- PUBLIC MEETING -
Rockport Select Board
Monday, January 28, 2019 – 7:00 p.m.
Geoffrey C. Parker Meeting Room
Streamed at https://livestream.com/Rockportmaine

AGENDA

I. Call Meeting to Order

Please either turn off your cell phones and other electronic devices or set them to mute while in this meeting room or the hallways. If you need to take or make a phone call, please step outdoors.

II. Public Hearing

a. None this meeting

III. Minutes, Meetings and Announcements

a. Approval of the minutes of previous meetings:

- **Monday, November 13, 2017,** meeting of the Select Board
- **Monday, January 14, 2019,** meeting of the Select Board and Executive Session

b. Announcements of upcoming Select Board **meeting**(s):

- Regular Select Board meeting on **Monday, February 11th, 2019, 7:00 p.m.,** Geoffrey C. Parker Community Meeting Room, Rockport Opera House, to be streamed at https://livestream.com/Rockportmaine

c. Announcements of upcoming Select Board **workshop**(s)**:**

- None this meeting

d. Announcement(s) and/or Training(s):

- The Town Office will be closed on **Monday, February 18, 2019** in observance of President's Day

e. Committee Openings:

Application for Committee Service can be found at the Town Office and on the Town Website: www.town.rockport.me.us

NOTE: If a committee does not have any vacancies, it may still be possible to apply to join the committee as an alternate member. Alternate members can attend all meetings, participate in discussions, but may only vote in the absence of a regular member. If interested, please check with the town office to see if there are alternate member spots available for the committee of interest.

- ➢ Board of Assessment Review – 2 vacant seats
- ➢ Camden-Rockport Pathways Committee – 1 vacant seat
- ➢ Investment Committee – 1 vacant seat
- ➢ Zoning Board of Appeals – 2 vacant seats

f. Agenda Changes

g. Public Comment – public comment should be directed at issues not under discussion on this evening's agenda. Comment from the public will be welcome prior to each agenda item. Further comment will be granted only by permission from the Board. All public comment should be brief and to the point.

V. Town Manager's Update

VI. Consent Agenda

a. None this meeting

VII. Unfinished Business

a. Approve Internal Control Policy

VIII. New Business

a. Hear report from the Town Auditor

b. Committee Applications for the Library Building Committee:

- ➢ Denise Munger
- ➢ Ann Filley
- ➢ William (Bill) Chapman
- ➢ Any others

c. Preliminary consideration of a Food Sovereignty Ordinance for Rockport

IX. Wastewater Commissioners

a. None this meeting

X. Liaison Reports

XI. Executive Session

a. Discussion of a Personnel Matter pursuant to 1 M.R.S.A. Section 405(6)(A) (if needed)

XII. Adjournment

ROCKPORT SELECT BOARD
MEETING MINUTES
MONDAY, NOVEMBER 13, 2017
7:00 P.M.
ROCKPORT OPERA HOUSE
GEOFFREY C. PARKER MEETING ROOM
Streamed at http://livestream.com/Rockportmaine

Present: Chair Kenneth McKinley, Vice-Chair Owen Casas, Douglas Cole, and Thomas Gray. Mark Kelley was absent. Also present: Richard C. Bates, Town Manager; Department Heads: Jamie Francomano, Director of Community Development & Planning; Ben Blackmon, Library Director; Abbie Leonard Harbormaster, and members of the public

I. CALL MEETING TO ORDER – Chair Kenneth McKinley called the meeting to order at 7:00 p.m.

II. PUBLIC HEARING –

a. Application for a new Malt and Vinous Liquor License for 47 West, LLC (d/b/a 47 West) (David Gelerman and Theola Sullivan) at 47 West Street, Rockport, ME

The Chair opened the Public Hearing at 7:01 p.m.

In favor – None
In Opposition – None
Neither for nor Against – None

The Public Hearing was closed at 7:02 p.m.

III. MINUTES, MEETINGS AND ANNOUNCEMENTS

a. Approval of the minutes of the previous meetings:
   - Monday, September 11, 2017, meeting of the Select Board
   - Monday, September 25, 2017, meeting of the Select Board
   - Tuesday, October 10, 2017, meeting of the Select Board

This item was tabled as there were no minutes available for approval.

b. Announcements of upcoming Select Board meeting(s)
   - Regular Select Board Meeting on Monday, December 11, 2017, 7:00 p.m., (the date for this meeting may change) (See agenda below for possible date change) Geoffrey C. Parker Meeting Room, Rockport Opera House to be streamed at http://livestream.com/Rockportmaine

c. Announcements of upcoming Select Board workshop(s): - See agenda

d. Announcements: - See agenda

e. Committee Openings: – See agenda

f. Agenda Changes – None this meeting

g. Public Comments - None this meeting

IV. TOWN MANAGER'S REPORT – See attached

Owen – regarding the dangerous building Public Works will remove the building and we will bill the property owner.

Jamie – all of the paperwork has been signed and we are ready to go.

Board – discussed that the priority is to get it done now and not wait until spring.

V. UNFINISHED BUSINESS

a. Update on establishing Keep Rockport Beautiful as an advisory committee to the Select Board.

Ken – I don't like section 8 on waivers and amendments. It needs a stronger threshold. It looks like it can be waived if the committee doesn't like it.

Tom – agreed.

Doug – I would like to draw attention to the mission statement.

Owen – what happens to the existing committee?

Doug – I think that it will roll into one committee.

Owen – will the present committee dissolve?

Ken – the group is now rather large.

Doug – the group will merge into one.

Owen– I think that this is great and the bylaws are good except number eight.

The Board talked about the terms and slate of members.

Doug – we already have two people who have applied.

Tom – it sounds like you have done a lot of research, maybe the Select Board should be part of the waivers.

Ken – recommended striking number eight.

Owen Casas moved to create a Keep Rockport Beautiful Advisory Committee and approve the draft by-laws for the Keep Rockport Beautiful Advisory Committee as amended by striking section number eight. Thomas Gray seconded the motion. <u>VOTE: 4 FOR – 0 OPPOSED</u>

V. NEW BUSINESS

a. Vote to approve application for a new malt and Vinous Liquor License for 47 West, LLC (d/b/a 47 West) (David Gelerman and Theola Sullivan) at 47 West Street, Rockport, Maine

David & Theola – we looked at the place and bought it. We will be roasting our own coffee beans. It will be a fun place to sit and have a glass of wine in the evening.

Owen - I wish you all the best. I am worried about the odor of the beans.

David & Theola – the grinder is electric and we will only grind six pounds of coffee at a time. It will be properly vented. We plan on opening by the end of December.

Douglas Cole moved to approve the application for a new Malt and Vinos Liquor License for 47 West, LLC (d/b/a 47 West) (David Gelerman and Theola Sullivan) at 47 West Street, Rockport, Maine. Thomas Gray seconded the motion. <u>VOTE: 4 FOR – 0 OPPOSED</u>

b. Acknowledgement of Gifts to the Town: None this meeting

c. Committee Resignation(s):
- Kate McClellan, Planning Board

Thomas Gray moved to regretfully accept the resignation of Kate McClellan from the Planning Board as she is moving out of Town. Owen Casas seconded the motion. <u>VOTE: 4 FOR – 0 OPPOSED</u>

d. Committee Application(s):
- Peter Ralston - Harbor Committee

Peter – I am a long-time resident of Rockport. It would mean a lot to me to be on the committee and to put some time back into the Town. I have a pleasure boat that I have out in the harbor.

Doug Cole moved to approve the appointment of Peter Ralston as an alternate on the Harbor Committee with a term expiration of June 30, 2019. Owen Casas seconded the motion. <u>VOTE: 4 FOR – 0 OPPOSED</u>

e. Committee Presentation(s):
- Camden-Rockport Pathways Committee

Geoff Scott and Leni Gronros gave the presentation

Leni – We have furnished you with a paper copy (see enclosure) of our report.

Geoff – thank you for the reserve funding opportunities. We are applying for a lot of grants even though we often lose. Discussed the double and tripling of funding for the Hannaford Route.

Doug – thank you for your work. I am curious and don't want to be a Debbie downer, but when you get together, do you consider the cost of maintenance of these projects?

Geoff – yes

There was discussion about the sidewalks on Routes 17 and 90.

Doug – you guys do great work.

Owen – I really appreciate the commitment and the work that they do. They are a grounded committee.

f. Hear a presentation from the group that restored the Rockville Community Chapel

Diane Perry – gave a history of a group of people volunteering and working on the Rockville Chapel.

John Titus – there are no major problems with the building. It does need a paint job. They just put in a heating system. There are no gutters on the building. They will be having a Christmas program in December. The acoustics are great. They are worried about the future of the building.

Ken – how would you like us to get involved?

Diane - we are happy to continue maintaining the building but are worried what will happen to the church when we are all dead. We want to ensure that the Town will take it on. Our youngest member is sixty years old. We cannot seem to get younger members to join us.

Owen – how do you raise funds and how will the Town benefit?

Diane – we did take out a loan to repair the roof. The problem with grants is that we are non-denominational. We are named the "Community Chapel." We have had generous benefactors. The Chapel is a great place to hold a number of events.

The Board – talked about Legacy Rockport and how to help raise money. They are presently helping Simonton Corner Community Building.

g. Discuss the offer from the Tolman Park Association to donate land to the Town including the Tolman Pond Dam

Jamie F. **-** I have run this by the Coastal Mountain Land Trust to see what the conservation or social value is. Does the Town want a liability?

The owners want to give the Town 123 acres along with the dam. It is beyond the Homeowners Association to assume the financial liability. They are looking for a new owner. They are willing to donate it to the Town. Anyone can have the 123 acres, but no one wants the dam. The land has recreational value. The dam does need repairs.

There was Board discuss with the applicants, Will Gartley, Michael Miller, the president of the association and Ryan Seeley.

h. Consideration of conveying our Rescue Fire Truck to the Washburn (ME) Fire Department when it is retired from service

Jason – first I would like to wish Allen Mitchell a happy birthday.

Washburn has been looking for a rescue vehicle. In July or August Unit 25 will be decommissioned. It leaks and has a lot of issues. They think that it is a gold mine. They have $1,000 to spend. They need to know soon.

Doug Cole moved to approve the sale of the 1995 Freightliner rescue truck to the Washburn Fire Department for the sum of $1,000 with the sale to take place after our new truck is in service after July 1, 2018 or earlier if circumstances permit. Thomas Gray seconded the motion. VOTE: 4 FOR – 0 OPPOSED.

The Board discussed lowering the fee. Thomas Gray withdrew his second, but Doug said no to withdrawing his motion.

Ken – they will come and get it.

Owen – I would feel comfortable reducing the fee to $500.00

Thomas Gray moved to amend the motion to reduce the sum to $500.00 for the sale of the 1995 Freightliner. Owen Casas seconded the motion. VOTE: 4 FOR – 0 OPOSED.

i. Presentation of options for improving the West Rockport Fire Station

Jason deferred to Allen Mitchell and let him make the presentation. He talked about two options that he is presenting. The cost for the first option would be $160,000 and will be smaller. They will add an addition to the back of the building and raise the roof to allow for a taller door to be installed and they will reroof the entire structure. The second option would cost $400,000 and be much larger and would serve the Town for the next 25 years.

j. Next steps for the Rockport Library.

Ken – key points why there was a no vote are as follows: 74% of the voters said that the library is important to them; cost; and location.

Tom – why not put several options on the ballot?

Owen – if we have learned anything, it will split the vote 1/3, 1/3, 1/3.

Tom – a survey provides no mandates. It makes no sense. I don't think we should let the location be the factor. I don't want to prolong this process any longer.

Owen – the previous Board already went through this process.

Ken – if we give them three options, we will not get a winning vote. I am wary of several options.

Tom - disagreed.

Ken – we will have to check with legal and see if this is an option.

Rick – the Bond Counsel does not recommend several options.

Tom & Owen went back and forth about the RES site versus 1 Limerock.

Doug – I have given this a lot of thought and I feel that the major reason it failed was that the voters are disappointed in the inability of this Board to make a decision. I wanted the library located at 1 Limerock.

Mark – I feel that we should keep it at 1 Limerock.

Doug - It is time to make a decision. The Board has had several hearings. I am ready to make a motion.

Ken – read a statement for Ames Curtis.

Tom – I have a few more things to say. Doug you are missing the point. The biggest problem is the toxicity. We have a clear indication that the Town is split. My goal is only to bring up the will of the Town. I think that it is arrogant to bring a proposal to the Town with a location.

Ben Blackmon – many of you know that my job is to bring the best services to the Town. I truly believe that it will not pass until everyone thinks they get the library they want. I am fine going forward with reducing the size and the cost. I will push for one floor. My goal is being able to give the residents the best service possible.

Geoff Parker- I would like to build on what Ben said. The challenge you have is to have the Town get a new library. It is okay for you to change your mind. The question that you haven't asked is to what level would Tom and the residents have to be at before a vote is taken. Possibly educate yourselves some more so you can make a better decision.

Owen – you have sat through this process and the question is if we do this is there some other potential there.

Geoff – I would like to point out that the Board took an educated leap of faith.

Doug – this is how we got to where we are now. You are talking about it again. I feel confident that we can move ahead. Ben you will be a long time at Commercial Street if we don't do this.

Tom – I don't feel that my personal preference is worth much here. I am truly one opinion on where it will go. The Town is split.

Sally Cook – the answer is that the Town is split. Only one third of the residents responded to the last survey. The silent majority has not spoken.

Bill Leone – Tom you are coming into this late. The question is on expansion. Rockland built a basement with footings to make their expansion in the future. The new library will have a ground level basement and it will be no higher than the elevation. Your opposition is to 1 Limerock Street.

Tom – I don't oppose 1 Limerock Street.

Owen – I think that this is a good starting place, but I cannot support it.

Doug – I hope that you are comfortable being on Commercial Street.

Tom – is it an option to move ahead.

Ken – Dick Reed has bowed out of the project after seeing the survey.

Ben – as far as moving the process forward, there is some prep work I could do with an architect. It does depend on the time frame. I need to have a cost.

The Board asked about asking the finalist to do an RFP with square footage.

Ken – I would advise against that. Give them a budget number.

Tom – I would support it. I am sorry that this is so difficult. I know that everyone is doing their best.

Thomas Gray moved that the Select Board set a $2.5 million maximum gross cost for a new library construction, not including road design or parking and for the new library cost of $2.5 million be split 50% municipal bond and 50% private fundraising and that the

Rockport Select Board direct the Town Manager to contact the previous architects. Kenneth McKinley seconded the motion.

Thomas Gray moved to amend the motion to $ 3 million. Kenneth McKinley seconded the motion.

Doug – I am curious what the Town Manager would say to them.

Rick – we need to recognize the elephant in the room, the location. We are not going to get very far without picking a site. We are looking to after the first of the year to have all the information. They will need a month with Ben.

Tom – a lot could change for me.

Rick – you need to pick a site. Whenever talking about moving a library, it is never easy.

Ken – there is a motion on the floor.

The Board asked Linda to read back.

Thomas Gray moved that the Select Board set a $3 million maximum gross cost for a new library construction, not including road design or parking and for the new library cost of $3 million be split 50% municipal bond and 50% private fundraising and that the Rockport Select Board direct the Town Manager to contact the previous architects. Kenneth McKinley seconded the motion. <u>VOTE: 4 FOR – 0 OPPOSED</u>

Owen – we need a meeting to discuss this.

k. Appoint a Select Board liaison to the Comprehensive Plan Review Committee. Rockport Opera House Meeting Room

Owen Casas moved to appoint Douglas Cole as liaison to the Comprehensive Plan Review Committee. Thomas Gray seconded the motion. <u>VOTE: 4 FOR – 0 OPPOSED</u>

l. Consider holding the December Select Board meeting one week earlier than normal on Monday December 4)

Thomas Gray moved to hold the December Select Board Meeting on December 7th rather than December 11th. Owen Casas seconded the motion. <u>VOTE: 4 FOR – 0 OPPOSED</u>

VII. WASTEWATER COMMISSIONERS – None the meeting

VIII. LIAISON REPORTS

Owen – we already heard from Pathways Committee earlier this evening. The Recreation Committee is still floundering a little bit. Marge Jones Recreational Park is locked up and will not be opened until weather conditions improve.

Tom – I have not attended a lot of the Library meetings as I am at work during the time of their meetings. The Opera House has had new railings installed. They have repeated that they be consulted when changes are made as they are an advisory committee. There is still an issue with seating. We have to remove twenty-six seats from the balcony. They want to use money to purchase a genie lift. We are discussing having a Folk Festival.

Ken – Legacy Rockport has been reenergized with the new co-chairs David Jackson and Charlton Ames. The ORC will meet after the first of the year.

Doug – the Harbor Committee cancelled their last meeting at the last minute. The Investment Committee and the Planning Board have not met. The Comprehensive Plan is working on the Land Use Ordinance.

IX. EXECUTIVE SESSION – None this meeting

X. ADJOURNMENT

Owen Casas moved to adjourn the meeting at 10:40 p.m. Thomas Gray seconded the motion. VOTE: 4 FOR – 0 OPPOSED

Respectfully submitted,

LINDA M. GREENLAW
TOWN CLERK as RECORDING SECRETARY

ROCKPORT SELECT BOARD
MEETING MINUTES
MONDAY JANUARY 14, 2019
EXECUTIVE SESSION AT 5:30 P.M. IN THE GREEN ROOM
REGULAR MEETING AT 7:00 P.M.
GEOFFREY C. PARKER COMMUNITY MEETING ROOM
ROCKPORT OPERA HOUSE
Streamed at http://livestream.com/Rockportmaine

Present: Vice-Chair, Kenneth McKinley, Douglas Cole, Mark G. Kelley, Jeffrey Hamilton and Debra Hall. Also present: Richard C. Bates, Town Manager; Ben Blackmon, Library Director; Megan Brackett, Finance Director; and members of the public

I. EXECUTIVE SESSION – 5:30 p.m.

Meeting was called to order at 5:30 p.m. by Kenneth McKinley, Vice-Chair.

