation and Sick Leave**

Under the terms of personnel policies and a union contract, vacation and sick leave are granted in varying amounts according to length of service. The Town has accrued accumulated vacation leave and vested sick leave. The portion of this liability attributable to the General Fund, which is expected to be paid with current financial resources, is accrued in the General Fund with the balance reported in the government-wide financial 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 assets. Bond premiums and discounts, as well as issuance costs if material to 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. 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. 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.

**J. 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 operating transfers.

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**K. 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.

**L. Fund Equity**

The Town uses the following fund balance classifications.

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

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

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

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**L. Fund Equity – 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 fund balance of the General Fund is committed for stabilization arrangements, entitled “Tax Rate Stabilization Account”, to lower future year tax rates.

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

**M. 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 encumbrances. These encumbrances have been recorded as expenditures for budgetary reporting in the year encumbered. There is no effect on the fund balance at the end of the year.

**N. Recent Accounting Pronouncements**

In November 2010, the GASB issued GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. This statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. It applies to financial reporting by primary governments and other stand-alone governments, and to the separately issued financial statements of governmental component units as defined in GASB Statement No. 14. The new statement is effective for financial statement periods beginning after June 15, 2012. The Town is currently assessing the impact of this statement on its financial statements.

In June 2011, the GASB issued GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". This statement will require amounts reported as deferred outflows and inflows of resources to be reported in a separate section following assets and liabilities, respectively, in a new statement of net position. The new statement is effective for periods beginning after December 15, 2011. The Town is currently assessing the impact of this statement on its financial statements.

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**N. Recent Accounting Pronouncements - Continued**

In March 2012, the GASB issued GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. The new statement is effective for periods beginning after December 15, 2012. The Town is currently assessing the impact of this statement on its financial statements.

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

**CASH AND INVESTMENTS**

The Town's policy is to invest all available funds at the highest possible rates in conformance with legal and administrative guidelines, while avoiding unreasonable risk. The funds are invested in liquid investments with maturities planned to coincide with the Town's cash needs during the year. 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, 2012, the Town reported deposits of \$14,874,350 with a bank balance of \$15,269,025. None of the Town's bank balances are uninsured or uncollateralized.

**Investments:**

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

At June 30, 2012, the Town had the following investments and maturities:

	<b>Fair Value</b>	<b>Not Applicable</b>	<b>Less than 1 Year</b>	<b>1-5 Years</b>
<b>Money Market Funds</b>	\$ 451,150		\$ 451,150	
<b>Mutual Funds</b>	2,930,785	\$ 2,930,785		
<b>Total Investments</b>	<u>\$ 3,381,935</u>	<u>\$ 2,930,785</u>	<u>\$ 451,150</u>	<u>\$ -</u>



**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

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CASH AND INVESTMENTS – CONTINUED

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

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. Generally, the Town invests such excess funds in U.S. Treasury and Agency bonds and notes, repurchase agreements, and in investment pool funds. Certain long-term reserve and trust funds are invested through a financial institution with trust powers in fixed income and equity mutual funds to provide long-term growth and income. The Town's investments in debt securities that require disclosure of credit risk were rated by Standard & Poor's as follows: Money market funds \$451,150 – AAA, Fixed income mutual funds \$277,930 – unrated.

The Town's investment portfolio is comprised of a mix of money market, equity mutual funds and bond mutual funds. At June 30, 2012 the Town did not have any individual investments with a concentration of more than five percent of the total portfolio, but discloses the following funds that accounted for more than five percent of the total portfolio:

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

	6/30/2012	S&P Rating	% of Total
Growth Fund of America-Equity	\$957,590	Unrated	28.31%
Fundamental Investors-Equity	\$984,969	Unrated	29.12%

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

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PROPERTY TAX

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Property taxes for the current period were committed on September 15, 2011, on the assessed value listed as of April 1, 2011, for all real and personal property located in the Town. For real property, payment of taxes was due in equal installments on November 15, 2011 and May 15, 2012. Personal property taxes were due in whole on November 15, 2011. 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 2012 assessed value was 100% of the estimated market value and 88.58% of the 2011 state valuation of \$1,526,300,000. The prior year ratio was 86.88%; it is notable that the Town's assessor decreased all real property by 15% due to market data indicating that the Town's properties were overvalued by this amount.

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 \$341,789 for the period ended June 30, 2012.

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.

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

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**PROPERTY TAX – CONTINUED**

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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 revenues. The following summarizes the tax levies:

	<u><b>FY 2012</b></u>		<u><b>FY 2011</b></u>
<b>Assessed Value</b>	\$ 1,351,992,423	\$	1,350,531,363
<b>Tax Rate (per \$1,000)</b>	15		15
<b>Commitment</b>	20,550,285		20,460,550
<b>Supplemental taxes assessed</b>	16,000		8
<b>Subtotal</b>	20,566,285		20,460,558
<b>Less Collections and Abatements</b>	19,797,865		19,721,873
<b>Receivable at the end of Period</b>	768,420		738,685
 <b>Collection Rate</b>	 <b>96.26%</b>		 <b>96.39%</b>

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**SIGNIFICANT TAXPAYER**

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For the year ended June 30, 2012, the Town of Freeport committed and collected \$2,947,369 in real estate and personal property tax revenue from L.L. Bean Inc. This commitment represents approximately 14.34% of total property taxes assessed.

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**CAPITAL ASSETS**

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Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance 6/30/2011	Increases	Decreases	Balance 6/30/2012
<b>Governmental Activities</b>				
Land	\$ 1,489,584			\$ 1,489,584
Total capital assets not bring depreciated	1,489,584			1,489,584
Capital assets being depreciated				
Land improvements	1,570,709			1,570,709
Buildings and building improvements	8,067,214			8,067,214
Machinery, equipment, and other	4,617,967	\$ 402,954	\$ 239,476	4,781,445
Vehicles	3,762,230	594,155	621,892	3,734,493
Construction work in process	770,741	3,602,101	440,000	3,932,842
Infrastructure	8,099,267	891,173		8,990,440
Total capital assets being depreciated	26,888,128	5,490,383	1,301,368	31,077,143
Less accumulated depreciation	12,831,066	934,234	800,825	12,964,475
Total capital assets being depreciated, net	14,057,062	4,556,149	500,543	18,112,668
<b>Governmental activities capital assets, net</b>	<b>\$ 15,546,646</b>	<b>\$ 4,556,149</b>	<b>\$ 500,543</b>	<b>\$ 19,602,252</b>

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

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**CAPITAL ASSETS – CONTINUED**

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	Balance 6/30/2011	Increases	Decreases	Balance 6/30/2012
<b>Business-type activities</b>				
Equipment	\$ 10,772	\$ 17,455		\$ 10,772
Vehicles	139,537	23,090	\$ 66,500	139,537
Total capital assets being depreciated	150,309	40,545	66,500	124,354
Less accumulated depreciation	139,191	12,493	66,500	85,184
<b>Business-type activities capital assets, net</b>	<b>\$ 11,118</b>	<b>\$ 28,052</b>	<b>\$ -</b>	<b>\$ 39,170</b>

Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2012 as follows:

**Governmental Activities**

General government	\$ 67,371
Public safety	254,026
Public works	444,896
Community services	143,855
Unclassified	24,086
<b>Total depreciation expense-governmental activities</b>	<b>934,234</b>

**Business-type activities**

Nonemergency Transportation Program	12,493
<b>Total depreciation expense-business activities</b>	<b>12,493</b>