- Discussion of a Personnel Matter pursuant to 1 M.R.S.A. Section 405(6)(A)

At 5:32 p.m., Douglas Cole moved to go into Executive Session pursuant to 1 M.R.S.A. Section 405(6) (A) to discuss a Personnel Matter. Mark Kelley seconded the motion. VOTE: 5 FOR - 0 OPPOSED

At 6:58 p.m. Jeffrey Hamilton moved to exit the Executive Session. Mark Kelley seconded the motion. VOTE: 5 FOR - 0 OPPOSED

II. CALL MEETING TO ORDER – 7:00 p.m. – Kenneth McKinley, Vice-Chair called the meeting to order at 7:00 p.m.

III. PUBLIC HEARING

a. New Malt and Vinous Liquor License for Bleecker & Greer (d/b/a/ Maine Street Meats) (Sarah Greer) at 310 Commercial Street

Public Hearing was called to order at 7:03 p.m.

In Favor - Doug Wallace – I strongly endorse this request. Maine Street Meats is a tremendous attribute to this town, and I support her application.

In opposition – none
Neither for nor against – None

The Public Hearing was closed at 7:05 p.m.

IV. MINUTES, MEETINGS and ANNOUNCEMENTS

- Approval of the minutes of previous meetings:

  - Monday, October 29, 2018, Select Board Executive Session

Douglas Cole moved to approve as presented the minutes of the October 29, 2018 Executive Session of the Select Board. Mark Kelly seconded the motion. <u>VOTE: 5 FOR – 0 OPPOSED</u>

  - Monday, December 3, 2018, Select Board Regular Meeting

Douglas Cole moved to approve as presented the minutes of the December 3, 2018 Regular Meeting of the Select Board. Mark Kelly seconded the motion. <u>VOTE: 5 FOR – 0 OPPOSED</u>

Debra Hall suggested the following amendments: page 3 at the top of the page strike the second sentence; page 3 add in the motion after abstention "Hamilton"; page 4 seventh paragraph delete the "s" in the word "work" and in the next paragraph add "how" before the word "much"; page 5 ninth paragraph change "never" to "near"; and page 7 first sentence change "the" to "to." Jeff Hamilton suggested the following: page 3 change fourth paragraph – "in the spirit of things" to "assuring that there is no conflict of interest." Debra Hall moved to approve the minutes as corrected. Kenneth McKinley seconded the motion. <u>VOTE: 5 FOR – 0 OPPOSED</u>

  - Friday, December 14, 2018 Select Board Executive Session

Douglas Cole moved to approve as presented the minutes of the Friday, December 14, 2018 Executive Session of the Select Board. Debra Hall seconded the motion. <u>VOTE: 5 FOR – 0 OPPOSED</u>

  - Monday, January 7, 2019, Select Board Executive Session

Jeffrey Hamilton moved to approve as presented the minutes of the Monday, January 7, 2019 Executive Session of the Select Board. Debra Hall seconded the motion. <u>VOTE: 5 FOR – 0 OPPOSED</u>

b. Announcements of upcoming Select Board meeting(s):

  - Regular Select Board Meeting on Monday, January 28, 2019 at 7:00 p.m., Geoffrey C. Parker Community Meeting Room, Rockport Opera House to be streamed at https://livestream.com/Rockportmaine

c. Announcements of Upcoming Select Board Workshop(s) – None this meeting
d. Announcement(s) and/or Training(s): - See agenda
e. Committee Openings: - See agenda
f. Agenda Changes –

Ken – since the applicant for the Liquor License is here, I would like to recommend that we move item e under New Business to be heard prior to the Town Manager's report.

g. Public Comment – None this evening

N.B. item e. Approve New Malt and Vinous Liquor License for Bleecker & Greer (d/b/a Maine Street Meats)

Mark - asked that application question 17 regarding which of certain types of businesses/entities is nearest, be changed from school to church.

Jeff – stated that it should be corrected before being filed with the state.

Sarah – we are renovating the old Hoboken School and will have a small café and want to serve beer and wine. We will be able to seat eight inside the building and will have a deck for seasonal use allowing us to serve 15-25 outside. The shop will consist of baked goods, a grocery section, a butcher shop and prepared food to take out. We will have simple table service where you will order what you want, a server will bring it to your table and clear the table when you are done. Our hours will be 9:00 a.m. to 6:00 p.m.

Someone asked when they would be opening, and Sarah responded maybe February 2nd.

Debra Hall moved to approve a New Malt and Vinous Liquor License for Bleecker & Greer (d/b/a Maine Street Meats) as presented. Mark Kelley seconded the motion. <u>VOTE: 5 FOR – 0 OPPOSED</u>

<u>Jeff Hamilton noted that this vote assumed that the application change, as discussed above, would be changed before filing with the State.</u>

V. TOWN MANAGER'S REPORT

Rick – gave the Board a memo with the revised cost regarding the demo of the library which reflected less than $4,992 of Public Works time used in demolition of the old library.

Doug – questioned why we would charge this amount back to the library project—shouldn't we include Public Works' time for all projects?

Jeff – there is a difference between a capital project and maintenance work.

Doug – I feel that it is more of an opportunity job and not sure that it is fair to charge it to the project.

Ken – the difference in his mind is that the funding comes from the taxpayers for most jobs and with this project there is a separate revenue stream.
Mark – when we did work regarding demolition of a mobile home, we charged the property owner for the work that Public Works did.

Debra –At our last meeting we talked about charging it to the library project. This is because the taxpayers are concerned about the overall cost of the library and we agreed that no more than $1.5 million of taxpayer funding would go to the effort. This is a slippery slope if we add more cost here and other places.

Rick – you guys set the policy. The demo work was always something that Public Works was going to do. It is a mater of a policy decision and what you want to do. $5,000 will not make or break us. The cost of the intersection will be in this year's budget.

Megan – we will make sure that all the charges have been paid by the library. We have already spent the $80,000 that they gave us, and I have charged the Foundation on everything else except for Public Works' time. I have a separate ledger that I am using to track the project costs.

Megan –noted that if we decide to charge the Public Works time to the library project then we should have a policy so these charge-backs are done consistently for similar projects in the future. We should have it as an agenda item to discuss.

Jeff--there is nothing that stops us from directing that this be charged to the library project this time and we will address the larger policy in a separate agenda item in another meeting.

Debra Hall moved that the $4,9992 of Public Works' time and cost that were spent on the library demolition be charged back to the Library Foundation. Mark Kelley seconded the motion. <u>VOTE: 5 FOR – 0 OPPOSED</u>

Debra – asked what is the status of a parabolic mirror that she requested at the last meeting?

Doug – did we take a vote on it? We can't hold the Town Manager responsible for things that we don't vote on.

Debra – This is not about holding anyone responsible, I just want to know the status. I can't believe a mirror is that expensive that we need a vote on it.

Rick – I will look into it.

Mark – what about the sign permit for the library sign? It is three times what is allowed by code.

Jeff – I have a few items. #1 – do we have an update on the boat that sank in the harbor?

Rick – I didn't have any information on it. It did sink and the Coast Guard was informed. I believe that it was a pleasure boat.

Mark – I have had complaints that people call trying to get in contact with the Harbormaster and can't find where the hours or phone number are posted at the Harbor. It should be posted on the building.

Rick – I believe that her cell phone is posted.

Mark – it should be posted on the website, so someone does not have to walk to the Harbor to find the phone number.

Jeff - item #2 -- a boat broke loose of a mooring and the chain has wrapped around the pennant.

Rick – the harbormaster has no recourse to move a boat.

Jeff – we need to be proactive in fixing the problem.

Jeff – item #3 – we need information before we can march forward at the February 11th meeting. I am asking that a monthly schedule of the cash flow be done from January 1 to the completion of the library.

Rick – it is already being done. Ken is working on it.

Ken – my goal is to get it done before the February 11th meeting. The Board noted that it HAS to be done before that meeting as it would form part of the basis for the Board voting to move forward.

Jeff – item #4 – the minutes for two meetings in 2017 and six meetings in 2018 should be completed.

Ken – what about the job descriptions?

Debra – our comments need to be put together and then I will pull them into the descriptions.

Ken – reminded the Board if they haven't sent their comments in, please get them in by email as soon as possible. They will be incorporated and all comments and final drafts sent to Debra for review.

VI. CONSENT AGENDA

a. Annual Approval of Safety Mission Statement
b. In Lieu of Taxes Maine Media $10,479.00
c. In Lieu of Taxes Center for Furniture Craftsmanship $6,000.00
d. Anonymous GA Donation $4,000.00

Mark Kelley moved to approve the consent agenda as presented. Debra Hall seconded the motion. VOTE: 5 FOR – 0 OPPOSED

Ken – thanked Maine Media, Center for Furniture Craftsmanship and the anonymous donor for their donations.

VI. UNFINISHED BUSINESS –

a. Discuss Internal Control Policy

Debra – Megan and I have spent a great deal of time on this policy. It was my expectation that the internal policy would have been circulated to the department heads/managers for review. It is essential to get their input before the Board finalizes it. This was not done.

Jeff – supported Debra's request. The Department Heads should review the policy.

Ken – the goal is to have it ready for the January 28th meeting to discuss and be approved.

Debra – send any recommended Department Head changes to Megan and Debra so they can be considered and potentially incorporated.

Ken – asked about the credit card policy being included in in the policy.

Debra invited Megan to join the discussion and explained to the Board the options for handling the Internal Control Policy. She explained that it was Megan's recommendation and hers that the ICP be the overall policy in a manual or book with associated financial policies attached as appendices. Taking this approach, we can strip out of the ICP those sections that are lifted from other policies such as the purchasing policy and the credit card policy. Specific paragraph references would be made in the ICP to the appropriate associated policies. Also, we would know that any time that the other policies are updated then corresponding changes need to be made to the ICP

Jeff – I want to recognize Debra and Megan and any others for doing something that other towns don't have.

Rick – By the time this is done this will be a model municipal policy.

VII. NEW BUSINESS

a. Elect new chair and vice-chair

Jeffrey Hamilton moved to elect Kenneth McKinley as chair. Mark Kelley seconded the motion. <u>VOTE: 5 FOR - 0 OPPOSED</u>

Mark Kelley proposed Doug to take vice chair. Jeffrey Hamilton seconded the motion.

Doug – declined but said that he appreciated the offer. Doug said that he believes that a different vice chair should be elected so that when Ken is no longer on the Board after the June election, there is a line of succession.

Douglas Cole nominated Debra Hall as vice chair. Jeffrey Hamilton seconded the motion.

Ken – asked Debra if she would accept the nomination.

Debra – said she would accept the nomination but noted that the Board and Town Manager are already aware she will be unavailable for a couple of meetings in March when she is on business in New York. The Board noted that this is not problematic, even if Ken is absent, as the Board can proceed with an interim chair as long as there is a quorum.

VOTE: 5 FOR – 0 OPPOSED

b. Consider establishing a building committee for the library project

The Board suggested that the committee consist of residents and Select Board members. Anne Filley was recommended as a representative of the Library. There will be public meetings with votes being taken. It will be more transparent. They will discuss any bids, color of the walls, flooring, etc. We should specify the number of members and give them a charge.

Heaven – I am chair of the Library Committee. I think that this is a great idea. I would like to have a member from the Library Committee on the committee. I like the idea of the transparency and of minutes being taken.

Doug – I would like to be on the committee.

Mark – if Ken wants to be on it, then I would like to go on the committee when Ken's term is up.

The Board noted that a number of them are very interested in the Committee's work and providing input. They were assured that meetings would be livestreamed to accommodate this so that all Board members can follow the Committee's activities and all decisions will be brought before the Select Board for final approval.

Douglas Cole moved to approve the establishment of a Library Building Committee with a charge as presented. Jeffrey Hamilton seconded the motion. VOTE: 5 FOR 0 OPPOSED

c. Committee Application(s):

- Meggan Dwyer – Conservation Commission

Meggan - I mostly do marine work. I am the Associate Director for U Maine Aquaculture Research Institute.

Debra – we are lucky to have someone with your knowledge and experience on the committee.

Jeffrey Hamilton moved to appoint Meggan Dwyer as an alternate member of the Conservation Commission with a term to expire on June 30, 2021. Mark Kelley seconded the motion. VOTE: 5 FOR – 0 OPPOSED

- Owen Casas – C-R Pathways Committee

Owen – was previously on this committee and was then elected to the Select Board and became the liaison.

Jeffrey Hamilton moved to appoint Owen Casas as a member of the Pathways Committee with a term to expire June 20, 2021. Douglas Cole seconded the motion. VOTE: 5 FOR – 0 OPPOSED

d. Committee Resignation(s):

- Tony Bates - BAR.
- Larry Lehmann - BAR

Douglas Cole moved to accept the resignation from Tony Bates and Larry Lehman from the Board of Assessment Review and to send a card of thanks. Jeffrey Hamilton seconded the motion. VOTE: 5 FOR – 0 OPPOSED

e. Approve New Malt and Vinous Liquor License for Bleecker & Greer (d/b/a Maine Street Meats)

This item was presented before the Town Manager's report.

f. Discuss and approve MCSW Fees

Debra - in the past, the four towns were supposed to approve the transfer station fees but that didn't always happen. This motion was drafted so that the MCSW does not want to come back to the Boards every time there is a change for insufficient value items. We would like to have the MCSW Board be able to make minimal changes.

Rick – the idea is that if the cost of things (tires, computers, monitors, TVs, batteries, fluorescent lights) that go offsite increase, we want to be able to adjust the fees up.

Debra Hall moved to approve the FY 19 fee schedule and give the MCSW Board of Directors the authority to adjust fees for minor revenue streams as required. Jeffrey Hamilton seconded the motion. VOTE: 5 FOR – 0 OPPOSED

g. Discuss and approve the ORC Work Plan for 2019

Ken made this presentation. Mr. Najpauer was ill and could not attend the meeting. The first item is on short term rentals, which will take a while and will not be ready for a June vote. The second issue is on the number of marijuana plants. It requires fixing a loophole.

Debra Hall moved to approve the Ordinance Review Committee work plan as amended (change 1. To read "Preliminary Review of Short-Term Rental Regulations.) Mark Kelley seconded the motion. VOTE: 5 FOR – 0 OPPOSED

IX WASTEWATER COMMISSIONERS

a. None this meeting

X. LIAISON REPORTS

Jeff – just before Christmas the Harbor Committee recommended the 2019 Harbor Fees. Pathways recently reviewed their work plan with the towns. The Capital Committee has not met.

Doug – Keep Rockport Beautiful did not meet. The Investment Committee will be meeting with people from the hospital regarding the Weidman Fund. I was out of town when the Planning Board had their meeting. What about the Comprehensive Plan? Where does that stand?

Jeff – that was one of my tasks to clean up by the end of the year, but I did not get it done.

Mark – the Conservation Commission worked on their budget. I have been encouraging the Parks Committee to get their numbers in for the budget.

Debra – Broad Band Committee will meet tomorrow with two other town managers and a member of the South Thomaston Select Board. With respect to MCSW, we have a meeting in another week or so. I will note, however, at a recent meeting the Board met with their outside auditor, which is the first time the Board has done that. We have been told that we do not have sufficient funding to close the quarry at the time it is scheduled to be closed so we will be reporting back to the towns in the future with respect to the finance issues.

Ken – the Cemetery Committee should meet soon. Legacy Rockport met Monday. The Ambulance Review meetings are going well. They are in good condition. The ZBA has not met in a long time.

Rick – they (Northeast Mobile Health Ambulance) will keep the rates the same

Jeff – when is the pedestal at Harbor Park being moved? The electrician gave us a quote and Legacy Rockport approved the expense.

Rick – It will be moved in the spring

At 8:50 p.m., the Board took a break.

XI. EXECUTIVE SESSION

a. Discussion of a Personnel Matter Pursuant to 1 M.R.S.A. Section 405 (6)(A) (if needed)

Mark Kelley moved to go into executive session at 9:00 p.m. pursuant to 1 M.R.S.A. Section 405 (6)(A). Debra Hall seconded the motion. VOTE: 5 FOR – 0 OPPOSED

Douglas Cole moved to exit the executive session at 9:10 p.m. Jeffrey Hamilton seconded the motion. VOTE: 5 FOR – 0 OPPOSED

XII. ADJOURNMENT

Mark Kelley moved to adjourn the meeting at 9:11 p.m. Debra Hall seconded the motion.
VOTE: 5 FOR – 0 OPPOSED

Respectfully submitted,

LINDA M. GREENLAW
TOWN CLERK as RECORDING SECRETARY

Manager's update to questions raised at the last meeting.

Harbor

There was a question about the Harbormaster's cell phone number being made available to the public.

Abbie's cell phone number is posted on the door of the building, on the voice mail message at the harbor, Knox County and the Police Department also have it and it is on her business card she hands out. In my opinion this is far more generous distribution of a cell number than other department heads and I would NOT recommend posting her cell number on the web page itself.

As far as the contact with the reporter, who reached out by e-mail (the preferred method), Abbie responded to her immediately and addressed her questions.

As far as the sunken boat is concerned, the Coast Guard was contacted when the boat was reported (as they have jurisdiction) and they deemed that is not a hazard to navigation or a pollution threat, so the responsibility lies on the owner to get it raised and salvaged. The Coast Guard has not set a deadline for getting that done.