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

**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, 2012 arising from these transactions were as follows:

	<b>Receivable</b>	<b>Payable</b>
<b>General Fund</b>	\$ 1,280,982	\$ 5,074,097
<b>Special Revenue Funds:</b>		
Winslow Park		170,264
TIF Funds	363,912	
Bartol building lease fund	495,219	
Tower lease fund	293,202	
Other Town grants and programs	475,866	
Leon Gorman Park	147,920	
<b>Capital Project Funds:</b>		
Fire department projects	26,002	
Rescue department projects	45,291	
Public works projects	325,680	
Police department projects	32,505	
Recycling projects	242,141	
Comprehensive Town projects	1,677,452	
Municipal buildings and other	643,691	
Boards and committees	218,749	
Capital Reserves		907,616
<b>Enterprise NET program</b>		93,689
<b>Permanent funds</b>		22,945
<b>Totals</b>	<b>\$ 6,268,611</b>	<b>\$ 6,268,611</b>

**FUND BALANCE**

At June 30, 2012, the General Fund's fund balance was comprised of the following:

Nonspendable:	
Inventory	\$ 13,386
<b>Total</b>	<b>\$ 13,386</b>
Committed fund balances:	
Future Retirement Pay	\$ 173,750
Tax rate stabilization account	1,000,000
<b>Total</b>	<b>\$ 1,173,750</b>

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

**FUND BALANCE, CONTINUED**

Committed reserves:	
Unemployment compensation fund	\$ 353,151
Other	216,988
<b>Total</b>	<b>\$ 570,139</b>
Assigned fund balances:	
Funds Appropriated by Council for Athletic Fields	\$ 107,212
Funds Appropriated by Council for FY 2013 Budget Offset	500,000
<b>Total</b>	<b>\$ 607,212</b>

**PENSION PLANS**

**Maine Public Employees Retirement System**

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

**Funding Policy** - Plan members are required to contribute a percentage of their annual covered salary. The Town is required to contribute an actuarially determined rate. Employer and member rates for the year ended June 30, 2011 were as follows:

	<u>Special #2C</u>
Employer payroll rate(s):	
Normal cost	9.3%
Pooled UAL	-3.0%
<b>Total payroll rate</b>	<b>6.3%</b>
Monthly IUUAL available (7/1/11-6/30/12):	
Payment/(Credit)	(\$ 2,634)
<b>Member contribution rate</b>	<b>6.5%</b>

Prior to the Consolidated Plan, the Town had a separate inactive District Plan. Effective July 1, 2003, the Town elected to join the Consolidated Plan. Under the terms of joining the Consolidated Plan, the Town has an Initial Unpooled Unfunded Actuarial Liability Credit (IUUAL). The credit is being amortized over 8 years starting with the fiscal year 2011. Employer contributions for the year ended June 30, 2012 were \$109,015 net of credits taken. The contribution rates of plan members and the Town are established and may be amended by the Maine State Retirement System Board of Trustees. For the year ended June 30, 2012, employee contributions to the plan totaled \$145,089.

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

**PENSION PLANS, CONTINUED**

**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, 2012, the Town's contribution to the plan totaled \$111,395.

**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 \$284,744 for the year ended June 30, 2012.

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<b>Beginning</b>				<b>Due Within</b>
	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>	<b>One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 7,331,639		\$ 1,022,983	\$ 6,308,656	\$ 936,656
Compensated absences	185,056		15,210	169,846	15,210
Landfill post-closure costs	432,000		12,000	420,000	
Other post-employment benefits	252,125	\$ 84,613		336,738	
<hr/>					
<b>Governmental Activity</b>					
Long-term liabilities	\$ 8,200,820	\$ 84,613	\$ 1,050,193	\$ 7,235,240	\$ 951,866

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

**OTHER POST-EMPLOYMENT BENEFITS**

The GASB promulgated its Statement 45 which addressed the reporting and disclosure requirements for other post-employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, was implemented, as required, by the Town of Freeport for the year ended June 30, 2009. Under this pronouncement, it is required that the long-term cost of retirement health care and obligations for other post-employment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town is a member of the Maine Municipal Employees Health Trust, which is an agent multiple-employer plan. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in October, 2011. GASB 45 rules allow employers with less than 200 employees to use the same actuarial study for three years. The Town's ARC is \$98,093; this is offset by \$11,944 in current year payments by employees during FY 2012.

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

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

The following table represents the OPEB costs for the year and the annual required contribution:

Normal cost	\$ 39,209
Amortization of unfunded	56,979
Interest	1,905
<b><u>Annual Required Contribution</u></b>	<b><u>\$ 98,093</u></b>

**Funding Status and Funding Progress** – The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2012 was as follows:

Annual required contribution	\$ 98,093
Interest on Net OPEB Obligation	3,446
Actual contribution	<u>(4,982)</u>
Annual OPEB Cost	96,557
Contributions Made	<u>(11,944)</u>
Increase in Net OPEB Obligation	84,613
Net OPEB Obligation, Beginning of Year	<u>252,125</u>
Net OPEB Obligation, End of Year	<u>\$ 336,738</u>

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

**OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

Actuarial accrued liability	\$1,024,703
Plan assets	<u>0</u>
Unfunded actuarial accrued liability	\$1,024,703
Covered payroll	\$3,641,675
Unfunded actuarial accrued liability as a percentage of covered payroll	28%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only one year available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Actuarial valuation date	January 1, 2011
Actuarial cost method	Early age normal
Amortization method	Level dollar
Remaining amortization period	30 years
 Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 9.6%

**CONTINGENCIES**

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

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



**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

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**LANDFILL CLOSURE AND POST CLOSURE COSTS**

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The following is a summary of the estimated cost of current landfill and post-closure operations for the Town's landfill for the year ended June 30, 2012:

	<b>Years Remaining</b>	<b>Cost Per-Year</b>	<b>Total Cost</b>
Post Closure Monitoring			
Section Closed in 1995-30 Years of Monitoring	13	\$ 5,000	\$ 65,000
Post Closure Monitoring			
Section Closed in 1992-30 Years of Monitoring	10	\$ 7,000	\$ 70,000
Current Activities in Open Portion			
First Ten-Year Period of Post-Closure Monitoring	10	\$ 4,000	\$ 40,000
Subsequent 20-Year Period of Post-Closure Monitoring	20	\$ 3,000	\$ 60,000
Demo Debris Closure Cost			\$ 185,000
<b>Total Landfill Liability</b>			<b>\$ 420,000</b>

Under existing state law, Maine communities have to close existing landfills under a State-approved plan and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Historically, the Town maintained two old solid waste landfills which were closed and permanently capped in 1992 and 1995. Additionally, the Town maintains a demolition debris landfill which is near full capacity. The transfer station has been modified to handle and transport future materials. The demolition debris landfill will be accepting limited material for the next few years and is to be closed thereafter. The Town has set aside funds totaling \$185,000 for its closure. The Town has estimated that there will be post closure care costs for the various landfills approximating \$235,000 over the next 30 years. As such, the Town has recognized a liability of \$185,000 for closure and an estimate for post closure monitoring and maintenance costs of \$235,000 for a total of \$420,000 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**  
**June 30, 2012**

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**LONG-TERM DEBT**

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Bonds and notes payable at June 30, 2012 are comprised of the following:

	<b>Date of Issue</b>	<b>Original Amount Issued</b>	<b>Date of Maturity</b>	<b>Interest rate</b>	<b>Balance June 30, 2012</b>
<b>Governmental activities:</b>					
1997 Capital improvements	1/23/97 (2)	4,275,000	2016	2.91%	\$ 925,000
2002 Capital improvements	10/30/2002	540,500	2012	2.98%	42,850
2008 School improvements	2/1/2008 (2)	655,000	2008	2.92%	170,000
2008 MMBB	10/30/2008	262,165	2013	0	45,806
2009 MMBB	3/11/2009	300,000	2019	variable	210,000
2011 Refunding	4/19/2011 (1)	5,635,000	2023	2.939	4,915,000
<b><u>Total bonds and notes payable</u></b>					<b><u>\$ 6,308,656</u></b>

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 \$6,308,656 at June 30, 2012 was within the statutory limit.