Abbie does not have a boat in the water but spoke with fisherman who reported it on the radio for pertinent details. The owner has been in contact with Rob Iserbyt, who is planning to salvage the boat in early spring and will keep the harbormaster informed when he knows an exact date.

As for the remaining recreational boat that is on the mooring in the outer harbor, Abbie had previously spoken with the owner and he claimed he had been out to check it and unwrap the mooring pennant. Abbie also inspected the pennant before hauling Andre in late December and found no sign of chafing at that time and the mooring inspection is current.

The owner told her that he is planning on hauling it in Belfast in January, but this is the 3rd year it has sat on the mooring, year-round, so we anticipate that it will be there all winter again this year. There is nothing in the ordinance currently, that prohibits this practice, but the Harbor Committee will be discussing an addition to the ordinance at their next meeting, on January 31st.

Street Lights

We have been in contact with Tammy Pierce at CMP and her e-mail is included. It appears that the "radial wave" decorative fixtures are dinosaurs and CMP is no longer able to get parts for them in their current form. I suspect that this has been the cause of a lot of problems as the line crews are "Macgyvering" the fixtures to keep them working when they can't get the right parts. The manufacturer stopped making them and all the parts are gone in the warehouses. CMP is in the process of applying for PUC approval to convert them to LED lights, but that process is expected to take months. In the interim, they are crediting us the cost of the lights that they are unable to repair. We are currently looking at the locations of the "decorative" lights to see if there is a way that we can replace some of them with cobra head lights and use some of them to repair ones that are out of service in a location where we want to maintain the decorative lights.

<u>Expedite Meeting Minute's</u>

The Town Clerk has been diligently working on the back log of meeting minutes. One of them is included in this packet.

<u>Job Description's</u>

I have not had time to work on these again

<u>Rockport Comprehensive Plan</u>

Below is an outline of the comprehensive plan, developed by Bill Najpauer

Timetable:

Winter 2019:

- Form a Comprehensive plan Committee:
- Town staff works on the plan inventory sections

Spring 2019: and throughout 2019

- Committee begins monthly meetings and reviews plan inventory sections. This will continue throughout 2019 until the inventory section are completed.
- Update the plan policies as per the work already completed by the SelectBoard and develop a land use plan.

Winter 2020

- The plan draft is completed and public review in undertaken for consideration at the June 2020 Town Meeting

Committee:

The Comprehensive Plan Committee should consist of a variety of citizens representing all the diverse views of the community. A suggested committee size is to assembly up to 15 members including at least one member form the key Town boards and committees such as the Select Board, Planning Board, Board of Appeals, Conservation Commission, Harbor Committee etc.

The committee will be expected to meet at least once a month and during certain times throughout the process may have to meet twice a month.

The entire process from start to presentation at the June Town Meeting should take 18 months. The role of the committee will be to review and revise the plan inventory sections and develop plan action items including a land use plan.

Planning Staff will develop the draft plan inventory sections and the draft policies and provide materials for the committee to review at each meeting.

Committee Task:

The committee will review /edit and modify the plan sections drafted by Town staff and participate in public outreach efforts to obtain public ideas and input.

Public Participation

One of the first task for the Comprehensive Plan committee will be to create a public participation strategy to solicit public comment throughout the planning process. A few suggestions will be provided by the Planning Staff for their consideration based upon what has been successful in other communities.

Internal Control Policy

The internal control policy was sent out to all department heads and responses have been collected.

From:	Richard C. Bates
To:	Diane Hamilton
Subject:	FW: will this work
Date:	Wednesday, January 23, 2019 11:25:03 AM
Attachments:	image001.png

From: Pierce, Tamra L. <Tamra.Pierce@cmpco.com>
Sent: Monday, January 21, 2019 10:04 AM
To: Richard C. Bates <RBates@town.rockport.me.us>
Cc: Molli Bennett <MBennett@town.rockport.me.us>
Subject: FW: will this work

Good morning Rick,

Good morning Rick,

Below is a list of street lights that have not been repaired. The lines highlighted in orange are radial wave fixtures (12). There are 9 customer off fixtures, lines are blue. I have asked the Trouble Shooter to go back out and double check these. It may just be a clerical error that they are not showing as repaired. I expect to hear from the T/S this week. I was here working yesterday and had a chance to calculate a credit for the radial wave fixtures going back to the notification date to the end of January. The credit that will be applied to your street light account is $449.77.

I will have the service center run another query in February so that I can calculate additional credits if necessary. If you have any questions, please let me know.

Thanks,
Tammy

Notification date	Description of functional location
09/10/2018	ROCKPORT -MAIN STREET -012
10/23/2018	ROCKPORT -MEADOW STREET-56
11/30/2018	ROCKPORT -AMESBURY STRE-5
11/30/2018	ROCKPORT -ATLANTIC HIGH-128
11/30/2018	ROCKPORT -ATLANTIC HIGH-138
10/23/2018	ROCKPORT -CAMDEN STREET-10
11/30/2018	ROCKPORT -COMMERCIAL ST-10
11/30/2018	ROCKPORT -COMMERCIAL ST-21.01
09/10/2018	ROCKPORT -GROVE STREET -4
11/30/2018	ROCKPORT -MAIN STREET -3
08/23/2018	ROCKPORT -MAIN STREET -39
10/23/2018	ROCKPORT -PLEASANT STRE-8
10/17/2018	ROCKPORT -RUSSELL AVENU-3
12/12/2018	ROCKPORT -SPEAR STREET -1
12/12/2018	ROCKPORT -UNION STREET -2.1
11/30/2018	ROCKPORT -UNION STREET -28
12/24/2018	ROCKPORT -UNION STREET -43
01/06/2019	ROCKPORT -AUGUSTA ROAD -76
01/08/2019	ROCKPORT -WARRENTON STR-5
12/18/2018	ROCKPORT -WARRENTON STR-9
09/10/2018	ROCKPORT -CROSS STREET -03

The highlighted ones are radial wave

CENTRAL MAINE POWER

Chris Buzzard
Line Clerk
Central Maine Power
Rockland Service Center
24 Gordon Dr, Rockland
Telephone 207.629.5610

christopher.buzzard@cmpco.com

VII. Unfinished Business

a. Approve Internal Control Policy

Manager's Comments:

Included in your packet is the internal control policy that you previously received at the last meeting on January 14th. If changes are made between now and the next meeting, we will bring revised copies.

Linda Greenlaw had some concerns about the policy as it stands and those questions have been sent to our Auditor, Ron Smith for his comments and recommendations.

A copy of her concerns is included in the packet for your review. I am hopeful that I will get his comments back before the end of the week and will forward them along.

Debra Hall and Megan will work on getting these final changes included in the policy. In the end, this is a policy that the Select Board has to adopt and we have to make it work internally.

My advice is to always lean towards the advice of our Auditor when in doubt in any way.

Suggested Motion:

I move to approve the draft internal control policy as presented (amended)

From:	Richard C. Bates
To:	Diane Hamilton
Subject:	FW: INTERNAL CONTROL POLICY/PROCEDURE
Date:	Wednesday, January 23, 2019 11:21:44 AM

From: Linda Greenlaw <LGreenlaw@town.rockport.me.us>
Sent: Tuesday, January 22, 2019 3:54 PM
To: Richard C. Bates <RBates@town.rockport.me.us>
Subject: INTERNAL CONTROL POLICY/PROCEDURE

Rick, I am sending this email pursuant to a conversation that we had in your office regarding part of the process for the daily cash-up. It is on page 33, section 22.6 Checks Electronically Deposited. As it presently states this will be done by the Finance Director or Payroll Clerk. My concern is that the deposit is a function of the treasurer or deputy treasurer as is stated in Maine State Statute. Once the deposit leaves the office for someone else to complete the function, the deposit has been comprised. Another town that uses the same bank as we do has the clerks ,as deputy treasurers, scan the checks when doing their cash up. They have their own sign in. Access can be restricted in order for the clerk's office to perform the function of scanning the checks. Also there was just a great article in the October Maine Townsman, page 19 where is states "Have checks and balances in place (Don't let on person handle the deposits and reconcile bank accounts. Multiple checks should be in place for this.)

Page 27 19.2 Processing Mail

It states that if all cash can not be processed the same day, the Town Clerk/Tax Collector shall notify the Town Manager in writing and if approved processed the next business day.
During tax time, this is not always possible to process all the checks because of the volume of mail received. Cash is always processed the same day, it is the checks that are not. However, we are only a couple or three days behind at most during this time. Years ago it used to be two or three weeks of backlog. What if the Town Manager is not available to get his approval?

Page 35 Donations

My question is do we really want to hold on to in lieu of taxes checks (donations) until they are approved by the Select Board which could be month or so?

Sincerely,

Linda

Linda M. Greenlaw
Town Clerk/Tax Collector
101 Main Street, PO Box 10

Internal Controls help to establish and maintain fiscal management and accountability of municipal assets. Internal Controls set a professional level of standards for the safety and well-being of municipal resources.

Internal Control Policies and Procedures

General Rules
Cash Receipts
Deposits – Reconcilations
Investments – Reserves
Fixed Assets
Accounts Payable – Accounts Receivable
Payroll – General Ledger
Chart of Accounts – Leases

Best Practices for Financial Management of Municipal Finances

ROCKPORT, MAINE
INCORPORATED
1891
OFFICIAL TOWN SEAL

Draft

Rockport, Maine – Insert Date

It is not good enough for things to be planned – they still have to be done; for the intention to become a reality, energy has to be launched into operation.

-Walt Kelly (1913-1973), Animator

Table of Contents

1. INTRODUCTION

Commented [DH1]: Start this on a new page please

Internal controls are comprised of plans, methods, policies and procedures used to fulfill the mission, strategic plan, goals and objectives of the Town of Rockport. The internal control process provides reasonable assurance that the objectives of the Town will be achieved. These objectives include the following:

- Protection of assets;
- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

This document, comprising the Town of Rockport's Internal Control Policies and Procedures, is referred to herein as the "Policies & Procedures" or as "the system of internal controls."

To the extent these Policies & Procedures refer to the responsibilities of municipal officers defined by State statute, it is the Town's policy to adhere to those responsibilities and practices. The Town has created positions not referenced in statute, including the Finance Director. The Finance Director is responsible for review, implementation, and monitoring of the Town's finances and these Policies & Procedures as set forth throughout this document.

2. DEFINITIONS

The following definitions shall apply:

2.1 Adverse Employment Action.

A materially adverse change in the terms and conditions of employment, including but not limited to: discipline, suspension, threatening to discipline or suspend, coercion, acts of intimidation and firing.

2.2 Best Practice.

A method or technique that has consistently shown results superior to those achieved with other means. It is a standard or benchmark against which practices may be compared and assessed. What constitutes a "Best Practice" can evolve to become better as improvements are discovered.

2.3 Capital Asset.

An item that has a value of more than $5,000, individually or collectively, with an estimated useful life of more than one (1) year. Capital assets may include but are not limited to: computer equipment, office furniture, fiber optics, fleet vehicles, public works vehicles and machinery and emergency response vehicles.

2.4 Capital Infrastructure.

Refers to facilities and systems that serve the Town and its residents, businesses and visitors with a value of at least $50,000 and a useful life of at least five (5) years. Examples include but are not limited to: buildings and other fixed structures, land, highways, roads, bridges, sidewalks, pathways and parking lots; utility structures such as elements of public water and sewer systems, public lighting systems, electric and communication cables or other transmission elements.

2.5 Cash.

Includes all items that are acceptable for deposit in a bank, e.g., paper currency, coins, checks, money orders, cashier's checks, and traveler's checks.

2.6 Change Funds.

A designated amount of cash on hand in which to make change from a cash drawer.

2.7 Control Environment.

As used in the public or government this term is what would be called, in the private sector, the entity's "corporate culture."

2.8 Fixed Asset.

An asset that is purchased for long-term use and is not likely to be converted quickly into cash such as land, buildings or equipment.

2.9 Fraud.

An intentional and deliberate deception to secure an unfair or unlawful gain, including but not limited to, a misappropriation of resources or the manipulation of data to the advantage or disadvantage of a person or entity. The definition of "fraud" as intended in these Policies & Procedure is determined by applicable laws and regulations.

Examples of fraud may include, but are not limited to;

- Falsification of expenses and invoices;
- Authorizing or receiving compensation for goods not received or services not performed;
- Theft of cash, fixed assets or other property;
- Alteration or falsification of records;
- Failure to account for monies collected;
- Knowingly providing false information on job applications;
- Authorizing or receiving compensation for hours not worked;
- Intentionally falsifying a time sheet; and
- Embezzlement, bribery or conspiracy.

2.10 Information Technology.

The application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data, often in the context of a business or other enterprise. The term is commonly used as a synonym for computers and computer networks, but it also encompasses other information distribution technologies.

2.11 Internal Controls.

Systematic measures (such as reviews, checks and balances, methods and procedures), instituted by the Town to (a) conduct its business in an orderly and efficient manner, (b) safeguard its assets and resources, (c) deter and detect errors, fraud, and theft, (d) ensure accuracy and completeness of its accounting data, (e) produce reliable and timely financial and management information, and (f) ensure adherence to laws and regulations, and the Town's policies and objectives.

2.12 Petty Cash.

Petty cash is an amount of cash on hand used to pay for small items rather than going through the process of issuing a check.

2.13 Policy.

Principles and associated guidelines formulated and enforced by the Town to direct and limit its actions in pursuit of long-term goals.

2.14 Procedure.

A series of steps, taken together, to achieve a desired result. It is a particular way of accomplishing something as in a repetitive approach, process or cycle to accomplish an end result.

2.15 Purchasing Agent.

The purchasing agent as used in these Policies & Procedures means the Town Manager or the Town Manager's designee.

2.16 Reserve Account.

Used for financing the acquisition or reconstruction of a specific or type of, capital improvement; financing the acquisition of a specific item or type of capital equipment; or a sinking fund account for paying a funded debt.

2.17 Risk Management.

The identification, analysis, assessment, control, avoidance, minimization, or elimination of unacceptable risks. An organization may use risk assumption, risk avoidance, risk retention, risk transfer, or any other strategy, or combination of strategies, in proper management of future events.

2.18 Sinking Fund.

A sinking fund is a fund established by setting aside revenue over a period of time to fund a future capital expense or repayment of long-term debt.

3. PURPOSE

Policy: The Town has a responsibility to establish controls to ensure that all municipal assets are protected and secured appropriately. The purpose of the Town's system of internal controls is to provide reasonable assurance that:

- Obligations and costs are in compliance with applicable law and regulation;
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation, and
- Revenues and expenditures are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

4. REPONSIBILITIES FOR SYSTEM OF INTERNAL CONTROLS

Policy: It is the Select Board's responsibility to establish a system of internal controls and policies that adequately address the following components:

- The control environment;
- Risk assessment;
- Control activities;
- Information and communication; and
- Monitoring.

The Town Manager is tasked with overall monitoring and delegating to management the tasks required to operate and monitor the system of internal controls. Each individual within the Town government is responsible for being cognizant of, complying with and maintaining the proper internal control procedures associated with their specific job responsibilities.

5. THE CONTROL ENVIRONMENT

Policy: The Select Board, Town Manager, Finance Director and Department Heads shall create a culture of compliance through their individual and collective actions exhibiting high ethical and professional standards of conduct. Leading by example sets the standard for the entire Town government. Internal controls must be communicated and followed. Failure to take appropriate disciplinary action for a violation of these established standards of conduct sends a "message" that management is not committed to internal controls.

Procedure:

A favorable control environment requires that management communicate the importance of internal controls to Town staff at all levels and that Town staff perform their job responsibilities in a competent and honest manner.

5.1 Communication with Staff.

Upon adoption of these Policies & Procedures, and at least annually every January, Department Heads shall ensure that their departments have received and understand these internal controls, as they relate to everyone's job responsibilities.

5.2 Communication with Select Board.

(a) Following the election of a new Select Board member, a copy of these Policies & Procedures shall be provided to the Select Board member.

(b) The Select Board shall review these Policies & Procedures periodically, gauge the level of Town compliance with these internal controls, and take appropriate action to ensure that these established standards are met.

5.3 Compliance and Violations.

Compliance with these Policies & Procedures is essential to the proper, prudent, efficient and effective functioning of Town government. There shall be swift and appropriate disciplinary action for employees who violate the standards of conduct established by these Policies & Procedures, consistent with the Town's Personnel Policies.

6. MONITORING OF CONTROL PROCEDURES

Policy: Effective monitoring of the Town's system of internal controls requires that the Town's officials and management assess the quality of performance over time and determine whether controls are effective. Any financial policy that is adopted should be reviewed annually to ensure that it remains current.

Procedure:

6.1 Annual Review by Town Manager and Finance Director.

At least annually every November, the Town Manager and Finance Director shall review established internal controls to determine effectiveness. Based on the annual review a recommendation may be made to the Select Board to update or modify the internal control policies.

6.2 Select Board Review.

Periodically, the Select Board shall review the effectiveness of the system of internal controls with the Town Manager and Finance Director to mitigate any potential weaknesses.

Commented [DH2]: Ade these 6.1 and 6.2 so formatting needs to be fixed.

7. RISK ASSESSMENT AND MANAGEMENT

Policy: The Select Board, the Town Manager, Finance Director and Department Heads shall monitor and assess potential risks that could prevent or hinder them from achieving their objectives as set forth in the Introduction to these Policies & Procedures. Effective risk monitoring and assessment must involve not only management at all levels of Town government but employees performing day-to-day activities. Effective risk monitoring and assessment should include both the “macro” and “micro” components of the Town’s activities.