The annual requirements to amortize all debt outstanding at June 30, 2012 are as follows. Such amounts exclude overlapping debt requirements, but include School debt requirements to be reimbursed by the State of Maine.

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 963,656	\$ 241,823	\$ 1,205,480
2014	715,000	209,967	924,967
2015	715,000	184,233	899,233
2016	715,000	158,259	873,259
2017	710,000	132,385	842,385
2018-2022	2,275,000	293,823	2,568,823
2023-2027	215,000	4,300	219,300
<b>Totals</b>	<b>\$ 6,308,656</b>	<b>\$ 1,224,790</b>	<b>\$ 7,533,446</b>

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

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**Overlapping Debt**

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's state valuation to the County's state valuation. For the year ended June 30, 2012, the Town's share of the expenditure was \$137,132 (3.72%) of Cumberland County's outstanding debt of \$3,685,250.

**Other Contingencies**

ECOMAINE (formerly Regional Waste Systems, Inc.), a Maine corporation with over twenty participating municipalities including the Town of Freeport, has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of ECOMAINE payable from and secured by a pledge of ECOMAINE revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision of the State of Maine, or a pledge of the full faith and credit of any political subdivision of the State of Maine. ECOMAINE has no taxing power. Notwithstanding the foregoing, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to ECOMAINE for processing, to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will at least equal required debt service of the bonds. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2012, outstanding incinerator and material recycling facility debt totaled \$4,560,000, \$3,975,000 of their debt was paid on July 1, 2012 and \$585,000 was paid on August 1, 2012. The landfill closure and post closure costs relative to ECOMAINE are estimated at \$15,693,920. The Town's proportional share of the landfill closure and post-closure monitoring costs are estimated at \$500,706, as the Town comprises 3.19 percent of the total liability.

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**RISK MANAGEMENT**

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

Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2012.

**TOWN OF FREEPORT, MAINE**  
**Notes to Financial Statements**  
**June 30, 2012**

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**COMMITMENTS**

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Construction in progress of \$3,932,842 as of June 30, 2012 consists primarily of recreation fields, road construction on Flying Point, Upper Mast Landing, and South Streets, paving at the recycling center, and remote site broadcasting for the community cable television department. The Town expects these projects to be completed during FY 2013. Additional amounts to be spent to complete the projects are estimated at approximately \$903,000.

**TOWN OF FREEPORT, MAINE**  
**Required Supplementary Information**  
**Other Post-Employment Benefits Schedule of Funding Progress**  
**Year Ended June 30, 2012**

Actuairal Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
June 30, 2012		\$ 1,024,703	\$ 1,024,703		\$ 3,641,675	28%
June 30, 2011		1,024,703	1,024,703		3,931,797	26%
June 30, 2010		979,479	979,479		3,469,043	28%
June 30, 2009		979,479	979,479		3,510,086	28%

**GENERAL FUND**

**TOWN OF FREEPORT, MAINE**  
**Comparative Balance Sheets - General Fund - Budgetary Basis**  
**June 30, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Cash	\$ 9,049,077	9,411,887
Investments	16,440	16,439
Accounts receivables	121,880	76,333
Taxes receivable	768,420	760,108
Tax liens	379,402	334,996
Inventory	13,386	41,953
Interfund loans	1,280,982	1,611,097
<b>Total assets</b>	<b>\$ 11,629,587</b>	<b>12,252,813</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	159,006	143,702
Accrued wages and benefits	159,457	88,310
Compensated absences payable	255,283	272,283
Interfund loans	4,987,628	4,965,006
Development escrows	350,329	155,111
Deferred tax revenues	869,943	771,165
Other deferred revenues	194,939	188,156
<b>Total liabilities</b>	<b>6,976,585</b>	<b>6,583,733</b>
Fund balance:		
Nonspendable	13,386	41,953
Committed-Stabilization Fund	1,000,000	1,000,000
Committed-Other	173,750	173,750
Assigned	607,212	2,207,515
Unassigned	2,858,654	2,245,862
<b>Total fund balance</b>	<b>4,653,002</b>	<b>5,669,080</b>
<b>Total liabilities and fund balance</b>	<b>\$ 11,629,587</b>	<b>12,252,813</b>

**TOWN OF FREEPORT, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual - General Fund**  
**Year ended June 30, 2012**

(with comparative actual amounts for the year ended June 30, 2011)

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 18,789,555	19,041,632	252,077	19,094,675
Excise taxes and registration fees	1,212,500	1,353,054	140,554	1,356,321
Interest and lien costs	65,000	76,562	11,562	85,595
Total taxes	20,067,055	20,471,248	404,193	20,536,591
<b>Licenses, permits and fees:</b>				
Building, plumbing and electrical permits	58,000	140,511	82,511	104,973
Town clerk licenses and fees	44,150	70,274	26,124	44,441
Moorings and other harbor fees	81,000	76,515	(4,485)	82,243
Solid waste permits	2,640	3,972	1,332	7,662
Shellfish licenses	12,500	13,335	835	12,625
Total licenses, permits and fees	198,290	304,607	106,317	251,944
<b>Intergovernmental:</b>				
State tree growth reimbursement	35,000	71,416	36,416	36,741
State general assistance	18,000	15,314	(2,686)	10,637
State revenue sharing	500,000	526,900	26,900	506,347
State homestead exemption reimbursement	114,750	141,174	26,424	142,546
State road assistance	125,000	141,656	16,656	136,520
Public safety contributions	51,290	52,779	1,489	55,637
Other intergovernmental	273,000	324,216	51,216	326,131
Total intergovernmental	1,117,040	1,273,455	156,415	1,214,559
<b>Charges for services:</b>				
Planning	12,500	24,778	12,278	40,942
Transfer station and recycling	110,000	143,233	33,233	123,433
Parking lot	37,500	37,500	-	37,500
Vehicle maintenance	5,000	7,474	2,474	6,738
Engineering	2,500	12,239	9,739	13,854
Total charges for services	167,500	225,224	57,724	222,467
<b>Fees and fines:</b>				
Police parking and other fines	58,400	75,120	16,720	75,831
Library fines and fees	10,000	14,565	4,565	11,901
Alarm and other fire fees	8,000	7,250	(750)	18,845
Total fees and fines	76,400	96,935	20,535	106,577



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

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Revenues, continued:				
Unclassified	5,000	7,959	2,959	78,599
Investment earnings	88,000	26,215	(61,785)	83,373
Total revenues	21,719,285	22,405,643	686,358	22,494,110
Expenditures:				
Current:				
General government:				
Town council	105,500	146,787	(41,287)	173,065
Town manager	133,971	132,966	1,005	126,618
Finance and treasury	294,014	348,938	(54,924)	288,585
Assessing	139,939	133,179	6,760	125,868
Code enforcement	76,473	75,571	902	74,314
Town clerk and elections	99,423	94,990	4,433	86,793
General administration	144,190	98,451	45,739	125,283
Municipal buildings	282,722	250,247	32,475	236,126
Planning	133,155	127,187	5,968	118,803
Total general government	1,409,387	1,408,316	1,071	1,355,455
Public Safety:				
Police department	925,100	945,960	(20,860)	903,763
Special enforcement	51,294	51,963	(669)	48,173
Fire department	371,143	365,160	5,983	357,928
Rescue	317,123	333,386	(16,263)	301,306
Reception	165,030	159,279	5,751	175,808
Hydrant rental	160,000	149,858	10,142	137,438
Street lights	51,500	39,669	11,831	41,897
Total public safety	2,041,190	2,045,275	(4,085)	1,966,313
Public Works:				
General road operations	737,063	678,518	58,545	666,851
Summer roads	618,500	609,709	8,791	598,732
Winter roads	153,000	131,472	21,528	130,557
Tree program	15,500	2,993	12,507	10,965
Solid waste	426,261	397,202	29,059	395,072
Engineering	113,805	93,956	19,849	103,898
Total public works	2,064,129	1,913,850	150,279	1,906,075

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

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Community services:				
Human services agencies	39,700	37,500	2,200	38,300
Public library	352,525	335,348	17,177	334,349
Cable TV	66,807	71,298	(4,491)	60,551
Promotions	7,800	4,133	3,667	3,510
General assistance	94,579	78,099	16,480	86,126
Coastal waters	63,218	57,057	6,161	69,019
Shellfish commission	4,100	3,802	298	2,578
Other	3,725	6,853	(3,128)	2,080
Total community services	632,454	594,090	38,364	596,513
Education:				
Education	13,275,403	13,275,403	-	13,104,454
Total education	13,275,403	13,275,403	-	13,104,454
Insurance and fringe benefits:				
Employee benefits	1,353,100	1,305,254	47,846	1,177,531
Insurances	95,000	84,365	10,635	86,367
Total insurance and fringe benefits	1,448,100	1,389,619	58,481	1,263,898
County tax	846,018	846,018	-	825,598
Unclassified:				
Freeport Economic Development Corp.		-	-	85,000
Bustin's Island Corporation	170,000	170,599	(599)	168,105
Miscellaneous & contingency	50,805	18,050	32,755	59,125
Abatements	25,000	13,909	11,091	19,222
Total unclassified	245,805	202,558	43,247	331,452
Debt service	624,799	593,159	31,640	700,714
Total expenditures	22,587,285	22,268,287	318,998	22,050,472
Excess (deficiency) of revenues over expenditures	(868,000)	137,356	1,005,356	443,638

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

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Other financing sources (uses):				
Budgeted utilization of surplus - Town	\$ 500,000	-	(500,000)	-
Final Transfer to RSU #5		-	-	-
Operating transfers in	368,000	323,000	(45,000)	323,000
Operating transfers out		(1,476,434)	(1,476,434)	(1,423,985)
Total other financing sources (uses)	868,000	(1,153,434)	(2,021,434)	(1,100,985)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - budgetary basis	-	(1,016,078)	(1,016,078)	(657,347)
Fund balance, beginning of year - budgetary basis		5,669,080		6,326,427
Fund balance, end of year - budgetary basis	\$	4,653,002		5,669,080
Reconciliation of Fund Balance to GAAP Basis:				
Committed reserve funds fund balance		570,139		585,505
<b>Fund Balance, end of year - GAAP Basis</b>	<b>\$</b>	<b>5,223,141</b>		<b>6,254,585</b>

**OTHER GOVERNMENTAL FUNDS**

**TOWN OF FREEPORT  
Combining Balance Sheet  
All Other Governmental Funds  
June 30, 2012**

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash	\$ 571,317	-	571,317
Investments	23,987	1,105,305	1,129,292
Accounts receivable	1,982	-	1,982
Interfund loans	1,822,522	-	1,822,522
<b>Total assets</b>	<b>\$ 2,419,808</b>	<b>1,105,305</b>	<b>3,525,113</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	70,334	-	70,334
Interfund loans	170,264	22,945	193,209
<b>Total liabilities</b>	<b>240,598</b>	<b>22,945</b>	<b>263,543</b>
Fund balances:			
Nonspendable	-	1,079,415	1,079,415
Restricted	1,390,789	2,945	1,393,734
Committed	788,421	-	788,421
<b>Total fund balance</b>	<b>2,179,210</b>	<b>1,082,360</b>	<b>3,261,570</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,419,808</b>	<b>1,105,305</b>	<b>3,525,113</b>

**TOWN OF FREEPORT, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Other Governmental Funds**  
**For the year ended June 30, 2012**

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
Revenues:			
Property taxes	\$ 1,418,941	-	1,418,941
Charges for services	824,734	-	824,734
Gifts and donations	73,307	1,409	74,716
Intergovernmental	275,071	-	275,071
Unclassified	165,301	-	165,301
Investment income	913	(29,164)	(28,251)
Total revenues	2,758,267	(27,755)	2,730,512
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Unclassified	1,585,086	25,643	1,610,729
Capital outlay	386,159	-	386,159
Debt service	151,288	-	151,288
Total expenditures	2,122,533	25,643	2,148,176
Excess (deficiency) of revenues over expenditures	635,734	(53,398)	582,336
Other financing sources (uses):			
Transfers (to) from other funds	(530,996)	-	(530,996)
Total other financing sources (uses)	(530,996)	-	(530,996)
Excess (deficiency) of revenues over expenditures and other financing sources and (uses)	104,738	(53,398)	51,340
Fund balances, beginning of year	2,074,472	1,135,758	3,210,230
<b>Fund balances, end of year</b>	<b>\$ 2,179,210</b>	<b>1,082,360</b>	<b>3,261,570</b>

**SPECIAL REVENUE FUNDS**

**TOWN OF FREEPORT, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2012**

		Winslow Park	Tax Increment Financing Funds	Bartol Building Lease Fund	Tower Lease Fund	Other Town Grants & Programs	Freeport Economic Development Corporation	Leon Gorman Park	Totals 2012
<b>ASSETS</b>									
Cash	\$	546,558					24,759		571,317
Investments							23,987		23,987
Accounts receivable						1,982			1,982
Interfund loans receivable			363,912	495,219	293,202	522,269		147,920	1,822,522
<b>Total assets</b>	<b>\$</b>	<b>546,558</b>	<b>363,912</b>	<b>495,219</b>	<b>293,202</b>	<b>524,251</b>	<b>48,746</b>	<b>147,920</b>	<b>2,419,808</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable		6,592	63,545					197	70,334
Interfund loans payable		170,264							170,264
<b>Total liabilities</b>		<b>176,856</b>	<b>63,545</b>	-	-	-	-	197	<b>240,598</b>
Fund balances:									
Restricted		369,702	300,367	-	-	524,251	48,746	147,723	1,390,789
Committed		-	-	495,219	293,202	-	-	-	788,421
<b>Total fund balances</b>		<b>369,702</b>	<b>300,367</b>	<b>495,219</b>	<b>293,202</b>	<b>524,251</b>	<b>48,746</b>	<b>147,723</b>	<b>2,179,210</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>546,558</b>	<b>363,912</b>	<b>495,219</b>	<b>293,202</b>	<b>524,251</b>	<b>48,746</b>	<b>147,920</b>	<b>2,419,808</b>