Procedure:

7.1 Focus on Risk Monitoring.

Department Heads shall monitor, on an ongoing basis, the opportunities to reduce risk within their departments. Each Department Head should convey a risk-aware culture—encouraging all department employees to be aware of potential risk, to be vigilant about risk detection, and to make recommendations for improvement and risk mitigation in their daily job functions.

Commented [DH3]: This started as 7.2 SO I Changed to 7.1 and all others need to be changed accordingly and formatted.

7.2 Sharing of Best Practices.

Department Heads who identify potential risk exposure and/or who have recommendations or receive recommendations from department employees about improvement to daily activities that will mitigate that risk exposure, should share them with management, including other Department Heads, in order to improve the risk practices across all levels and departments of Town government.

7.3 Safeguarding Employees and Citizens.

In order to ensure, to the extent possible, an exposure-free work and service environment which the Town’s personnel and the public can enjoy in safety and security in the course of their daily pursuits, the Town shall establish and maintain sound operating practices and proper employee training. Department Heads shall convey, by example and through encouragement of a risk-aware culture, the fundamental importance of their responsibilities to safety and security for one another, their own well-being and that of the Town’s people and protection of its assets.

7.4 Management Assessment.

In addition to the inherent risks addressed by these Policies & procedures, the Select Board, Town Manager, Finance Director and Department Heads shall continuously monitor the manner and extent to which changes in the Town government and operations may affect the Town’s risk environment. These changes may include, for example:

- Changes in the operating environment of the Town, e.g. reduced budgets, new regulations/ordinances, intense political debate or scrutiny;
- Changes in personnel;

- Changes in information systems and technology;
- New programs or services;
- Changes in the Select Board leadership or management.

8. RISK MANAGEMENT THROUGH RISK TRANSFER

Policy: The Town recognizes that risk should be identified and managed—not viewed as something to be eliminated or avoided. The Select Board believes that well-managed risk is fundamentally important to effective service delivery, maximizing opportunities for innovation in delivery of services and adapting to change in and outside the Town. One means of managing risk is to transfer unreasonable amounts of risk through bonding or insurance mechanisms.

8.1 Employee Bonding Requirements.

Commented [DH4]: Formatting needs to be fixed, the number should go to the left to the margin. Same throughout document, line-up. Line up under "Procedure."

Policy: Elected officials and employees who handle municipal funds shall be appropriately bonded or covered by liability insurance to ensure that the taxpayers do not absorb the cost of financial loss because of an improper or illegal act of an elected or appointed official or public employee.

Procedure: At the Town's expense, all employees involved with the collection, custody or disbursements of the Town's finances shall be bonded for the amounts appropriate to complete their job functions. Bonding shall be reviewed and renewed annually by the Finance Director and the cost shall be included in the annual budget.

8.2 Risk Transfer Through Insurance and Risk-Pooling Mechanisms.

Policy: The Select Board, Town Manager and Finance Director shall review the Town's risk transfer strategies in the context of the overall risk framework of the Town to ensure that best efforts are made to identify risk, monitor and manage risk, and transfer that risk which is beyond the Town's capability of retaining.

Procedure: At least annually every April, the Town Manager and Finance Director shall review with the Select Board the extent of the Town's insurance, risk-pooling and other risk transfer mechanisms.

9. ACCOUNTING AND ANNUAL AUDIT

Policy: The Town will utilize accounting practices that conform to generally accepted accounting principles (GAAP) as set forth by the Government Accounting Standards Board (GASB).

Procedure:

9.1 Monitor the Overall Budget.

All Town accounts shall be monitored by the Finance Director monthly. Financial records shall be maintained in the Finance Director's office.

9.2 Appointment of Annual Auditor.

Each year the Select Board shall appoint a Certified Public Accountant(s) for the purpose of conducting the annual audit of the prior fiscal year municipal finances, as authorized by law. The audit shall be conducted in accordance with Government Auditing Standards promulgated by the U.S. Government Accountability Office.

10. ACCOUNT CONTROLS

Policy: The Town Manager and Finance Director shall be responsible for establishing accounting practices, including but not limited to: journal entries, general ledger accounts, chart of accounts and other control practices, subject to Select Board oversight.

10.1 Staff Assignments and Internal Audits.

Policy: No one employee shall perform all related elements of an individual transaction. Internal audits shall be conducted.

Procedure:

(a) *Staff Assignments.* Staff responsibilities shall, to the extent possible, be made in a way that encourages checks and balances. No single individual shall be able to prepare, approve, process and record a transaction. Whenever possible, employee job functions shall be changed periodically to ensure rotation and cross-training.

(b) *Internal Audits During Leave.* Employees responsible for collecting and recording cash transactions shall be required to take vacation leave. During this time, the employee's records and cash accounts shall be reviewed and an internal audit conducted by management.

(c) *Unannounced Audits.* The Town Manager/Finance Director may perform unannounced cash audits of any/all cash drawers at any time.

11. GENERAL LEDGER

Policy: The general ledger represents the formal record of the Town's transactions. It holds the account information that is needed to prepare financial statements and includes accounts for assets, liabilities, and equity.

Procedure:

11.1 Limit General Ledger Maintenance to Finance Director.

No journal entries or corrections should be made to any general ledger accounts by anyone other than the Finance Director.

11.2 Submit Change Request to Finance Director.

If an employee notices a change that should be made to a general ledger account, the employee should submit a request with appropriate supporting documentation to the Finance Director. If, however, the requested change is in Cash Receipting the Town Clerk's office shall make the needed adjustments prior to posting.

12. CHART OF ACCOUNTS

Policy: The Town shall use a chart of accounts to maintain, track and record department expenses and revenues in a consistent and comparable manner. The chart of accounts shall be compatible with the needs of both budgeting and financial planning.

Procedure:

12.1 Finance Director Responsibility.

The Town chart of accounts is maintained by the Finance Director. It shall provide for a consistent way of tracking revenues and expenses across departments through a common numbering system. Any changes to an account shall be made by the Finance Director.

12.2 Requested Changes.

Departments shall submit any request for changes to accounts to the Finance Director for consideration and modification.

12.3 Records Grants and Programs.

(a) Grants or programs outside of the annual budget are not included in the chart of accounts.

(a) Revenues and expenses associated with grants or programs shall be maintained in the appropriate department budget.

(b) The Finance Director shall monitor grants or other program accounts on a monthly basis.

12.4 Journal Entries.

Any journal entries that are needed outside of normal transactions shall be completed solely by the Finance Director or designee. All journal entries shall be maintained in paper form for at least seven (7) years.

Commented [MB5]: The part that is discussed prior to in general ledger accounts, this is referencing all journal entries including those made to expense and revenue accounts.

13. PERIODIC RECONCILIATION AND VERFICATION

Policy: It is important that related accounting records be compared periodically. At a minimum, all Town accounts shall be reconciled and verified on a monthly basis, or more often as may be appropriate. This review shall also include the financial reports of the Library Committee which holds funds in a trust and should, therefore, be subject to appropriate checks and balances as are other Town assets. Monthly bank reconciliations are a crucial part of preventing fraud and maintaining accurate records of the financial stability of the Town.

Procedure:

13.1 Internal Reconciliation and Verification.

(a) *Monthly Revenue/Expense Reports to Departments.* The Finance Director shall provide each Department Head with monthly expense and revenue reports relating to their department. Periodically, but at least monthly, all revenue and expenditure reports, shall be reviewed by the responsible Department Head, Finance Director, and Town Manager (if necessary). On a quarterly basis the Town Manager and Finance Director shall meet with each department head to discuss their current budget standing.

(b) *Bank and Investment Accounts.* The Finance Director shall reconcile all bank and investment accounts on a monthly basis. The reconciliation shall include an examination of canceled checks as well as a review of bank statements in comparison to the general ledger accounts. This shall be completed within 30 days of the month end, unless prior approval from the Town Manager has been received.

(c) *Other General Ledger Accounts.* The Finance Director shall be responsible for the reconciliation of all other general ledger accounts, excluding reconciliation of taxes. Taxes shall be reconciled by the Tax Collector on a weekly basis and reports shall be provided to the Finance Director. Reconciliation reports shall be maintained by the Finance Director for the entire fiscal year until an annual audit is complete.

(d) Library Funds—Monthly Reports. Within 20 days of the end of each month, the Treasurer of the Library Committee shall provide the Finance Director with a report of all accounts held by the Library Committee.

13.2 Bank Reconciliation and Verification.

(a) *Monthly Reconciliation.* The Finance Director shall, within 30 days from the end of each month) reconcile every bank account maintained by the Town against the trial balance.

(b) *Discrepancies.* Discrepancies may be reconciled through assistance with the Town's auditor and discussions with the bank.

Commented [DH6]: Megan—maintained by whom? Finance Director or Tax Collector?

Commented [DH7]: Need to fix formatting. All I did was take out (i) and note the monthly reports in the title – just looking for consistency.

(c) *Questionable Transactions.* If, during the reconciliation process, the Finance Director discovers a transaction that is not valid, the Finance Director shall immediately report these findings to the Town Manager for immediate action.

(c) *Sign-off.* Once the reconciliations have been completed by the Finance Director, the Finance Director and the Town Manager shall sign off on the reconciliation.

(d) *Record Retention.* Reconciliation records shall be maintained for seven (7) calendar years.

13.3 Reconciliation Discrepancies and Investigations

(a) *Discrepancies*. The Finance Director shall report any reconciliation discrepancies to the Town Manager. The Town Manager shall, in turn, report to the Select Board any discrepancies of a significant nature, whether amount, frequency or nature of the discrepancy. In any event, when the Town Manager believes that the Finance Director may be at the cause of the discrepancy, the Town Manager shall report same to the Select Board. If the Finance Director believes that the Town Manager is the source or cause of the discrepancy, the Finance Director shall report same to the Select Board.

(b) *Investigations*. The Town Manager or the Select Board may initiate an investigation, consistent with the Town Charter. If the discrepancy involves the Town Manager, the Select Board shall initiate the investigation.

(c) In the event that personnel action is appropriate, it shall be taken as soon as possible and consistent with the Town's Personnel Policy.

14. RESERVES

Policy: The purpose of reserves is to set aside funds for specific projects, renovations, equipment, capital equipment and similar costly items. Reserves may be established for the categories of capital equipment, capital improvement or a sinking fund account for paying a funded debt. A reserve fund may accumulate substantial capital to help lessen the burden on taxpayers in having to raise funds in one budget year. In some instances, reserves can be used to pay the principal and interest due on large purchases.

Procedure:

14.1 Select Board Established Reserves.

Reserves shall be established in accordance with the Reserve Accounts Policy as adopted or amended by the Select Board.

Commented [DH8]: Megan, this is the new section per the auditor. Note some of this was already there and I moved it down from 13.1 but I have beefed it up and made it its own section so it applies to all of Article 13.

Commented [MB9]: Should we include a copy of this policy as an appendix to the document, so people don't have to hunt around for this policy?

Commented [DH10R9]: Yes, that is fine. But as I recall this was intended to be part of a manual and there would be a lot of appendices. Is that still the case? If so we can add their reference once we get them all together.

14.2 Reserves Established for a Specific Purpose.

After conferring with and through coordination with the Town Manager, a Department Head may recommend to the Select Board the establishment of a reserve account. The Department Head shall state the purpose of the account and specify how the account will be funded.

14.3 Select Board Approval Required.

(a) The Select Board shall review any requests for the establishment of a reserve account and either approve or deny the request based on the criteria outlined in the Reserve Accounts Policy.

(b) If approved, the Select Board shall decide whether to place a limit on the amount of funds that can remain in the reserve.

14.4 Finance Director Required to Manage Reserves.

(a) Monitor Reserves. The Finance Director shall monitor the reserve accounts and ensure ongoing compliance with the Reserve Accounts Policy.

(b) Report Reserves. As part of the budget process the Finance Director shall report on the status of all Town reserves, including a statement of the reserves and the current balance.

14.5 Expenditure of Reserve Funds.

(a) Expenditures of $2,000 or More. Any expenditure from the reserve funds in the amount of two thousand dollars ($2,000) or more shall require approval by the Select Board.

(b) Expenditures of Less than $2,000. Use of reserve funds in an amount less than two thousand dollars ($2,000) shall be subject to approval by the Town Manager.

14.6 Five-Year Capital Expenditure Plan.

Each October the Town Manager shall submit to the Select Board a five-year capital plan for the use of the Town's reserves. This plan may be issued as part of the annual capital improvement plan submitted by the Finance Director and Town Manager in preparation of the annual municipal budget process.

15. INVESTMENTS

Policy: The Town has an established Investment Policy and shall endeavor to maintain that policy with the help and guidance of an appointed Investment Committee. The Investment Policy addresses the methods, procedures and practices, which must be exercised to ensure effective and judicious fiscal and investment management of the Town's funds.

Procedure:

15.1 Duties of Town Treasurer.

(a) The Town Treasurer is charged with the responsibility of managing the Town's investments. According to state statute the Treasurer is authorized to delegate those duties to another with the consent and approval of the Select Board.

(b) All Town investments and policies shall conform to applicable statutes and regulations.

15.2 Select Board Appoints Investment Committee.

(a) The Select Board shall annually appoint a Board liaison to work with the Investment Committee.

(b) The Finance Director shall be designated by the Treasurer as the Town liaison to the Investment Committee.

(c) The Investment Committee shall serve at the will of the Select Board, operate under approved bylaws, and in accordance with state statutes and regulations.

15.3 Accounts Reconciled Monthly.

(a) The Finance Director shall receive monthly investment statements and portfolio reports.

(b) The Finance Director shall provide the Investment Committee with a copy of the investment report, an in-house investment accrual report of all investments as well as a copy of the portfolio provided by the investment banking institution.

(c) The account shall be reconciled on a monthly basis to the general ledger and all investment accounts shall be updated. This process shall be completed within 30 days from the end of the prior month.

15.4 Investment Strategies Reviewed Periodically.

(a) The Investment Committee shall periodically review the investment portfolio to make sure the investments are being managed as directed by the Town.

(b) The Investment committee shall periodically meet with the investment banking institution representative to make sure the Town's investments are managed in the Town's best interest.

16. FINANCIAL REPORTING

Policy: The Town Manager shall have in place systems that ensure the collection and compilation of the data needed for the timely and accurate preparation of financial statements.

Procedure:

16.1 Reports to the Town Manager.

(a) The Finance Director shall provide the Town Manager with a current trial balance and municipal budget expense and revenue report, on a monthly basis, or more often if directed.

(b) The Finance Director shall review all reports prior to submission and specify any concerns, in writing, to the Town Manager.

Commented [DH11]: Megan all of these sub numbers should go out to the left and be lined up under "Policy" and "Procedure."

16.2 Reports to Department Heads.

(a) The Finance Director shall provide all Department Heads and, if necessary, committee chairs, their respective municipal budget expense and revenue reports monthly.

(b) The Town Manager and Finance Director shall meet with Department Heads, as necessary, to discuss any concerns that may have been brought to the Town Manager's attention. Action shall be taken, as appropriate, to correct or alleviate those concerns.

16.3 Reports to Select Board.

(a) The Finance Director shall provide current budget reports to the Select Board at least quarterly. The financial reports shall include a detailed explanation of the reports and specify any concerns.

(b) The reports shall also be provided to the Town Manager and posted to the Town website.

17. FRAUD – ZERO TOLERANCE POLICY

Commented [DH12]: Megan I did some formatting here – please note that up through 17.5 the formatting is correct and this is the line-up that should be throughout the document. Starting with 17.6 again it is not correct nor is it correct up to this point. I would use 17 through 17.5 as the guide throughout the document.

Policy: The Town's goal is to establish and maintain an environment of fairness, ethics and honesty for its employees, citizens, vendors and anyone else with whom the Town has a relationship. The Town has a zero-tolerance policy regarding fraud—and is committed to the deterrence, detection and correction of fraudulent conduct, misconduct and dishonesty.

17.1 Prohibition and Deterrence.

Policy: All elected officials, appointed committee/commission/board members and employees of the Town, as well as any individual entity doing business with the Town, are prohibited from engaging in fraudulent conduct in the course of their employment, duties or business relations with the Town. The Town's system of internal controls is designed to provide reasonable assurance for the prevention and detection of fraudulent conduct, and other similar irregularities.

Procedure:
All new employees are subject to background investigations and criminal background checks. Prior to making an offer of employment, the Town shall verify a prospective employee's employment history, education, personal references and previous employers.

17.2 Report of Fraud, Theft or Irregularities.

Any time an indication of fraud, theft or other irregularities of municipal financial accounts is discovered, it shall be immediately reported as follows:

(a) *Employee Reports Fraud to Department Head.* If an employee suspects fraud or witnesses a fraudulent act, the employee shall report the incident to the employee's Department Head.

(b) *Employee to Report Department Head Fraud to Town Manager*. If an employee has reason to believe their Department Head may be involved in the inappropriate activity, the employee shall report the incident directly to the Town Manager.

(c) *Employee Refrains from Further Action.* The reporting employee shall refrain from further investigation of the incident, confrontation with the alleged violator or further discussion of the incident with anyone, unless specifically requested by the Town Manager.

(d) *Department Head Reports Fraud to Town Manager*. If a Department Head suspects an employee under his/her supervision, an employee in another department or another Department Head of wrongdoing, he/she shall report the suspected fraudulent activity directly to the Town Manager.

(e) Fraud by Town Manager reported to Select Board. If anyone suspects the Town Manager of fraud, a member of the Select Board shall be contacted, and an immediate Executive Session of the Select Board shall be held.

(f) No Retaliation for Reporting Fraud. An employee reporting a suspected act of fraud; or assisting, testifying or participating in a fraud investigation, acting in accordance with these Policies & Procedures, shall not be subject to any Adverse Employment Action unless it is determined that the employee made the allegation knowing it to be false.

17.3 False Allegations.

Any attempt by an employee to make false allegations against another with the intent to disrupt or cause harm shall be subject to disciplinary action, up to and including termination of employment.

17.4 Investigation of Fraud.

(a) Town Manager Investigation. The Town Manager shall be responsible for investigating allegations of fraud, unless he/she is subject to investigation for fraudulent activities.

(b) Select Board Investigation. The Select Board may undertake an investigation into any department, based on allegations of fraud or for other reasons as set forth in the Town Charter. However, the Select Board shall undertake such investigation of allegations of fraud are made against the Town Manager.

(c) Report to Law Enforcement. The Select Board shall report, or cause to be reported, the incident to law enforcement, depending on the seriousness of the allegation and/or the findings of the Town Manager's or the Select Board's investigation.

(d) Investigation by Law Enforcement or other Outside Authorities. Nothing in this section shall prevent the Town Manager, with approval of the Select Board, or prevent the Select Board from contacting law enforcement or other external authorities for the purpose of conducting an investigation.

17.5 Confidentiality.

All investigations shall be conducted in confidence insofar as reasonably possible, consistent with statutes, regulations and the Town Charter.

17.6 Corrective Action.

(a) *Personnel Action.* In the event the offender is a Town employee, the Town Manager or Select Board, as the case may be, shall take immediate action in accordance with the Town's Personnel Policy, including termination of employment.

(b) All other persons or entities that are found to have engaged in fraudulent activity, shall be removed from the applicable committee, commission or board or be subject to suspension by the Town from future business transactions for a specified period of time.

(c) In the case of a Select Board member involved in fraudulent activity, pursuit of any action shall be in accordance with Maine statutes and the Town Charter.

(d) Appropriate cases shall be referred for possible prosecution.

(e) *Recovery of Loss.* In cases involving monetary loss to the Town of Rockport, the Town Manager and Select Board shall pursue every reasonable effort, including court-ordered restitution, to obtain recovery of Town losses from the offender or other appropriate sources, unless cost of such recovery would exceed the recovered amount.

18. ACCOUNTING – SOFTWARE AND TECHNOLOGY

Policy: A computerized accounting system makes financial operations faster, more accurate, allows for the automatic generation of financial reports and allows officials to see the real-time state of the Town's financial position.

Procedure: The accounting software required of the Town shall be customized for municipal requirements, and shall provide timely recording of financial transactions, easy viewing of transaction data, and timely creation of financial reports. The software shall have the capability of performing necessary Town functions, including but not limited to:

- Record Town revenue, including tax payments;
- Assist the Town in the payment of Town expenses;
- Calculation of the Town's weekly payroll;
- Producing tax billing and assessments;
- Provide necessary financial reports;
- Preparation and management of the annual budget; and
- Capital asset accounting, accounts receivable and other necessary requirements of running a medium sized municipality.

18.1 Access to Software System.

Policy: To prevent accidental or intentional changes to data, access to financial records shall be limited to those who require specific access.

Procedure:

(a) *Finance Director as Administrator.* The Finance Director shall serve as the system administrator, having the authority and responsibility to provide personnel with access to only those programs pertinent to their job requirements.

(b) *Passwords.* Passwords shall be used to protect all financial information. Passwords shall be changed regularly and not shared with other officials or employees.

18.2 IT and Internet Security.

Policy: The Town shall use Best Practices to maintain a high level of IT and internet security to protect the Town's assets. Procedures shall be established and maintained to ensure adequate systems and processes are in place to secure financial and other data. Management shall ensure that plans are in place to allow the Town to continue to provide services even in the event of a disaster.

Procedure: IT personnel and management shall make every effort to secure the Town's computer network, which may include but is not limited to:

- Installing and maintaining a network firewall;
- Installing and maintaining anti-malware software;
- Regularly patching and updating internet browsers, Adobe, Java and/or others as needed;
- Protecting the network by blocking connections to irrelevant websites, external e-mail providers and social media websites, as necessary;
- Using security validation for internet banking;
- Using caution surrounding e-mails from unknown sources that include attachments, links and downloadable files; and
- Developing a disaster recovery plan to include contracted IT services.

18.3 Response to Security Breach.

Policy: In an effort to mitigate damage to the Town's IT network or an invasion of Town assets, the Town shall develop an incident response plan to prevent expansion of a security breach once detected.

Procedure: The Town Manager shall ensure that employees receive adequate training, including but not limited to the:

(a) Requirement to notify supervisors of any suspicious activities on Town equipment; and

(b) Necessity of appropriate, fast and effective response to minimize any loss of Town assets.

18.4 Electronic Backups and Safekeeping of Non-Electronic Records.

Policy: The Town shall use Best Practices to maintain the security and safety of the computer system(s) on which the Town operates its financial software. The Town shall use best efforts to safeguard all non-electronic Town records and comply with applicable record retention schedules.

Procedure: The Town Manager shall ensure that procedures for the following are in place:

(a) *Secure System.* Virus protection software shall be installed as it becomes available;

(b) *Live Backup.* The Town shall provide a live vault backup system that backs up the financial data every 20 minutes and shall schedule full back-ups to run each night;

(c) *Backup Testing.* Periodically, the back-ups shall be tested to make certain data is being backed-up correctly and data can be used from the back-up if it is necessary to restore the accounting system;

(d) *Off-Site Backup.* If, and to the extent available, the Town shall backup financial data to an off-site location;

(e) *Non-electronic Records.* The Town shall endeavor to safeguard all non-electronic records in a safe and secure environment, protected against environmental dangers; and

(f) *Record Retention Schedules.* The Town shall retain electronic and non-electronic records for the periods of time specified by statute, regulation or guidelines applicable to Town records.

19. DISTRIBUTION OF MAIL AND CASH COLLECTIONS

Policy: The Town receives and deposits substantial amounts of cash daily, weekly and annually in carrying out the various functions of the municipality. These operations shall be carried out efficiently and expeditiously with adequate financial control and accountability. The Town Manager shall be responsible for establishing and maintaining adequate processes for safeguarding cash and ensuring all funds are deposited in a timely manner.

Procedure:

19.1 Distributing Mail.

It shall be the responsibility of the Town Manager's Executive Assistant to receive and distribute the mail on a daily basis. If the Executive Assistant is out of the office, the Town Manager shall be responsible for receiving and distributing the mail or designating another employee to do so.

19.2 Processing Mail.

All cash received via mail shall be processed the same day. In the event this is not possible the Town Clerk/Tax Collector shall notify the Town Manager in writing and, if approved, shall be processed the next business day.

19.3 Processing Funds Received.

All cash received by the Town shall be processed through the Town's accounting software system.

19.4 Town Clerk/Tax Collector Responsibilities.

The Town Clerk/Tax Collector shall be responsible for overseeing the receipt of payments made to the Town for real estate and personal property taxes, excise taxes, permits, licenses, and other miscellaneous payments.

19.5 Payments at Other Town Locations.

(a) *Same Day Delivery to Town Clerk.* Other Department Heads and other Town locations may receive monies for payment of services, donations, or sales of merchandise. Cash received on the Town's behalf shall be forwarded to the Town Clerk/Tax Collector the same day received. In no event shall cash be retained or placed in another location without being processed the day of receipt, unless previously approved by the Town Manager.

(b) *Receipt for Delivery of Cash.* When a department delivers cash and cash receipting reports to the Town Clerk's office the receiving employee shall provide the department a written, numbered receipt for the cash received. The receipt shall be signed by both the delivering and receiving employees.

(c) *Non-Routine Payments.* The Finance Director shall be consulted about any non-routine payments to ensure they are deposited to the appropriate account.

19.6 Opera House and Parks & Recreations Rental Deposits.

The Town generates income from the rental of Town properties that include the Opera House building and various parks throughout the Town.

(a) *Scheduler Responsibility*. The scheduler is required to manage the rentals and collect all fees associated with the rental.

(b) *Nature of fees.* The fees shall include a security deposit as well as rental fee that includes a minimum two-hour rental.

(c) *Fees Collected in Advance of Event.* All fees are to be collected in advance of the event for the expected number of hours the facilities or parks are to be rented.

(d) *Receipts for Fees.* Upon receipt of these fees, the scheduler shall provide the renter with a written receipt; receipts to be issued in sequential order.

(e) *Delivery of Fees to Finance Director.* Within a day of receipt, the scheduler shall provide the Finance Director or designee with the receipt; funds collected; name and address of the renter; date, time and place of the event, as well as the anticipated review of the facility, after which the security deposit can be returned if facilities are left in good condition.

(f) *Refund of Fees.* Should the facilities be rented for less time than anticipated but no less than two hours, the renter shall be refunded the difference.

(g) *Refund of Security Deposit.* Upon confirmation that the renter left the facility or park in good condition, the security deposit shall be requested by the scheduler within seven (7) days of the event.

(h) *Refunds Through Accounts Payable Process.* Any refund as provided in subsection (f) and (g) above, shall be released to the renter through the accounts payable process.

19.7 Use of Separate Cash Drawers.

(a) *Use Only Assigned Cash Drawer.* The Town Clerk/Tax Collector and staff collect and process cash transactions by using individual cash drawers. Clerks shall only use their assigned cash drawer to process transactions and not mix monies or transactions with another clerk's cash or transactions. If change needs to be made from one drawer to another, a second individual shall verify and sign off on the process.

(b) *Other Departments.* All other departments that collect money shall have separate cash drawers.

19.8 Change Funds.

Policy: Certain offices shall have access to change funds to provide change when necessary. The Town does not permit petty cash on hand. All Town purchases shall be done using a Town credit card, store credit card, store charges, or through the accounts payable process.

Procedure:

(a) *Reconciling Cash Drawers/Change Funds.* When reconciling cash drawers, the change funds must be subtracted from the receipts to properly account for the monies received.

(b) *Discrepancies.* Any discrepancies in the cash drawers/change funds shall be immediately reported to the employee's Department Head and the

Finance Director. The Finance Director shall inform the Town Manager, if necessary, depending on the circumstances and/or amount of discrepancy.

(c) *Amount of Change Funds.* The change funds assigned to each office may vary in total but the amount for any one location shall remain constant. The amount of change funds shall be as follows;

(i) **Town Clerk Change Funds**

Town Clerk - $70.00
Deputy Town Clerk - $70.00
Assistant Town Clerk - $70.00
Other change funds stored in the vault - $150.00

(ii) **Harbormaster Change Funds**

Harbormaster - $50.00
Deputy Harbormaster - $50.00
Park Attendant - $50.00

(iii) **Library Change Funds**

A single cash draw - $30.00

(iv) **Police Department Change Funds**

A Single cash draw - $50.00

19.9 "For Deposit Only" Stamp and Acceptable Checks.

(a) *For Deposit Only Stamp.* A "For Deposit Only" stamp, including the Town's bank account number, shall be created for each cash account entrusted to the Town. After reviewing each check's printed information to include bank routing and account number, name, address, telephone number, that the check has a current date (no post-date or stalled date), and the payee is the "Town of Rockport," each check received shall be stamped with the "For Deposit Only" stamp immediately during the transaction process.

(b) *No Third-Party Checks.* Third party checks shall not be accepted as payment.

(c) *Prohibition Against Cashing Checks.* Checks shall not be cashed by the Town. The prohibition on check cashing includes but is not limited to:

payroll checks, accounts payable, travelers' checks, and personal checks.

(d) *Overpayments Through Accounts Payable.* Overpayment of goods, taxes or services provided for payment shall be refunded by the accounts payable process.

(e) *Returned Checks.*

(i) Returned checks for insufficient funds will be assessed a fee as soon as the check is returned. The Finance Director shall be notified as soon as the check is returned and advised of the nature of the services for which the check was initially accepted. If the check was for a tax payment or other Town service, the payment must be reversed out of the system the day the check is returned. If the check was for a State service, the appropriate Town personnel shall follow the process provided by the State, however the return check fee shall be assessed.

(ii) The Town Clerk/Tax Collector shall attempt to locate the check writer to advise him/her of the uncollectable funds and to seek alternative means of collecting the fees due.

(iii) If the funds are uncollectable after three (3) attempts to obtain payment, then appropriate authorities shall be notified as warranted.

20. ONLINE TRANSACTIONS

Policy: The Town accepts debit and credit card both on-site at designated customer counters and online using the Town's website. Debit and credit card payments are allowed for various Town payments including tax bills.

Procedure:

20.1 Credit Card Transactions

(a) *Credit Card Processor.* The Town contracts with Maine PayPort as the credit card processor.

(b) *Same Process as for Cash.* Credit card transactions shall be handled in the same manner as cash or check transactions.

(c) *Numbered Receipts.* The payee shall receive a numbered receipt as well as a slip to sign for the actual credit card transaction (this may be the same receipt slip).

(d) *Processing Fees.* The individual making the payment shall be responsible for any credit card processing fees and shall be notified of this responsibility at the time of the transaction.

(e) *Include Phone Number and Address*. The current system requires the processor to input a phone number and address for the card owner, which shall be done on every transaction.

21. DOCUMENTATION FOR RECEIPT OF FUNDS

Policy: The Town Manager shall be responsible for developing policies and procedures that provide for the accurate and proper accounting of all funds received by the Town in a manner that minimizes risk and enhances accountability.

Procedure:

21.1 Numbered Receipts.

Each monetary transaction shall require a numbered receipt.

21.2 Receipts Provided by Town Clerk/Tax Collector.

The receipt provided by the Town Clerk/Tax Collector and staff shall be generated by the accounting software system when logging payments. The accounting system numbers each receipt sequentially.

21.3 Receipts from other Departments/Locations.

Other departments, excluding the Opera House, that accept cash shall follow the same process as the Town Clerk/Tax Collectors office. For the Opera House, upon receiving funds, the Opera House Manager shall record the receipt of the funds, and turn said funds over to the Finance Department for tracking, then the Finance Department will provide said funds to the Clerk's office for deposit.

21.4 Documentation of Transaction.

Each transaction shall be documented and recorded at time of transaction and funds placed immediately in a locked cash drawer.

22. DAILY CASH-UPS

Policy: Cash-ups for all Town employees accepting money shall be done on a daily, before the employee completes the work day. Deposits shall also be made daily. Incoming checks shall be stamped "For Deposit Only" with the Town's bank account number printed on the check.

Procedure:

Commented [DH13]:

Commented [DH14R13]: We don't need to reference consistent with these Policies and Procedures as this is merely a statemen of policy.

Commented [DH15]:

Commented [DH16]: If we are excluding the Opera House we need to say how they are treated.

Commented [DH17R16]:

Commented [DH18]: Megan, per Ron, I changed "on a nightly basis" to "daily."

Commented [DH19]: I added the word "also" here to highlight that cash-ups and deposits are two different things.

22.1 Daily Cash-Ups.

In preparing the daily cash-up, each clerk or person collecting cash shall reconcile their own cash collected with their teller cash receipting report and shall initial the report. Should any errors come up will reconciling the individual reports, the individual shall correct the issue prior to submitting the report for final reconciliation. Ex: if a customer comes in and pays with a check, we reverse the transaction as if it was cash, the reversal needs to be corrected to indicate that it was paid by check.

22.2 Delivery of Cash-ups and Teller Reports.

Once the individual has completed their own cash-up, they shall provide all monies collected and the teller cash report to the Town Clerk's designee (alternating between Deputy Town Clerk and Assistant Town Clerk on a monthly basis).

22.3 Deadline for Cash-ups/Teller Reports to the Town Office.

If a department outside of the Town Office is collecting funds they need to have their completed teller cash-ups to the Town Clerk's Office by 4:30 pm every day. The cash shall be handed over to the Town Clerk's designee, who shall provide the department with a signed, dated, and numbered receipt for the cash received. These receipts shall be maintained for a minimum of one year, or until that years fiscal audit has been completed.

22.4 Final Close-out Process.

Once all reports have been received by the Town Clerk's designee, the final close out process shall begin. The Town Clerk's designee shall review all of the teller reports to ensure that they match the cash received. The Town Clerk's designee shall provide their individual cash-up to another person to be verified before completing the final closeout process. Once all receipts and teller reports have been verified the reports shall be closed out.

22.5 Delivery of Cash for Deposit.

All cash and deposit slip shall be put in a locked bag and provided to a Police Officer to deliver to the financial institution's nightly drop box.

22.6 Checks Electronically Deposited.

Any checks received shall be provided to the Finance Director or Payroll Clerk the following morning for electronic deposit. All checks shall be maintained by the Finance department for a period of seven (7) business days to ensure proper deposit.

22.7 Summary Provided to Finance Director.

The Town Clerk's designee shall provide a copy of the cash-out summary to the Finance Director. This summary shall include the signatures of both the Town Clerk and the Town Clerk's designee responsible for processing the close-out. Once this verification has been received, the Finance Director shall post the journal to document the appropriate accounts.

22.8 Library Cash-Ups.

(a) *Desk Funds Counted Daily*. Donations are often made to the library in the form of coins, cash or checks – sometimes called "desk funds. " On a daily basis, the desk funds shall be counted and verified.

(b) *Receipts When Possible.* Because donors are often anonymous it may not be possible to provide receipts for the funds donated. However, whenever the donor is known a cash receipt shall be issued.

(c) *Weekly Deposits.* The desk funds shall be verified daily and deposited on a weekly basis. The deposit report shall be given to the Library Committee Treasurer for deposit into the library's cash donation account.

(d) *Copies to the Finance Director.* Copies of the desk funds report and of the deposit shall be forwarded to the Finance Director.

(e) *Bank Statement Copied to Finance Director*. A copy of the bank statement in which these funds were deposited shall be forwarded monthly to the Finance Director – no later than the 15th of the month.