**TOWN OF FREEPORT, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the year ended June 30, 2012**

	Winslow Park	Tax Increment Financing Funds	Bartol Building Lease Fund	Tower Lease Fund	Other Town Grants & Programs	Freeport Economic Development Corporation	Leon Gorman Park	Totals 2012
Revenues:								
Property taxes	\$ -	1,418,941	-	-	-	-	-	1,418,941
Charges for services	273,230	-	352,225	199,279	-	-	-	824,734
Gifts and donations	-	-	-	-	73,307	-	-	73,307
Intergovernmental	-	-	-	-	275,071	-	-	275,071
Investment income	913	-	-	-	-	-	-	913
Unclassified	4,691	-	-	-	75,610	85,000	-	165,301
<b>Total revenues</b>	<b>278,834</b>	<b>1,418,941</b>	<b>352,225</b>	<b>199,279</b>	<b>423,988</b>	<b>85,000</b>	<b>-</b>	<b>2,758,267</b>
Expenditures:								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Unclassified	190,035	1,210,313	-	-	40,551	126,945	17,242	1,585,086
Debt service	-	151,288	-	-	-	-	-	151,288
Capital	107,128	12,550	-	-	266,481	-	-	386,159
<b>Total expenditures</b>	<b>297,163</b>	<b>1,374,151</b>	<b>-</b>	<b>-</b>	<b>307,032</b>	<b>126,945</b>	<b>17,242</b>	<b>2,122,533</b>
Excess (deficiency) of revenues over expenditures	(18,329)	44,790	352,225	199,279	116,956	(41,945)	(17,242)	635,734
Other financing sources (uses):								
Transfer to (from) other funds	-	-	(350,000)	(175,000)	(5,996)	-	-	(530,996)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(350,000)</b>	<b>(175,000)</b>	<b>(5,996)</b>	<b>-</b>	<b>-</b>	<b>(530,996)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(18,329)	44,790	2,225	24,279	110,960	(41,945)	(17,242)	104,738
Fund balances, beginning of year	388,031	255,577	492,994	268,923	413,291	90,691	164,965	2,074,472
<b>Fund balances, end of year</b>	<b>\$ 369,702</b>	<b>300,367</b>	<b>495,219</b>	<b>293,202</b>	<b>524,251</b>	<b>48,746</b>	<b>147,723</b>	<b>2,179,210</b>

**TOWN OF FREEPORT, MAINE**  
**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**Year ended June 30, 2012**

	Fund Balance (deficit) June 30, 2011	Revenues		Expenditures	Revenues over (under) expenditures	Other sources and (uses)	Fund Balance (deficit) June 30, 2012
		Inter- governmental	Other				
Winslow Park fund	388,031	-	278,834	297,163	(18,329)	-	369,702
TIF Funds:							
TIF I -Desert road	-	-	-	-	-	-	-
TIF II - Desert road phase II	56,389	-	1,095,791	1,095,791	-	-	56,389
TIF III - Nursing home	-	-	-	-	-	-	-
TIF IV - Destination TIF	199,188	-	258,400	213,610	44,790	-	243,978
TIF V - Hotel TIF	-	-	64,750	64,750	-	-	-
Total TIF funds	255,577	-	1,418,941	1,374,151	44,790	-	300,367
Bartol Building Lease Fund	492,994	-	352,225	-	352,225	(350,000)	495,219
Tower Lease Fund	268,923	-	199,279	-	199,279	(175,000)	293,202

**TOWN OF FREEPORT, MAINE**  
**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**Year ended June 30, 2012**

	Fund Balance (deficit) June 30, 2011	Revenues		Expenditures	Revenues over (under) expenditures	Other sources and (uses)	Fund Balance (deficit) June 30, 2012
		Inter- governmental	Other				
Town Grants and Programs:							
Jump start program	\$ 306	-	-	-	-	-	306
FEMA	71,427	-	-	-	-	(5,996)	65,431
Regional Efficiency grant	1,249	-	-	-	-	-	1,249
CDBG-Historic Society	150	-	-	-	-	-	150
CDBG-57 Depot	-	263,502	-	263,502	-	-	-
ARRA-Town Hall Weatherization	(19,417)	8,085	-	-	8,085	-	(11,332)
Maine Arts Commission	1,907	-	-	-	-	-	1,907
Shellfish Water Testing	12,360	-	5,224	960	4,264	-	16,624
Shellfish Grant-State of Maine	521	-	-	-	-	-	521
Winslow Park-State of Maine	535	-	-	-	-	-	535
Fuel Assistance Fund-Freeport	7,271	-	20,737	15,096	5,641	-	12,912
Fuel Assistance Fund-Yarmouth	7,187	-	40,832	23,544	17,288	-	24,475
Library Donations	21,398	-	7,020	-	7,020	-	28,418
Road Impact Fees	203,983	-	55,328	-	55,328	-	259,311
Stormwater Connection Fees	55,930	-	1,678	-	1,678	-	57,608
Village Open Spaces	2,029	-	13,428	-	13,428	(3,000)	12,457
Fire and Rescue Donations	13,872	-	3,170	-	3,170	-	17,042
Other	32,583	3,484	1,500	3,930	1,054	3,000	36,637
<b>Total Town Grants and Projects</b>	<b>413,291</b>	<b>275,071</b>	<b>148,917</b>	<b>307,032</b>	<b>116,956</b>	<b>(5,996)</b>	<b>524,251</b>
Freeport Economic Development Corporation	90,691	85,000	-	126,945	(41,945)	-	48,746
Leon Gorman Park	164,965	-	-	17,242	(17,242)	-	147,723
<b>Total special revenue funds</b>	<b>\$ 2,074,472</b>	<b>\$ 360,071</b>	<b>\$ 2,398,196</b>	<b>\$ 2,122,533</b>	<b>\$ 635,734</b>	<b>\$ (530,996)</b>	<b>\$ 2,179,210</b>

## **CAPITAL PROJECT FUNDS**

**TOWN OF FREEPORT, MAINE**  
**Combining Balance Sheet**  
**Town Capital Projects Funds**  
**June 30, 2012**

	Fire Department Projects	Rescue Department Projects	Public Works Projects	Police Department Projects	Recycling Projects	Comprehensive Town Projects	Municipal Buildings and Other	Boards and Committees	Capital Reserves	Total 2012
<b>ASSETS</b>										
Cash	\$ -	-	-	-	-	-	-	-	4,793,380	4,793,380
Investments	-	-	-	-	-	-	-	-	2,040,171	2,040,171
Accounts receivable	-	-	-	-	-	-	-	-	9,500	9,500
Due from other governments	-	-	-	-	-	-	-	-	-	-
Interfund loans	26,002	45,291	325,680	32,505	242,141	1,631,049	643,691	218,749	-	3,165,107
<b>Total assets</b>	<b>\$ 26,002</b>	<b>45,291</b>	<b>325,680</b>	<b>32,505</b>	<b>242,141</b>	<b>1,631,049</b>	<b>643,691</b>	<b>218,749</b>	<b>6,843,050</b>	<b>10,008,158</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	7,840	-	-	-	2,718	170,918	11,732	-	1,800	195,008
Interfund loans	-	-	-	-	-	-	-	-	907,616	907,616
Total liabilities	7,840	-	-	-	2,718	170,918	11,732	-	909,416	1,102,624
Fund balances:										
Committed	18,162	45,291	325,680	32,505	239,423	1,460,131	631,959	218,749	5,933,634	8,905,534
Total fund balances	18,162	45,291	325,680	32,505	239,423	1,460,131	631,959	218,749	5,933,634	8,905,534
<b>Total liabilities and fund balances</b>	<b>\$ 26,002</b>	<b>45,291</b>	<b>325,680</b>	<b>32,505</b>	<b>242,141</b>	<b>1,631,049</b>	<b>643,691</b>	<b>218,749</b>	<b>6,843,050</b>	<b>10,008,158</b>

**TOWN OF FREEPORT, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Capital Project Funds**  
**Year ended June 30, 2012**

	Fire Department Projects	Rescue Department Projects	Public Works Projects	Police Department Projects	Recycling Projects	Comprehensive Town Projects	Municipal Buildings and Other	Boards and Committees	Capital Reserves	Total 2012
Revenues:										
Interest earnings	\$ -	-	-	-	-	-	-	-	(4,050)	(4,050)
Other revenue	-	-	-	700	-	800,152	-	-	573,489	1,374,341
Total revenues	-	-	-	700	-	800,152	-	-	569,439	1,370,291
Expenditures:										
Capital outlay	58,778	352,126	364,820	101,736	88,885	2,872,422	278,441	34,508	69,547	4,221,263
Total expenditures	58,778	352,126	364,820	101,736	88,885	2,872,422	278,441	34,508	69,547	4,221,263
Excess (deficiency) of revenues over expenditures	(58,778)	(352,126)	(364,820)	(101,036)	(88,885)	(2,072,270)	(278,441)	(34,508)	499,892	(2,850,972)
Other financing sources (uses):										
Transfer in (out)	77,000	174,000	471,000	50,000	90,000	2,094,697	282,750	195,443	(1,737,463)	1,697,427
Total other financing sources (uses)	77,000	174,000	471,000	50,000	90,000	2,094,697	282,750	195,443	(1,737,463)	1,697,427
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	18,222	(178,126)	106,180	(51,036)	1,115	22,427	4,309	160,935	(1,237,571)	(1,153,545)
Fund balances, beginning of year	(60)	223,417	219,500	83,541	238,308	1,437,704	627,650	57,814	7,171,205	10,059,079
<b>Fund balances, end of year</b>	<b>\$ 18,162</b>	<b>45,291</b>	<b>325,680</b>	<b>32,505</b>	<b>239,423</b>	<b>1,460,131</b>	<b>631,959</b>	<b>218,749</b>	<b>5,933,634</b>	<b>8,905,534</b>

**TOWN OF FREEPORT, MAINE**  
**Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**Year ended June 30, 2012**

	Fund Balance (deficit) June 30, 2011	Revenues and Other Sources				Expenditures	Fund Balance (deficit) June 30, 2012
		Inter- governmental	Other Revenues	Bond Proceeds	Transfers		
<b>Fire Department Capital Project Funds</b>							
Protective clothing	\$ 8,342	-	-	-	15,000	18,746	4,596
Engine Five	(8,838)	-	-	-	-	239	(9,077)
Engine Three repair	(4,827)	-	-	-	-	-	(4,827)
Air packs & compressor	(474)	-	-	-	-	-	(474)
Communication upgrade	(2,449)	-	-	-	22,000	-	19,551
Vehicle Exhaust and Ventillation System	1,509	-	-	-	-	-	1,509
Chief's Vehicle	1,071	-	-	-	-	-	1,071
Service Vehicle	-	-	-	-	40,000	39,793	207
Other	5,607	-	-	-	-	-	5,607
<b>Total fire department</b>	<b>(60)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,000</b>	<b>58,778</b>	<b>18,162</b>
<b>Rescue Department Capital Project Funds</b>							
Protective clothing	22,118	-	-	-	14,000	14,048	22,070
Ambulance replacement	190,000	-	-	-	160,000	338,078	11,922
Communication upgrade	6,937	-	-	-	-	-	6,937
Rescue Equipment	4,362	-	-	-	-	-	4,362
Other	-	-	-	-	-	-	-
<b>Total rescue department</b>	<b>223,417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,000</b>	<b>352,126</b>	<b>45,291</b>
<b>Public Works Capital Project Funds</b>							
Grader repair	21,601	-	-	-	-	-	21,601
Dump truck replacement, sander & plow	183,440	-	-	-	326,000	356,999	152,441
Fuel Depot	9,613	-	-	-	-	7,821	1,792
Pick-Up Truck Replacement	1,577	-	-	-	145,000	-	146,577
Dump Truck Body Sand Blast and Paint	3,269	-	-	-	-	-	3,269
<b>Total public works</b>	<b>219,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>471,000</b>	<b>364,820</b>	<b>325,680</b>
<b>Police Department Capital Project Funds</b>							
Communication upgrade	278	-	-	-	20,000	-	20,278
Bullet proof vests	(1,737)	700	-	-	-	1,664	(2,701)
In-Car Cameras	30,000	-	-	-	-	25,177	4,823
Radar Units/Speed Enforcement Equipment	25,000	-	-	-	-	31,987	(6,987)
Boat and Motor Replacement	-	-	-	-	30,000	15,792	14,208
Special Enforcement Truck	30,000	-	-	-	-	27,116	2,884
<b>Total police department</b>	<b>83,541</b>	<b>700</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>101,736</b>	<b>32,505</b>

**TOWN OF FREEPORT, MAINE**  
**Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**Year ended June 30, 2012**

	Fund Balance June 30, 2011	Revenues and Other Sources				Expenditures	Fund Balance June 30, 2012
		Inter- governmental	Other Revenues	Bond Proceeds	Transfers		
<b>Recycling Capital Project Funds:</b>							
Landfill closing	\$ 116,436	-	-	-	-	-	116,436
Paving	84,662	-	-	-	-	80,917	3,745
Other	37,210	-	-	-	90,000	7,968	119,242
<b>Total recycling capital projects</b>	<b>238,308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,000</b>	<b>88,885</b>	<b>239,423</b>
<b>Comprehensive Town Improvement Funds:</b>							
Mallet Drive paving match	(1)	-	-	-	-	-	(1)
Public Works Paving	-	-	-	-	82,000	-	82,000
Main St. paving and drainage match	29,874	-	-	-	-	-	29,874
Flying Point Road	11,731	-	-	-	-	11,731	-
Flying Point Road-2011 Reconstruction	521,000	-	-	-	-	495,494	25,506
Flying Point Road-Pleasant Hill to Wolfe's Neck	174,000	650,000	-	-	-	775,650	48,350
North Main Street sidewalks	(9,680)	-	-	-	-	-	(9,680)
Cottage & Forest Street reconstruction	491	-	-	-	(491)	-	(0)
Upper Mast Landing Partial Reconstruction	-	-	-	-	233,200	68,316	164,884
Hedgehog Mountain Sight Improvements	-	-	-	-	23,300	-	23,300
South Street project	17,582	-	-	-	276,400	23,969	270,013
Desert Road match	23,000	-	-	-	-	-	23,000
East Street reconstruction project	1,966	-	-	-	-	1,966	-
Park Street reconstruction project	1,899	-	-	-	(960)	939	-
Sequoia Drive project	502	-	-	-	(502)	-	-
Burnett Road Bridge	11,048	-	-	-	-	-	11,048
Varney Road-Partial Reconstruction	(5,996)	-	-	-	5,996	-	-
US Route 1 North (PACTS)	191,565	-	-	-	-	-	191,565
Bow Street Paving Main to Dennison (PACTS)	-	-	-	-	-	-	-
Prout Road Culvert	34,230	-	-	-	-	-	34,230
Independence Drive Culvert	12,345	-	-	-	2,098	14,443	-
West Street-Depot Street to South Street Reconstruction	175,000	-	-	-	-	2,342	172,658
Desert Road Business Park	235,000	-	-	-	-	-	235,000
Freeport Fields and Trails Project	-	-	-	-	1,473,803	1,473,803	-
Freeport Fields and Trails Project Maintenance	-	-	150,152	-	-	3,769	146,383
Other	12,148	-	-	-	(147)	-	12,001
<b>Total comprehensive town improvement</b>	<b>1,437,704</b>	<b>650,000</b>	<b>150,152</b>	<b>-</b>	<b>2,094,697</b>	<b>2,872,422</b>	<b>1,460,131</b>
<b>Municipal Buildings and Other Improvement Funds:</b>							
Computer system upgrade/Connectivity Townwide	107,424	-	-	-	140,000	110,589	136,835
Dunning boat yard	2,445	-	-	-	24,000	-	26,445
Cable TV	74,707	-	-	-	16,750	36,715	54,742
Valuation update	19,003	-	-	-	10,000	-	29,003
Building Winterization	49,166	-	-	-	15,000	-	64,166
Public Safety Renovation (Sallyport, Flooring, etc.)	68,000	-	-	-	-	34,292	33,708
Town Hall Exterior	103,393	-	-	-	-	-	103,393
West Street Barn Exterior	25,000	-	-	-	11,751	-	36,751
Copier Replacement	43,829	-	-	-	-	27,390	16,439
Library Building Exterior	24,483	-	-	-	10,000	-	34,483
Other	110,200	-	-	-	55,249	69,455	95,994
<b>Total municipal buildings and other 627647</b>	<b>627,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>282,750</b>	<b>278,441</b>	<b>631,959</b>
<b>Boards and Committees Improvement Funds:</b>							
Recreation fund	5,131	-	-	-	-	-	5,131
Harbor fund	24,531	-	-	-	-	-	24,531
Land conservation fund	-	-	-	-	-	-	-
Citizens Survey & performance measures	1,298	-	-	-	-	-	1,298
Community Center Building	(1,232)	-	-	-	7,443	7,443	(1,232)
Village Parking Study	26,426	-	-	-	-	21,867	4,559
Quiet Zone Study	-	-	-	-	8,000	-	8,000
Hedgehog Mountain Bridge Replacement	-	-	-	-	25,000	-	25,000
Shellfish Commission Habitat Improvement	-	-	-	-	100,000	5,198	94,802
Train Station Renovation	-	-	-	-	55,000	-	55,000
Other	1,659	-	-	-	-	-	1,659
<b>Total boards and committees</b>	<b>57,814</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195,443</b>	<b>34,508</b>	<b>218,749</b>
<b>Capital Reserves-See Exhibit F for Details</b>	<b>7,171,205</b>	<b>-</b>	<b>569,439</b>	<b>-</b>	<b>(1,737,463)</b>	<b>69,547</b>	<b>5,933,634</b>
<b>Total capital project funds</b>	<b>10,059,079</b>	<b>650,700</b>	<b>719,591</b>	<b>-</b>	<b>1,697,427</b>	<b>4,221,263</b>	<b>8,905,534</b>