(f) *Discrepancies.* Any discrepancies in the account shall immediately be relayed to the Finance Director. Discrepancies and investigations shall be handled in the same manner as other discrepancies and investigations as set forth in 13.3 of this document

Commented [DH20]: Isn't it the Finance Director who will catch the discrepancies? In any event, I have referred back to our other section on discrepancies. I took out Town Manager as that is already set forth 13.3.

23. ONLINE BANKING

Policy: Personnel in the Finance department regularly use online banking for payroll direct deposit and management of the Town's cash accounts. This method of banking provides efficiencies and other benefits and the Town encourages its use. Online access shall be restricted to the Finance Department and the Town Manager.

The Finance Director shall monitor the Town's cash accounts daily to detect any unusual activity. If unusual activity is detected, the bank shall be contacted immediately, and the Town Manager notified in writing of any breach.

23.1 Online Deposits.

(a) Deposits from Other Entities. Periodically, funds from other entities such as the State of Maine are deposited directly into the Town's cash accounts.

(b) Documentation of Deposits. Once notification of these deposits has been received by the Finance Director and funds have been recorded in the

Town's bank account, the Finance Director shall make the appropriate journal entries within seven (7) days of receipt.

(c) Receipt of Deposit. A copy of the receipt from *Paymode Payment Processing* shall be affixed to the journal postings.

24. DONATIONS

Policy: Funds donated to the Town, other than those designated for Legacy Rockport, shall be subject to approval by the Select Board.

Procedure:

(a) *Record Donation.* When a donation is received the check shall be given to the Finance Director to record in an excel spreadsheet that the donation has been received, the date received, the purpose of the check, and the account that it shall be deposited to once Select Board approval has been received.

(b) *Select Board Approval Process.* The Finance Director shall notify the Town Manager's Executive Assistant of the donation and request that the item be placed on the next Select Board Agenda.

(c) *Placement of Check in Secure Location.* The check shall be given to the Town Clerk to secure in a locked money bag in the vault.

(d) *Check Deposit.* Once the donation(s) have been approved by the Select board, the Town Clerk shall deposit the donations the next business day, into the account designated by the Finance Director.

(e) *Receipt of Deposit.* The Town Clerk shall provide the Finance Director with a copy of the receipt for the deposit.

25. GRANTS AND PROJECTS

Policy: Periodically, the Town receives grant funding for various Town projects. Grants help the Town in updating infrastructure improvements with cost sharing that greatly benefits the community. Grants may require Town matching funds, in-kind matching contributions or no contributions whatsoever.

Procedure:

25.1 Effect on Cash Flow.

The Finance Director shall be apprised of any grant the Town seeks in order to assess the potential effect on the Town's ability to fund up-front costs. Informing the Finance Director of potential grants will permit the Finance Director to appropriately plan and manage the grants finances once a grant has been awarded. Upon award of a grant, copies of grant documents shall be immediately forwarded to the Finance Director.

25.2 Terms and Conditions.

The Town Manager, Finance Director and other interested parties shall meet prior to implementation of any grant to ensure that the Town's financial obligations or in-kind contributions can be met.

25.3 Matching Fund Requirements.

Each grant awarded to the Town carries its own standards, methods of accounting and matching fund requirements. The Town Manager, Finance Director, Planner (whenever applicable) and Department Head involved in a particular grant shall work together to ensure any matching fund requirements of the grant are met.

25.4 Budgeting for Grant Matching Funds.

Whenever possible the Town shall budget matching funds required of grants used to improve the Town's infrastructure or to purchase equipment.

25.5 Reserves Used for Grant Match.

There may be times when established reserve funds can be used toward a match for a grant. To use grant funds as matching funds for a grant the reserve fund's purpose must be that for which the grant has been obtained. Use of any reserve should follow the standards outlined in the Reserve Policy.

26. ACCOUNTS RECEIVABLE PROCESS

Description: Accounts receivable is a claim for payment held by the Town against a resident or customer for goods supplied or services rendered. Generally, the Town issues an invoice for the request of payment for items which the Town provided but did not immediately receive compensation. An invoice is created billing the person or company for the service and an accounts receivable is created, meaning the Town is due the fees created by the invoice.

Procedure:

26.1 Recording Accounts Receivable.

The Town infrequently records invoices as accounts receivable, there are not many receivables generated during the year. Rather, when the Town receives money from invoices generated by the Town, the funds received are directly entered as revenue in the appropriate department. However, at the close of the year, any outstanding invoices do get created as accounts receivable, which recognizes the revenue in the correct year but acknowledges the cash receipt at the time the money is collected.

26.2 When Cash Received is Recorded as Accounts Receivable.

In the first few months of a new fiscal year, rather than recording funds received directly into revenue accounts, money received for a prior year's revenue shall be recorded as an accounts receivable.

26.3 Keep and Aging List.

Because accounts receivable is most frequently utilized during the end and beginning of a fiscal year, the Finance Director shall monitor the accounts receivable general ledger account and reconcile the account as required to make sure that the Town receives all funds that are due and payable to the municipality. This may require the maintenance of an aging accounts receivable list.

26.4 Revenue Written Off.

If it is determined that an item previously recorded as an accounts receivable cannot be collected, the revenue may be written off with the permission of the Town Manager (excluding all tax accounts).

26.5 Commitment of Taxes are entered as Taxes Receivable.

(a) At the time of commitment, taxes due from residents are entered as taxes receivable.

(b) Payments made by residents are credited to their tax accounts upon receipt of payment.

26.6 Reconciled Monthly.

The Finance Director shall monitor the accounts receivable and reconcile the account monthly.

27. ACCOUNTS PAYABLE PROCESS

Description: The accounts payable process requires the collection of invoices and vendor documentation to pay vendors that are owed money from the Town. The accounts payable process starts with Department Heads who are responsible for providing the finance department with invoices from vendors that provided goods and/or services to the Town.

27.1 Required Proof of Insurance or Verify Independent Contractor.

See Title 39-A M.R.S.A. § 13-A regarding independent contractor status. Any vendor providing a service(s) to the Town is required to provide proof of workers' compensation insurance or verification from the Maine Workers' Compensation Commission that they have received their independent contractor status. A vendor that provides services to the

Town regularly shall be required to update this information annually.

27.2 Require W-9 for All Vendors.

All vendors doing business with the Town are required to provide a completed W-9 with the Town. The Internal Revenue Service (IRS) annually updates the W-9 which can be obtained on the IRS website, or the Town may provide a copy to vendors. The IRS does not require the use of the W-9 form but does require the information to be gathered about vendors as requested on the form; and requests the information be updated annually. Therefore, the Town requires that all vendors doing business with the Town have a completed, valid and updated W-9 form on file.

27.3 Payment Based on Original Invoice.

The Town requires that payments be issued based on an original invoice. Generally, copies of invoices are not used to process payments because it leaves open the possibility of invoices getting paid more than once or being altered. Shipping labels, packing lists and statements alone are not used for verification purposes in determining that the Town owes a vendor money for services rendered or equipment and/or supplies purchased.

27.4 Department Head Coding.

(a) *Department Head to Review Invoices.* Each Department Head shall review and approve all invoices for their department prior to submitting the invoice to the finance department for payment.

(b) *Coding to Chart of Accounts.* Each Department Head shall properly code each invoice (using the chart of accounts and numbers assigned to specific departments as indicated in the annual municipal budget) noting where the funds are to be taken from.

(c) *Department Head Approval.* Department heads shall initial the invoice as proof that the Department Head has reviewed and approved the expenditure for payment.

(d) *Exceptions for Routine Bills.* Exceptions to this subsection include bills that are regularly paid on a monthly basis, e.g., electricity, water, monthly web hosting, and security alarm fees.

27.5 Finance Director to Review Invoices Submitted for Payment.

Once the Department Head submits an invoice for payment, the Finance Director shall review the invoice to ensure the coding is correct and that the Department Head has signed off on the invoice.

27.6 Pre-Numbered Checks.

To ensure that all checks are properly accounted for, the Town shall purchase and use pre-numbered checks for all checking accounts. When using a check, it shall be recorded in the check record book maintained in the finance office.

27.7 Unused Checks.

All stock checks or unused checks shall either be stored in a locked cabinet under the control of the finance office or in the Town vault.

27.8 Voided Checks.

If for any reason a check needs to be voided, the voided check shall be recorded in the check record book and then shredded, unless it was returned or stopped, at which point it shall be maintained with the journal posting for that check.

27.9 Review and Approval of Warrants.

The Finance Director, Town Manager and a Select Board designee shall be responsible for reviewing and approving the warrant and any supporting items. Each shall affix their signature to the warrant once it has been approved.

27.10 Filing Invoices.

Once the warrant has been approved by both the Town Manager and the Select Board designee, the invoices, along with the check stub attached, shall be filed in the finance office and maintained for seven (7) fiscal years.

27.11 1099's

It is the responsibility of the Town to issue 1099s to any business as required by IRS regulations. This shall be completed by the Finance Director no later than January 31st of the year following the year when the payment was made.

28. PAYROLL

Description: Payroll is the process by which employees are compensated for the week previously worked. The standard work week is Friday through Thursday, with the weekly pay date being on Friday. Employees shall be paid on a timely basis in accordance with time worked and benefits provided.

28.1 Weekly Payroll.

Payroll shall be processed on a weekly basis (typically on a Friday) by the finance department.

28.2 Time Sheets.

(a) *Timecards Required.* All hourly employees shall submit a completed timecard showing the hours worked including start time, end time, break times and any time that was taken off. Exempt employees shall complete the "Exempt Timecard" showing any time that was taken off. All timecards shall be completed to the standards issued by the Department of Labor.

(b) *Falsification of Timecards.* Falsification of timecards may result in disciplinary action, including termination.

(c) *Timecard Approval.* Timecards shall be signed by both the employee and the employee's direct supervisor.

(d) *Deadline to Submit Timecards.* All timecards are expected to be in the finance office by 9 a.m. Friday morning.

28.3 Payroll Spreadsheet Preparation.

(a) *Payroll Spreadsheet.* The Finance Payroll Clerk shall review all timecards and complete the payroll spreadsheet for all employees.

(b) *Verify Available Time Off.* The Finance Payroll Clerk shall ensure that the employee has accumulated enough time to fulfill their time off. If not, he/she shall immediately notify the Finance Director, who shall notify the Department Head.

28.4 Time Sheets and Spreadsheets Reviewed by Finance Director.

(a) *Timecards and Spreadsheet to Finance Director.* Once the Finance Payroll Clerk has entered all the applicable information into the payroll spreadsheet, he/she shall submit all timecards and the spreadsheet to the Finance Director for review.

(b) *Timecard and Spreadsheet Sign Off.* The Finance Director shall review the spreadsheet and timecards and sign off on the spreadsheet as approving it. When the Finance Director is out of the office, the Finance Payroll Clerk may carry out the process, however, the Finance Director shall immediately review upon returning to work.

28.5 Process Payroll.

(a) *Processing Payroll.* After the Finance Director has signed off on the payroll spreadsheet, the Finance Payroll Clerk shall process the payroll through the accounting software.

(b) *Deductions Assessed.* All applicable deductions shall be assessed automatically at this time.

28.6 Direct Deposit.

(a) *Direct Deposit Option.* Employees may opt to be paid by direct deposit of their payroll into their personal bank accounts.

(b) *Payment Date.* Any employee who wishes to receive their compensation by direct deposit shall be paid every Thursday instead of Friday.

(c) The Finance Administrative Assistant shall ensure that the bank receives the direct deposit record by Tuesday at 1 p.m. in order for the deposit to be made on Thursday of that week. The direct deposit record shall be approved and signed off by the Finance Director prior to submission.

(d) Any employee that has signed a direct deposit authorization form shall receive a voided check that states their pay was deposited directly to their desired account. These checks will also be pre-numbered and shall follow the same methods for issuance of other checks as set forth in these Policies & Procedures.

28.7 Payroll Warrant.

The Finance Director, Town Manager, and a Select Board designee, shall be responsible for reviewing the payroll warrant and supporting items attached to the warrant, including timecards. Once approved, each shall affix their signature to the warrant.

28.8 Reconcile Payroll Deductions.

(a) *Monthly Reconciliation.* All payroll-related deductions shall be reconciled on a monthly basis (within 15 days of the end of the month).

(b) *Payroll Adjustments.* If there is an employee who either owes money for their benefits, or the Town needs to return money to that employee, it shall be done at this time.

(c) *Employee Notification.* The employee shall receive an explanation with the check detailing the changes made.

(d) *Employee Option.* If the change results in an employee owing money to the Town in an amount more than $10.00, the employee shall be given the option to spread what they owe over a period of more than one pay period.

28.9 Quarterly Tax Reports.

The Finance Director shall submit all federal and state quarterly tax reports by the respective due dates and ensure that all reports are accurately submitted.

28.10 Annually Prepare W-2's.

At the end of each calendar year the Finance Director shall prepare and deliver all necessary W-2s for current or past employees. The Finance Director shall ensure that all reports are submitted to the IRS and Maine Revenue Service by the respective deadlines.

29. PROCURMENT

Policy: Neither the Purchasing Agent nor any Department Head shall make any purchase or allow any purchase to be made until an appropriation has been approved by Town Meeting or the Select Board, as applicable. However, the Purchasing Agent may permit an item to be bid prior to the approval of an appropriation, if it is in the best interests of the Town and shall so note in the bid materials that the bid approval is subject to the appropriation being approved at Town Meeting or by the Select Board, as applicable.

29.1 Field Purchases up to $500.

Field purchases of up to five hundred dollars ($500) may be executed by informal, direct purchasing as directed by a Department Head. These purchases may be made without a purchase order or approval by the Purchasing Agent.

29.2 Field Purchases in Excess of $500, but less than $3,000.

Field purchases in excess of five hundred dollars ($500), but less than three thousand dollars ($3,000) may be made by the Department Head, without specific pre-approval by the Purchasing Agent, but shall require a purchase order issued through the Finance Department, signed by the Department Head and countersigned by the Purchasing Agent prior to payment issued to the vendor.

29.3 Informal Quotes – Goods and Services Greater than $3,000, but less than $5,000.

All requests for goods and services in an amount greater than three thousand dollars ($3,000), but less than five thousand ($5,000) shall be submitted by the Department Head to the Purchasing Agent for approval prior to purchase. A minimum of three (3) verbal quotes is required, unless waived by the Purchasing Agent. Verbal approval by the Purchasing Agent through phone or e-mail followed by a written signature on the purchase order is acceptable.

29.4 Formal Quotes – Purchases Greater than $5,000, but less than $25,000.

Purchases in excess of five thousand dollars but less than $25,000 shall be made only upon approval of the Purchasing Agent prior to purchase. A minimum of three (3) written quotes is required. If there is only a single service provider for the goods or services required, the Purchasing Agent shall be informed. An approved purchase order shall be required.

29.5 Formal Bids – Purchase Greater than $25,000.

All purchases greater than $25,000 are required to follow the formal bidding process and procedures as outlined in the Town's Purchasing and Bidding Policy, unless more than once appropriate bidder is not reasonable available.

29.6 Purchase Order Requirements.

(a) *Purchase Order Required.* Purchase orders are required for all purchases in the amount of $500 or more. Detailed information about this process can be found in the Town's Purchasing and Bidding Policy.

(b) *Requesting a Purchase Order*. A Department Head may obtain a purchase order by requesting one from the finance department

(c) *Information Required.* Information required to obtain a purchase order includes: name of the vendor, amount of the purchase order and the budget code(s) from which to make the expense.

(d) *New Vendors.* If the vendor has never conducted business with the Town, the Department Head shall provide the finance department with a completed W-9 and proof of workers' compensation insurance or independent contractor status.

29.7 Best Pricing.

Department Heads shall take the appropriate steps to obtain the best pricing practicable when using purchase orders.

29.8 Purchases Not to be Divided or Separated.

Department Heads shall not divide or separate purchases into smaller increments in order to avoid spending over the approved threshold.

29.9 Bidding Requirements.

Bidding for goods or services in excess of $1,500 may be required either formally or informally. The following chart provides a quick reference regarding the Town's bidding requirements. Consult the Town's Purchasing and Bidding Policy for complete details on seeking quotes or bids as may be required.

No Bidding Requirements	Informal Bidding	Formal Bidding
Field Purchases: Up to $500, no purchase order required; $500 to $1,500 ($3,000 Public Works) Purchase Order Required; $1,500 ($3,000 PW) to $5,000 Purchase Order Required. Cooperative purchases may be made without competitive bidding. Purchasing agent may waive requirement for competitive bidding in emergency.	Competitive Bid: >$1,500 but < $5,000 Minimum of 3 quotes required. >$5,000 but <$25,000 Written Quote from 3 Vendors. Date and Time Not Specific. Single Source Provider possible. Re-bid possible.	Competitive Bid: > $25,000 Department Head or Purchasing Agent Prepares RFP. Invitation for Bids publicized. Bids publicly opened. Unacceptable bids may require re-bidding. Late bids are not accepted.

30. CREDIT CARD/CHARGE ACCOUNT PURCHASING

Policy: Using credit on behalf of the Town for the purpose of conducting Town business is a critical part of operating a multi-million-dollar municipality. For that reason, it is imperative that guidelines be established in order to conduct the Town's day-to-day business efficiently while maintaining a level of trust and accountability. The use of Town credit to acquire or purchase goods and services for other than official use of the Town is a fraudulent act and may subject the employee to disciplinary action up to and including termination, as specified in the Town's Personnel Policy, and/or criminal prosecution.

Procedure:

30.1 Issuance of Bank Credit Cards, Store Credit Cards and Store Credit.

Only the Purchasing Agent may authorize the issuance of credit to specific employees and shall authorize a maximum credit limit on each authorized credit. These employees shall be known as "Cardholders" for the purposes of these Policies & Procedures.