**NONMAJOR PERMANENT FUNDS**

**TOWN OF FREEPORT, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2012**

	Cemetery Care	Library Funds	School Scholarship Funds	Benevolent Funds	Totals
<b>ASSETS</b>					
Investments	\$ 261,780	229,734	220,802	392,989	1,105,305
Interfund loans		-	-		-
<b>Total assets</b>	<b>261,780</b>	<b>229,734</b>	<b>220,802</b>	<b>392,989</b>	<b>1,105,305</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund loans	6,191	2,567	4,700	9,487	22,945
<b>Total liabilities</b>	<b>6,191</b>	<b>2,567</b>	<b>4,700</b>	<b>9,487</b>	<b>22,945</b>
Fund balances:					
Nonspendable-Principal	280,496	206,403	210,357	382,159	1,079,415
Restricted-Unexpended income (deficit)	(24,907)	20,764	5,745	1,343	2,945
<b>Total fund balances</b>	<b>255,589</b>	<b>227,167</b>	<b>216,102</b>	<b>383,502</b>	<b>1,082,360</b>
<b>Total liabilities and fund balances</b>	<b>\$ 261,780</b>	<b>229,734</b>	<b>220,802</b>	<b>392,989</b>	<b>1,105,305</b>

**TOWN OF FREEPORT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the year ended June 30, 2012**

	Cemetery Care	Library Funds	School Scholarship Funds	Benevolent Funds	Totals
Revenues:					
Investment income	\$ 6,723	4,278	4,430	8,048	23,479
Realized & unrealized gains (loses) on investments	(16,588)	(9,093)	(9,572)	(17,390)	(52,643)
Donations	600	809	-	-	1,409
Total revenues	(9,265)	(4,006)	(5,142)	(9,342)	(27,755)
Expenditures:					
Current:					
Other miscellaneous	7,176	3,605	4,940	9,922	25,643
Total expenditures	7,176	3,605	4,940	9,922	25,643
Excess (deficiency) of revenues over expenditures	(16,441)	(7,611)	(10,082)	(19,264)	(53,398)
Fund balances, beginning of year	272,030	234,778	226,184	402,766	1,135,758
<b>Fund balances, end of year</b>	<b>\$ 255,589</b>	<b>227,167</b>	<b>216,102</b>	<b>383,502</b>	<b>1,082,360</b>

**TOWN OF FREEPORT, MAINE**  
**Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**Year ended June 30, 2012**

	Principal Revenues			Unexpended Income				Fund Balance (deficit) June 30, 2012	Total June 30, 2012
	Fund Balance (deficit) June 30, 2011	Unrealized/Realized Gains (Losses)	Other	Fund Balance (deficit) June 30, 2012	Fund Balance (deficit) June 30, 2011	Interest Income	Expenditures		
Cemetery Care:									
Perpetual Care:									
Burr	\$ 137,365	(7,722)		129,643	(12,838)	3,130	3,496	(13,204)	116,439
Grove	51,836	(2,835)	600	49,601	(5,286)	1,149	1,283	(5,420)	44,181
Webster	14,612	(821)		13,791	(712)	333	371	(750)	13,041
Woodlawn	21,462	(1,207)		20,255	(2,434)	489	547	(2,492)	17,763
South Freeport	49,094	(2,760)		46,334	(4,109)	1,119	1,249	(4,239)	42,095
Flying Point	7,823	(440)		7,383	(879)	178	201	(902)	6,481
Town maintained	2,414	(135)		2,279	71	55	3	123	2,402
Davis Mausoleum	797	(45)		752	617	18	1	634	1,386
Carrie Thomas	416	(23)		393	142	9	11	140	533
A.O. Woodard	10,665	(600)		10,065	974	243	14	1,203	11,268
Total Cemetery Funds	296,484	(16,588)	600	280,496	(24,454)	6,723	7,176	(24,907)	255,589
Library Funds:									
Bartol Association	36,496	(1,560)	255	35,191	3,017	728	39	3,706	38,897
Paul and Emma Bennett	16,475	(717)		15,758	(340)	332	2,770	(2,778)	12,980
Eleanor Brewer	6,626	(338)		6,288	822	156	8	970	7,258
Albert Conley	29,531	(1,236)		28,295	10,473	572	31	11,014	39,309
Grace Ritchie	2,693	(117)		2,576	(634)	54	3	(583)	1,993
Jane Hall	122,866	(5,125)	554	118,295	6,753	2,436	754	8,435	126,730
Total Library Funds	214,687	(9,093)	809	206,403	20,091	4,278	3,605	20,764	227,167
School Scholarship Funds									
Fitts Award	2,566	(111)		2,455	(138)	52	3	(89)	2,366
Salomon Plummer	8,831	(384)		8,447	(1,329)	178	10	(1,161)	7,286
Wallace True	5,129	(223)		4,906	(27)	103	6	70	4,976
Millard and Enid Crooker	25,612	(1,115)		24,497	(1,144)	516	28	(656)	23,841
Alice Pollock	10,887	(474)		10,413	289	219	212	296	10,709
Auldis Foster	1,924	(84)		1,840	35	39	2	72	1,912
Kenneth Thompson	7,699	(335)		7,364	436	155	8	583	7,947
Christine Small Cushing	157,281	(6,846)		150,435	8,133	3,168	4,671	6,630	157,065
Total School Scholarship Funds	219,929	(9,572)	-	210,357	6,255	4,430	4,940	5,745	216,102
Benevolent Funds:									
George Davis	11,136	(484)		10,652	316	224	12	528	11,180
Arthur L. Gould	388,413	(16,906)		371,507	2,901	7,824	9,910	815	372,322
Total Benevolent Funds	399,549	(17,390)	-	382,159	3,217	8,048	9,922	1,343	383,502
Total	1,130,649	(52,643)	1,409	1,079,415	5,109	23,479	25,643	2,945	1,082,360

**TOWN RESERVE FUNDS**

**TOWN OF FREEPORT, MAINE**  
**Reserve Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Individual Funds**  
**Year ended June 30, 2012**

	Fund Balance (deficit) June 30, 2011	Revenues		Expenditures	Revenues over (under) expenditures	Other sources and (uses)	Fund Balance (deficit) June 30, 2012
		Inter- governmental	Other				
<b>Town Reserve Funds:</b>							
<b>Capital Projects Reserve Funds</b>							
General administration reserve	\$ 225,380	-	(6,230)	590	(6,820)	(207,000)	11,560
Police equipment reserve	208,886	-	(2,794)	555	(3,349)	(50,000)	155,537
Cable TV equipment reserve	330,853	-	84,848	893	83,955	(59,750)	355,058
Public infrastructure reserve	2,471,355	-	282,672	8,462	274,210	(439,900)	2,305,665
Land Trust reserve	19,560	-	143	53	90		19,650
Public works equipment reserve	1,037,495	-	(1,060)	2,791	(3,851)	(471,000)	562,644
Ambulance equipment reserve	657,478	-	187,390	1,771	185,619	(279,000)	564,097
Building maintenance reserve	556,056	-	(7,626)	1,477	(9,103)	(59,000)	487,953
Fire equipment reserve	876,773	-	5,694	2,376	3,318	(77,000)	803,091
Municipal parking lot reserve	303,172	-	27,941	12,122	15,819		318,991
Hedgehog mountain reserve	24,214	-	177	7,642	(7,465)		16,749
Recycling equipment reserve	257,527	-	(2,946)	686	(3,632)	(90,000)	163,895
Road impact fee reserve	-	-	-	-	-		-
Community center reserve	33,576	-	500	17,590	(17,090)	(7,443)	9,043
Land Purchase Reserve	154,620	-	16	12,500	(12,484)		142,136
Community Center Loan Repayment	-	-	-	-	-		-
Energy Savings Reserve	14,260	-	714	39	675	2,630	17,565
<b>General Fund Reserve Funds</b>							
Unemployment compensation fund	356,509	-	7,586	10,944	(3,358)		353,151
Other	228,996	-	1,576	584	992	(13,000)	216,988
<b>Total town reserve funds</b>	<b>7,756,711</b>	<b>-</b>	<b>578,601</b>	<b>81,075</b>	<b>497,526</b>	<b>(1,750,463)</b>	<b>6,503,774</b>
<b>Totals by Fund</b>							
Capital Projects Reserve Funds	7,171,205	-	569,439	69,547	499,892	(1,737,463)	5,933,634
General Fund Reserve Funds	585,505	-	9,162	11,528	(2,366)	(13,000)	570,139
<b>Total Reserve Funds</b>	<b>7,756,711</b>	<b>-</b>	<b>578,601</b>	<b>81,075</b>	<b>497,526</b>	<b>(1,750,463)</b>	<b>6,503,774</b>

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

**TOWN OF FREEPORT**  
**Capital Assets Used in the Operation of Governmental Funds by Type**  
**June 30, 2012**

General fixed assets:			
Land		\$	1,489,584
Land improvements			1,570,709
Buildings and improvements			8,067,214
Machinery, equipment and other			4,781,446
Vehicles			3,734,492
Infrastructure			8,990,440
Construction in process			3,932,842
<b>Total governmental fund capital assets</b>		<b>\$</b>	<b>32,566,727</b>

**TOWN OF FREEPORT, MAINE**  
**Schedule of Changes in Governmental Funds Capital Assets - By Function and Activity**  
**For the year ended June 30, 2012**

Function and Activity	Balance 2011	Additions	Disposals	Balance 2012
General government	\$ 3,192,149	161,635	50,428	3,303,356
Community services				
Library	3,836,013	-	29,762	3,806,251
Cable TV	340,728	33,466	-	374,194
Coastal waters	313,593	-	-	313,593
Community center	55,569	-	-	55,569
Education				
Public safety:				
Police	1,099,891	135,366	76,272	1,158,985
Fire and Rescue	4,346,182	306,484	351,642	4,301,024
Public works				
General	11,765,560	2,754,680	292,000	14,228,240
Solid waste	1,327,984	44,486	-	1,372,470
Recreation	1,553,257	1,510,233	-	3,063,490
Unclassified:				
Parking lots	203,154	-	-	203,154
School lunch	-	-	-	-
Winslow Park	343,631	42,770	-	386,401
	<b>\$ 28,377,711</b>	<b>4,989,120</b>	<b>800,104</b>	<b>32,566,727</b>



**TOWN OF FREEPORT, MAINE**  
**Schedule of Capital Assets used in the Operation of Governmental Funds - By Function and Activity**  
**June 30, 2012**

<b>Function and Activity</b>	<b>Land</b>	<b>Land Improvements</b>	<b>Building and Improvements</b>	<b>Machinery Equipment and Other</b>	<b>Vehicles</b>	<b>Infrastructure</b>	<b>Construction Work in Process</b>	<b>Total</b>
General government	\$ 710,566		1,850,805	736,787			5,198	3,303,356
Community Services								
Library	110,000	78,405	2,364,305	1,253,541				3,806,251
Cable TV				318,728	22,000		33,466	374,194
Coastal waters		19,555	5,000	245,513	43,525			313,593
Community center		28,725		26,844				55,569
Public safety:								
Police	3,850		598,000	292,542	248,801		15,792	1,158,985
Fire and Rescue	40,000		1,289,370	935,507	2,036,147			4,301,024
Public works								
General	193,768	248,998	1,274,000	668,074	1,258,616	8,990,440	1,594,344	14,228,240
Solid waste	190,000	399,000	398,000	240,480	53,736		91,254	1,372,470
Recreation	238,400	595,872		36,430			2,192,788	3,063,490
Unclassified:								
Parking lots	3,000	200,154						203,154
Winslow Park			287,734	27,000	71,667			386,401
<b>Total capital assets</b>	<b>\$ 1,489,584</b>	<b>1,570,709</b>	<b>8,067,214</b>	<b>4,781,446</b>	<b>3,734,492</b>	<b>8,990,440</b>	<b>3,932,842</b>	<b>32,566,727</b>

**TOWN OF FREEPORT, MAINE**  
**Schedule of Depreciation - By Function and Activity**  
**Year Ended June 30, 2012**

<b>Function and Activity</b>	<b>Land Improvements</b>	<b>Building and Improvements</b>	<b>Machinery Equipment and Other</b>	<b>Vehicles</b>	<b>Infrastructure</b>	<b>Total</b>
General government		42,206	25,165			67,371
Community services						
Library	3,270	59,108	25,590			87,968
Cable TV			20,337			20,337
Coastal waters	978		8,649	2,902		12,529
Community center			1,790			1,790
Education						
Public safety:						
Police		14,950	20,799	24,021		59,770
Fire and Rescue		33,305	53,766	107,185		194,256
Public works						
General	4,980	31,850	31,208	64,518	280,807	413,363
Solid waste	15,960	9,950	4,234	1,389		31,533
Recreation	18,802		2,429			21,231
Unclassified:						
Parking lots	6,237					6,237
School lunch						-
Winslow Park		17,849				17,849
<b>Total capital assets</b>	<b>\$ 50,227</b>	<b>209,218</b>	<b>193,967</b>	<b>200,015</b>	<b>280,807</b>	<b>934,234</b>