(a) *Employee Agreement.* A cardholder shall sign documentation verifying agreement to the conditions of use of any credit card or store credit. See Appendix A.

(b) *Purchase Authority.* The Purchasing Agent shall determine the purchase authority of a cardholder and sign an enrollment form indicating approval.

(c) *Enrollment Review.* The Purchasing Agent shall review the enrollment form and process the issuance of a credit card to the cardholder. The Finance Director shall contact the credit card company to set limits and to issue the card to the cardholder.

30.2 Use of Bank and Store Credit Cards.

(a) *Bank and Store Credit Cards Authorization.* A cardholder may make transactions on behalf of others in their department. However, the cardholder is responsible for all use of his/her card.

(b) *Access to Town Manager and Finance Director Credit.* On occasion, as there may only be access to certain cards kept by the Town Manager and the Finance Director, they may share their card with Town personnel for purchasing.

(c) *Immediate Return of Card and Receipt.* Anyone borrowing a credit card shall immediately return the card borrowed after use and must leave receipts with the Finance Director.

(d) *Business Use Only.* Any credit card, store credit card and store credit are to be used only in the conduct of Town business. Prohibited uses include, but are not limited to:

- Personal purchases or identification;
- A purchase that exceeds the cardholder's single, daily and/or monthly purchase limit;
- Cash advances;
- The purchase of tobacco or alcohol; medications or other items of a personal nature (except for general assistance).

30.3 Use of Bank Credit Cards, Store Credit Cards and Store Credit Limits.

(a) *Comply with Purchasing & Bidding Requirements.* Each cardholder shall adhere to purchasing and bidding requirements set forth in these Policies & Procedures, and the Town's Purchasing and Bidding Policy.

(b) *Total Transaction Limit.* The total value of a transaction shall not exceed a cardholder's single purchase limit. Payment for a purchase shall not be split into multiple transactions to stay within the single purchase limit.

(c) *Spending Limits.* Spending limits shall be adhered to.

(d) *Interest and Late Fees for Late Payment.* The Finance Director shall inform the Town Manager if any credit card account is assessed a late fee or interest. Any employee responsible for a credit/store card charge that does not report the transaction in a timely manner, resulting in late fees and/or interest may be subject to disciplinary action in accordance with the Town's Personnel Policy.

30.4 Cardholder to Retain Receipts.

The Cardholder shall retain vendor's receipts and/or records of telephone, internet and/or mail orders for future reconciliation of the bank credit card and store credit card statements, consistent with the following:

(a) *Over-the-Counter Purchases.* When the purchase is made over-the-counter the cardholder shall retain the invoice and/or "customer copy" of the charge receipt. The cardholder is responsible for checking that the vendor lists the quantity, fully describes the item(s) and excludes sales tax, prior to the cardholder signing the slip.

(b) *Internet Purchases.* When the purchase is made on the internet, the cardholder shall print a copy of the receipt and order confirmation before exiting the site.

(c) Telephone Purchases. When a purchase is made over the telephone, the cardholder shall have the vendor fax or e-mail them a copy of the receipt.

(d) *Mail Purchases.* When the purchase is made by mail, the cardholder shall retain all confirmations and shipping documentation.

(e) *Returned Items.* When an item is returned the vendor shall issue the cardholder a credit, which should appear on a subsequent statement. Under no circumstances should the cardholder accept cash in lieu of a credit to the credit card account.

This documentation shall be used to verify the purchases listed on the cardholder's monthly statement of account.

30.5 Accidental Use of Town-Issued Credit/Store Card.

(a) In cases when a cardholder inadvertently uses the Town's credit/store card, the cardholder shall immediately notify the Purchasing Agent and the Finance Director.

(b) The cardholder shall either notify the credit card company and transfer charges to his/her personal account, or the cardholder may make payment directly to the Town for the entire amount of the purchase within 24 hours of the original charge.

(c) Repeated incidents may be subject to disciplinary action, up to and including termination, consistent with the Town's Personnel Policy.

30.6 Cardholder Transaction Log.

(a) ***Transaction Log – Bank Credit Card Only***. Each cardholder shall be required to maintain a Transaction Log of each purchase made using the credit card. Each transaction shall be added to this log. The following information shall be included:

- Receipt date
- Vendor name
- Purchase amount
- Total cost
- Comments, including the purpose of the purchase, whether there was an under/over shipment of quantity, if there are errors to be resolved, and if goods were damaged. If the purchase was for food, the cardholder should indicate who the food was purchased for and why.

(b) ***Review of Monthly Statement – Bank Credit Card Only.***
At the end of each billing cycle, the cardholder will receive his/her monthly statement of account that will list the cardholder's transactions for that period.

(c) ***Transactions Verified Against Purchasing Log and Monthly Statement***.
The cardholder shall reconcile the monthly statement received from the credit card company with the cardholder transaction log. The original sales documents (invoice, cash register tape, credit card slips, etc.) for all items listed on the monthly statement must be neatly attached by date in accordance with the transaction log and submitted with the statement to the finance department within three (3) business days of receiving the monthly statement.

(d) ***Return of Item.***
If an item is returned and a credit voucher received, the cardholder shall verify that this credit is reflected on the monthly statement.

(e) ***Items Not Listed on Statement Retained.***
If purchased items are not listed on the monthly statement, the appropriate transaction documentation shall be retained by the cardholder until the next monthly statement.

(ii) If the purchase or credit does not appear on the statement within sixty (60) days after the date of purchase, the cardholder shall notify the Finance Director for investigation. The cardholder will also notify the Town Manager.

(f) ***Damaged, Incorrect or Otherwise Unacceptable Credit Card Purchases***.

(i) If the item purchased by credit card is damaged, the wrong item or otherwise unacceptable, the cardholder is responsible for obtaining replacement or correction of the item as soon as possible.

(ii) If the vendor has not replaced or corrected the item by the date the cardholder receives his/her monthly statement, then the purchase of that item shall be considered in dispute.

(iii) A written account of the dispute shall be attached to the monthly credit card statement and forwarded to the Finance Director.

(iv) The Finance Director shall contact the credit card company to dispute the transaction.

30.7 Credit Card Charges Processed for Payment.

(a) *Processing Credit Card Charges.* The Finance Director shall review the credit card documents for accuracy, charge the proper accounts, notify the Department Head if an account number is changed, and process the approved charges for payment.

(b) *Incorrect Supporting Documentation.* In the event the Department Head does not provide the finance department with the correct documentation in order to issue payment in a timely manner and late fees and/or interest fees are assessed on the account, the cardholder shall be held responsible.

(c) *Action by Town Manager.* The Town Manager shall be notified and shall determine appropriate disciplinary action as outlined in the Town's Personnel Policy.

30.8 Cardholder Security.

(a) *Safeguard Town-Issued Credit.* It is the cardholder's responsibility to safeguard the Town-issued credit/store card and account number to the same degree that a cardholder safeguards his/her personal credit information. A violation of this trust may result in the cardholder having his/her card withdrawn and disciplinary action taken, as may be appropriate.

(b) *Notification of Credit Card Lost or Stolen.* If the Town-issued card is lost or stolen, the cardholder shall immediately notify the Finance Director.

The Purchasing Agent should also be notified, and the Lost/Stolen Card Notification form filled out immediately after reporting the loss to the credit card company.

(c) *Issuance of New Credit Card.* A new card shall be promptly issued to the cardholder after the reported loss or theft. A card that is subsequently found by the cardholder after being reported lost shall be delivered to the Finance Director and destroyed.

(d) *Revocation of Privileges.* An employee may have two cards replaced due to loss or theft. Any additional loss of a credit card thereafter may result in revocation of privileges by the Purchasing Agent.

30.9 Cardholder Separation of Employment.

Prior to separation from employment with the Town, the cardholder shall surrender the credit card and current credit card proofs of purchase to the Purchasing Agent. The credit card shall be destroyed, secured by the Finance Director or re-distributed.

30.10 Store Credit Card Purchases.

The policies for store credit card usage shall be the same as those for credit card use. The difference between credit card purchases and store credit cards is that the store credit card can only be used in a specific store. Some examples of a store credit card are Home Depot or Lowes. The Purchasing Agent may approve the issuance of store credit cards in the name of a Department Head. Authorized expenditure limits shall be established as with credit cards.

(a) Receipts Required. Any employee that makes a purchase using a store credit card is required to obtain the receipt for the purchase. The Department Head shall properly code and initial the purchase for approval and forward the receipt for payment to the Finance Director within five (5) business days of the actual purchase. If the Department Head fails to meet this requirement, disciplinary action could result.

(b) Store Credit Card Statement Reconciled. The Finance Director shall be responsible for reconciling the store credit card statement on a monthly basis.

30.11 Store Charges.

Store charges may be offered by specific retailers within the local area. As such Department Heads or authorized employees of the Town are permitted to make purchases under these established accounts in the Town’s name. Store charges differ from the use of a credit card or a store credit card, as there is no card required. However, purchases are made on credit on behalf of the Town, therefore obligating the Town to make full payment of all charges on a monthly basis; otherwise late fees may be assessed.

(a) *Receipt Required.* Any individual that makes a purchase using a store charge shall obtain the receipt for the purchase. The Department Head shall properly code and initial the purchase for approval and forward the receipt for payment to the Finance Director within five (5) business days of the actual purchase. If the Department Head fails to meet this requirement, disciplinary action could result.

(b) *Store Charges Reconciled.* The Finance Director shall be responsible for reconciling the store charges on a monthly basis.

30.12 Discipline for Misuse of Credit or Store Card.

Any representative of the Town who makes unauthorized purchases may be liable for the total dollar amount of unauthorized purchases, plus any administrative fees charged by the bank or card company in connection with the misuse. Any person who makes unauthorized purchases may: receive written warnings depending on the seriousness of the infraction; have his/her credit/store card privileges revoked; and a notation placed in the cardholder's personnel file. Misuse of any Town credit may result in termination of employment based on the seriousness of the infraction and/or the number of infractions.

31. REIMBURSABLE EMPLOYEE EXPENSES

Policy: Town employees are required, from time-to-time to travel for Town business to attend meetings, training events or conferences. Employees should be reimbursed for reasonable travel expenses incurred while doing the Town's business.

31.1 Annually Provide a Standardized Travel Reimbursement Request Form.

The Finance Director shall annually provide a mileage reimbursement expense sheet to all employees. The rate by which employees are reimbursed is established by the IRS. Employees are expected to submit this reimbursement request on a monthly basis, as needed, but can submit it more frequently if necessary.

31.2 Signing Reimbursement Request.

The mileage reimbursement form shall be submitted, signed by the employee requesting the reimbursement and approved by the respective Department Head. The request shall be submitted to the Finance Director for authorization of payment.

31.3 Determine Allowable Expenses.

(a) *Finance Director Review.* The Finance Director shall review the request for reimbursement and ensure that the required information is provided.

(b) *Incomplete Submission.* If the request for reimbursement is incomplete, the Finance Director shall return the form to the employee for proper completion.

(c) *Unapproved Expense.* If the Finance Director believes the expense is not properly reimbursable, the Finance Director shall forward the reimbursement request to the Town Manager for review.

32. BEST PRACTICE RESOLUTION

Policy: The Town recognizes that the concept of Best Practice is an evolving one and that there may be different variations for a Best Practice. It is the intent of the Town that the Town Manager, Finance Director, and applicable Department Head to which the Best Practice is applied resolve all known conflicts amongst them in a productive, professional and collaborative manner.

Procedure:

32.1 Select Board as Mediator.

If a reasonable solution to a disputed Best Practice cannot be agreed upon by all pertinent parties, the Select Board shall serve as the mediator to determine and establish the Best Practice.

Commented [DH21]: I just changed the formatting here. Made these 32.1 and 32.2 instead of (a) and (b).

32.2 Who May Raise the Issue to the Select Board.

The Town Manager, Finance Director, or Department Head may raise the issue to the Select Board for consideration and determination.

33. IMPLEMENTATION

A copy of these Policies & Procedures shall be made available to Town officials and Department Heads prior to the effective date and other times as may be necessary.

34. EFFECTIVE DATE

The effective date shall be 45 days after the date of Select Board adoption.

35. ADOPTION

Adopted this ___ day of __________, 2018.

Select Board Members:

____

Douglas Cole, Chair

____

Kenneth McKinley, Vice-Chair

____

Debra Hall, Select Board Member

____

Mark Kelley, Select Board Member

____

Jeffrey Hamilton, Select Board Member

APPENDIX A

Town of Rockport, Maine

Credit Card Enrollment Form

Employee/Cardholder Information

Cardholder Name: ____________________ Cardholder's Signature: ____________________

Card Number: ____________________ Social Security Number: ____________________

Department: ____________________ Date Card Issued: ____________________

Card Limits: Purchasing Agent Designates Maximum Purchase Limits (circle)

Transaction	Daily	Monthly
$250	$500	$500
$500	$1,000	$1,000
$750	$1,500	$1,500
$1,000	$2,000	$2,000
$1,500	$3,000	$3,000
$3,000	$4,000	$4,000
$5,000	$5,000	$5,000

Cardholder's Agreement

I understand that the use of the Town of Rockport, Maine credit card for small value purchases is a standard procedure of the Town. I will be expected to use the credit card issued to me as directed by my supervisor under the provisions of the standard procedure. Any such purchases made with my Town sponsored credit card will be considered to be made by me and my responsibility. I will be responsible for the safe keeping of the credit card issued to me and if lost, I will report its loss immediately to my supervisor.

The use of a Town credit card to acquire or purchase goods and services for other than the official use of the Town is fraudulent use. An employee guilty of fraudulent use will be subject to disciplinary action, up to and including dismissal. I agree that any reimbursement owed the Town, as a result of this use, may be deducted from my wages or other monies owed to me by the Town and that I may be responsible for interest on late submittal of receipts and credit card statements

I have read, understand and agree to the conditions above:

Cardholder's Signature: ____________________ Date: ____________

Purchasing Agent's Signature: ____________________ Date: ____________

APPENDIX B

Town of Rockport, Maine

Lost/Stolen Card Notification

Cardholder's Name: ______________________ Card Number: __________________

Please Check One:

Card was: ☐ Lost
☐ Stolen
☐ Other (Describe)

Describe how card was lost/stolen:

Was a police report filed (circle): Yes No

If yes:

Department: ____

Report Number: ____

Cardholder Notified the Credit Card Company:

Date: ____

Time: ____

Cardholder's Signature: ________________________ Date: ______________

Town Manager's Signature: ________________________ Date: ______________

APPENDIX C

Town of Rockport, Maine
Transaction Dispute Form

Cardholder Information:

Cardholder's Name:	______________	Card Number:	
Cardholder's Signature:	______________	______________	
		Date:	______________
Vendor Name:	______________		
		Transaction Date:	______________
Statement Date:	______________		
		Posting Date:	______________
Transaction Number:	______________		
Amount Disputed:	______________	Date Lender Notified:	______________

Detail of Dispute:

The item referenced above is being disputed because:

- ☐ There is a difference in the amount authorized and the amount billed.
  Attach a copy of the charge.
- ☐ I only transacted one charge and I was previously billed for it.
  Date of previous charge:
- ☐ The above transaction is mine but I am disputing the transaction. (Please state reason(s) for dispute in detail.)
- ☐ I do not recognize the transaction.
- ☐ I have received a credit voucher for the above transaction but it has not yet appeared on my account.
  Attach a copy of the credit voucher.
- ☐ My account has been charged for the above transaction, but I have not received the merchandise. The details of my attempt to resolve the dispute with the merchant and the merchant's response are indicated below *(or attached).*

APPENDIX D

Attach the completed form to your monthly statement for review and approval.

Credit Card - Cardholder Transaction Log

7.8.1 Purchasing Policy

	Dates
Last 4 Digits Card Number	
From	
To	

VISA

MASTERCARD

Other ____________

Receipt Date	Vendor Name	Comments/Purpose	Purchase Amount	Total Cost	Appropriation Line Number
			TOTAL		

Cardholder Signature

Date

Attach all receipts in order by date.

APPENDIX E

Reserve Accounts Policy

To provide process and oversight to the establishment and utilization of reserve accounts comprising a reserve fund established by the Town of Rockport

Rockport, Maine – October 11, 2016

Table of Contents

Purpose

The purpose of this policy is to provide process and oversight to the establishment and utilization of reserve accounts comprising a reserve fund established by the Town of Rockport for financing the acquisition or reconstruction of a specific, or a type of, capital improvement; financing the acquisition of a specific item or type of capital equipment; or a sinking fund account for paying a funded debt.

Authorization to establish a reserve fund

Pursuant to 30-A M.R.S.A. § 5801, the Town of Rockport shall establish a reserve fund. Said reserve fund shall consist of certain designated reserve accounts. The reserve accounts shall be categorized as a capital improvement reserve, capital equipment reserve, or sinking fund account.

Designated reserve accounts

The Town Manager upon consultation with the respective Department Head shall recommend to and the Select Board may approve the establishment of a designated reserve account or the elimination of an established reserve account. Said approval action shall be considered as amending this policy and the Town of Rockport Code shall be updated accordingly.

There are hereby established the following designated reserve accounts:

1. Police Vehicle and Equipment Reserve
2. Police Department Career Development Reserve (July 11, 2016)
3. Federal Forfeiture Reserve
4. Fire Apparatus Reserve
5. Public Works Equipment Reserve
6. Video Equipment Reserve
7. Opera House Building Reserve
8. Harbormaster's Boat Reserve
9. Harbormaster's Boat Engine Reserve
10. Marine Park Infrastructure Reserve
11. Lime Kiln and Cramer Locomotive Reserve
12. Recreation Facilities Reserve
13. Pathways Reserve (August 10, 2015)
14. Cemetery Reserve
15. Employees Accrued Benefits Reserve
16. Computer Reserve
17. Accounting Software and Hardware Reserve
18. Solar Power Reserve

Reserve accounts currently existing and not included in the above list shall either continue to be used for their intended purpose until depletion or shall lapse into the Undesignated Fund Balance as of October 11, 2016.

Funding for reserve accounts

The reserve accounts may be funded by direct annual appropriation by inclusion in the annual budget voted at Town Meeting; unanticipated revenues such as sale of forfeiture property; proceeds from vehicle sales or the sale of goods; or funds from the undesignated fund balance if so approved by the legislative body at an Annual or Special Town Meeting. Donations specific to a particular Town operation may also be credited to a reserve account.

Authority to use and withdraw

The Town Manager must authorize the use and withdrawal of any and all reserve account funds. All expenditures exceeding $2,000 require a Select Board vote.

Administration responsibilities

The Finance Director shall be responsible for monitoring the Town's reserve accounts and for insuring that this policy is adhered to. The Finance Director shall annually, as part of the budget process, submit a report outlining the status of the Town's reserve accounts which shall be included in the proposed budget submitted to the Select Board and Budget Committee. The Finance Director may also provide partial or complete status reports at other times to the Select Board, Budget Committee, Town Manager, or Department Heads. The Town Manager shall present a five (5) year capital expenditure plan for Reserve Accounts annually in October.

How to establish a Reserve Account

1) An account is established during the budget process unless Select Board makes an exception;
2) The request is reviewed and approved by the Town Manager;
3) The request must contain:
   a. Statement of purpose
   b. Source(s) of funding
   c. Amounts and limits;
   d. Special considerations if applicable; and
4) The establishment of the account must be approved by the Select Board.

Specific reserve account requirements

1. Police Vehicle and Equipment Reserve

1) ***Purpose***. The purpose of the account is to fund either partially or completely the purchasing and/or equipping of a police vehicle.
2) ***Category***. Capital Equipment Reserve.
3) ***Funding***. The Police Vehicle and Equipment Reserve account shall be funded in accordance with the *Criminal Forfeiture Assets Policy* found in the Town of Rockport Codes; may also be funded by direct appropriation in the annual budget; or by the sale of police vehicle(s).
4) ***Amounts and Limits***. The Police Vehicle Purchase Reserve Account may not exceed $40,000 in a given fiscal year. Funding in excess of $40,000 per fiscal year shall be attributed to the Police Department Forfeiture Revenue Line and lapse into the undesignated fund balance at the end of the fiscal year.

2. Police Department Career Development Reserve

1) ***Purpose***. The purpose of the account is to train all officers, send new officers to the Maine Criminal Justice Academy, provide equipment and uniforms to new officer and pay overtime to cover shifts while officers attend trainings.
2) ***Category***. Sinking Fund Account.
3) ***Funding.*** The Police Department Career Development Reserve Account is funded with the reimbursement from the state, county or another municipality for the training the Town of Rockport provided to an officer they hired (the reimbursement is based on a percentage of the total academy training costs). This account may also be funded by direct appropriation in the annual budget.
4) ***Amounts and Limits.*** The Police Department Career Development Reserve Account may not exceed an amount of $30,000, unless otherwise overridden by the Town of Rockport Select Board.

3. Federal Forfeiture Reserve

1) ***Purpose***. The purpose of the account is to fund law enforcement activities within the guidelines established by Federal Law and the Federal Equity Sharing Agreement.
2) ***Category***. Sinking Fund Account.
3) ***Funding***. The Federal Forfeiture Reserve Account is funded solely by the Town's share of federally forfeited assets.
4) ***Amounts and Limits***. The Federal Forfeiture Reserve Account is a special restricted fund to be used for law enforcement purposes only in accordance with the statutes and guidelines that govern federal equitable sharing and as specified in the Federal Equitable Sharing Agreement.
5) ***Special Considerations***. In order for the Town of Rockport to equitably share in any federally forfeited assets, the Police Chief shall execute (1) a Federal Equitable Sharing Agreement with the United States Department of Justice and Department of the Treasury and (2) a Federal Annual Certification Report related to the sharing of Asset Forfeiture funds, and present them to the Select Board for a vote of approval and signature.

4. Fire Apparatus Reserve

1) ***Purpose***. The purpose of the account is to fund either partially or completely, the purchase or lease of fire department vehicles and apparatus.
2) ***Category***. Capital Equipment Reserve.
3) ***Funding***. The Fire Apparatus Reserve shall be funded by direct appropriation in the annual budget, grants, donations and by the sale of fire department vehicles and apparatus.
4) ***Amounts and Limits***. The Fire Apparatus Reserve Account shall not exceed $400,000.

5. Public Works Equipment Reserve

1) ***Purpose***. The purpose of the account is to fund either partially or completely the purchase or lease of Public Works equipment.
2) ***Category***. Capital Equipment Reserve.

3) ***Funding***. The Public Works Equipment Reserve Account shall be funded by direct appropriation in the annual budget, grants, donations and by the sale of equipment.
4) ***Amounts and Limits***. The Public Works Equipment Reserve Account shall not exceed $100,000.

6. Video Equipment Reserve

1) ***Purpose***. The purpose of the account is to fund either partially or completely the purchase of equipment for the broadcast of town meetings and community events.
2) ***Category***. Capital Equipment Reserve.
3) ***Funding***. The Video Equipment Reserve Account may be funded by direct appropriation in the annual budget or from Cable Franchise Fees, grants and donations.
4) ***Amounts and Limits***. The Video Equipment Reserve Account shall not exceed $5,000.

7. Opera House Building Reserve

1) ***Purpose***. The purpose of the account shall be to fund extraordinary building improvements and repairs.
2) ***Category.*** Capital Improvement Reserve.
3) ***Funding***. The Opera House Building Reserve may be funded by direct appropriation in the annual budget, grants, fundraising, and/or donations.
4) ***Amounts and Limits***. The Opera House Building Reserve shall not have a fund balance limit.

8. Harbormaster's Boat Reserve

1) ***Purpose***. The purpose of the account is to fund either partially or completely the purchase of a replacement Harbormaster's boat.
2) ***Category.*** Capital Equipment Reserve.
3) ***Funding***. The Harbormaster's Boat Reserve Account shall be funded by direct appropriation in the annual budget by the sale of the boat, grants and donations.
4) ***Amounts and Limits***. The Harbormaster's Boat Reserve Account shall not exceed the amount of $40,000.

9. Harbormaster's Boat Engine Reserve

1) ***Purpose.*** The purpose of the account is to fund either partially or completely the purchase of a replacement engine for the Harbormaster's boat.
2) ***Category.*** Capital Equipment Reserve.
3) ***Funding.*** The Harbormaster's Boat Engine Reserve Account shall be funded by direct appropriation in the annual budget, by the sale of the engine, grants and donations.
4) ***Amounts and Limits.*** The Harbormaster's Boat Engine Reserve Account shall not exceed $20,000.

10. Marine Park Infrastructure Reserve

1) ***Purpose***. The purpose of the account shall be to replace or add Town floats, Town pier, foot bridge and any other infrastructure needs.
2) ***Category.*** Capital Improvement Reserve.
3) ***Funding***. Marine Park Float Reserve may be funded by direct appropriation in the annual budget, grants, fundraising, and/or donations.
4) ***Amounts and Limits***. The Marine Park Float Reserve shall not have a fund balance limit.

11. Lime Kiln and Cramer Locomotive Reserve

1) ***Purpose***. The purpose of this account shall be to fund either partially or completely restoration projects.
2) ***Category***. Capital Improvement Reserve.
3) ***Funding***. The Lime Kiln and Cramer Locomotive Reserve may be funded by direct appropriation in the annual budget, fundraising, and/or donations.
4) ***Amounts and Limits***. The Cramer Locomotive Reserve shall not have a fund balance limit.

12. Recreation Facilities Reserve

1) ***Purpose***. The purpose of the account shall be to fund the cost of resurfacing the tennis and basketball courts, fencing replacement ballfield upgrades, and overall improvements to the recreation facilities.
2) ***Category***. Capital Improvement Reserve.
3) ***Funding***. Recreational Facilities Reserve may be funded by direct appropriation in the annual budget, fundraising, grants and/or donations.
4) ***Amounts and Limits***. The Recreational Facilities Reserve shall not exceed $150,000.

13. Pathways Reserve

1) ***Purpose.*** Pathways shall mean a walkway or trail that may be traversed by pedestrians (walkers, runners, hikers,), pedestrians using non-motorized equipment (strollers, walkers, wheelchairs), pedestrians using limited motorized equipment (road bikes, mountain bikes, wheelchairs), as well as pedestrians and their pets. This list is not intended to be exhaustive or to eliminate or discriminate against anyone from using a town pathway. Rather, the list is intended to limit use of the pathways to pedestrians and their use of equipment or vehicles that normally do not use roads or highways for travel; thereby assuring the safety of the users of town pathways. Consistent with the Pathways master plan and Rockport's comprehensive plan.

   The pathway may be paved with asphalt, gravel, rock, cement dust, reclaimed asphalt, or left in a natural state. A pathway may be located along roadways, in wooded areas, in hill or mountainous areas within the town boundaries. Traversing over non-town owned property and improving said property with municipal funds may be permitted with proper permission from landowners and authorization by a favorable vote of the Select Board.
2) ***Category.*** Sinking Fund Account.
3) ***Funding.*** Initial funding shall be obtained by transferring funds currently held in GL # 1-1030-00 in the amount of $13,424.64. Funds budgeted in the FY 15-16 budget in line

E 0603-7525 in the amount of $5,000 also be transferred to the Pathways Reserve. The total beginning balance of the Pathways Reserve is then calculated to be $18,424.64. Future funds may be gained through grants, gifts, donations, or direct appropriation through the town's annual municipal budget.

4) ***Amounts and Limits.*** The Pathways Reserve shall not have a fund balance limit.

14. Cemetery Reserve

1) ***Purpose***. The purpose of the Cemetery Reserve is to help fund the expansion, upkeep and repair costs within the Town owned cemeteries.
2) ***Category.*** Capital Improvement Reserve.
3) ***Funding***. The Cemetery Reserve shall be funded by direct appropriation in the annual budget, grants and donations.
4) ***Amounts and Limits***. The Cemetery Reserve shall not have a limit.

15. Employees Accrued Benefits Reserve

1) ***Purpose***. The purpose of the account is to pay accrued vacation and sick leave to employees terminating their employment with the Town pursuant to the most current Town of Rockport Personnel Policy or the most current union contract.
2) ***Category***. Sinking Fund Account
3) ***Funding***. The Employee's Accrued Benefits Reserve shall be funded by direct appropriation in the annual budget and through unexpended wages.
4) ***Amounts and Limits***. The Employee's Accrued Benefits Reserve shall not exceed the aggregate liability for the current budget year.

16. Computer Reserve

1) ***Purpose***. The purpose of the account is to fund on-going computer and server upgrades and emergency repairs; unanticipated software purchases or upgrades; unanticipated website upgrades or hosting issues: and any consulting or repair costs associated with the aforementioned.
2) ***Category***. Capital Equipment Reserve
3) ***Funding***. The Computer Reserve shall be funded by direct appropriation in the annual budget.
4) ***Amounts and Limits***. The Computer Reserve shall not exceed $10,000.

17. Accounting Software and Hardware Reserve

1) ***Purpose***. The purpose of the Accounting Software and Hardware Reserve account is to procure, maintain, and/or upgrade the accounting system utilized by the town to carry out the necessary responsibilities of maintaining a viable municipal accounting system that provides the best benefit to the town and the public it serves.
2) ***Category***. Capital Equipment Reserve.
3) ***Funding***. The Accounting Software and Hardware Reserve may be funded by direct appropriation in the annual budget, transfer from unencumbered surplus funds, direct

appropriation in the annual Wastewater budget, and/or transfer from surplus Wastewater funds.

4) ***Amounts and Limits***. The Accounting Software and Hardware Reserve shall not exceed the estimated cost of updating to a system that meets the needs for current and future operations.

18. Solar Power Reserve

1) ***Pupose.*** The purpose of the Solar Power Reserve account is to procure, maintain, and/or upgrade the solar panels utilized by the town to offset electricity costs.
2) ***Category.*** Capital Equipment Reserve.
3) ***Funding.*** The Solar Power Reserve may be funded by direct appropriation in the annual budget, transfer from unencumbered surplus funds, grants, or donations.
4) ***Amounts and Limits.*** The Solar Power Reserve shall not have a fund balance limit.

VII. New Business

a. Hear report from the Town Auditor

Manager's Comments:

The Town Auditor, Ron Smith will be on hand to present the FYE 2018 Audit. Copies of the draft audit and management letter are included in the packet. Below are my responses to the topics identified in the management letter.

<u>Segregation of Duties:</u>

This will be largely taken care of with the Internal Control Policy (ICP). While there are some areas that we could do an even better job, we simply just do not have the staffing to make that work as a total separation. However, we are able to make some improvements.

For example, one item mentioned in this section, is the unfavorable practice of having Town Clerk/Tax Collector collecting money at the counter, making the bank deposits and receiving and distributing the mail.

The ICP as presented will properly separate these duties to where the Town Clerk/Tax Collector collects funds at the counter and performs the check deposit via online processing, the police department will make all cash deposits on a nightly basis, and the Executive Assistant be responsible for collecting and disbursing the mail.

While not perfect, it will be a greatly improved practice. Other minor changes will also help improve the separation of duties.

<u>Cash Receipting:</u>

This process will also be addressed in the ICP. Ron and Megan both have expressed how difficult it is to reconcile accounts, because of how our current process of "cash up" at various times of the day. This makes it nearly impossible to draw a line in the sand, so to speak and reconcile accounts with complete certainty.

Once the ICP is approved by the Select Board, the Clerk's office will cash up on a nightly basis. You should be aware, with this change, we may have to make some adjustments to the hours that personnel work in that department, to avoid continuous overtime.

<u>Certificate of Assessment:</u>

This error is the result of revenue sharing being counted in the budget as a revenue, and then again on the certificate of assessment as a revenue. As a result, it was counted twice. What this means is that when the certificate of assessment was completed it figured that we would be collecting an additional $117,000 in other sources of revenue, so we effectively did not tax the taxpayers enough. Megan and Kerry have a developed a procedure to ensure that this does not happen again in the future.

Library:

The Library Trust and Disbursements continues to be a problem area within the audit and the current process does not follow state statue.

In this packet I have included the statues provided to us from the auditor as well as the original agreement that was developed back in 1980. The agreement then is extremely outdated., Megan, Ben the Library Committee and I will be working with Town Counsel over the next three to six months to develop a plan to continue forward what fits within state statue, keeps the integrity of the funds committed as they were intended to be and fits the needs of Town staff and the auditor.

Our plan is to develop a new agreement and present the new agreement to the Select Board for approval prior to the end of this current fiscal year.

Suggested Motion:

I move to accept the audit report as presented

Proven Expertise and Integrity

January 14, 2019

Board of Selectmen
Town of Rockport
101 Main Street
Rockport, ME 04856

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Rockport, Maine as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Town of Rockport, Maine's internal control over financial reporting or compliance.

During our audit we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating efficiencies of the Town of Rockport, Maine. The following pages summarize our comments and suggestions on those matters.

This report is intended solely for the information and use of the Board of Selectmen management, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2018, where we expressed an unmodified opinion on our independent auditors' January 11, 2019.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

Segregation of Duties:

While testing internal controls at the Town we noted that the person responsible for maintaining the Town's general ledger also approves then enters journal entries to update and correct this general ledger. Internal control activities at the Town should include independent review and approval of all journal entries before entering in the general ledger to provide complete oversight. We recognize the Town of Rockport is a relatively small government and is unable to achieve ideal segregation of duties however we recommend that Town management review current procedures and implement segregation of duties where feasible.

The audit also identified a concern regarding the limited segregation of duties in the processing of cash receipts. The town clerk/tax collector collects money at the counter, deposits receipts at the bank, and receives and disburses the mail. Segregation of duties between accounting and treasury functions is a material control and can prevent fraud. Town management should initiate a review of its current fiscal staffing and consider restructuring duties and responsibilities within the fiscal area.

Cash Receipting:

While performing our test work for the above mentioned year end in the area of cash receipting, we noticed again the Town posts its cash receipts by teller at varying times throughout the day, rather than at days end. This process made it very difficult to verify daily cash receipts. While we believe this is merely an accounting procedural change, we recommend that the Town post all cash receipts daily at the time of occurrence. This will allow better internal information to be generated for accuracy and comparative purposes.

Certificate of Assessment:

The audit identified an error in the calculation of the tax rate resulting in an under assessment of approximately $117,000 in tax revenues. The matter appears to be the result of the Town adding in Revenue Sharing twice as revenue in its certificate of assessment used to calculate the tax rate. We recommend the Town implement procedures that ensure a thorough review of its tax assessment calculation is performed prior to finalizing the tax commitment. This will improve internal controls at the Town and assist the Town in meeting its current and future financial commitments.

Library:

While performing the audit for the above mentioned year end, it was noticed that one of the Trustees, (a non Town employee), is also the Deputy Treasurer of the Town. This process is outlined in detail in an agreement with the Town and Library dated in 1980. This agreement resulted in a Town meeting vote March 17, 1980. Past practice at the Library is that Library invoices paid may not be included in the Town warrant. We recommend all bills paid by the Town for any department be included in the Town warrant going forward which is approved by the Board of Selectmen. Furthermore, as it relates to the agreement with the Town and Library and the recognition for a library trustee being a deputy treasurer for the Town, we recommend the Town review that for best practice and compliance with statute.

We would like to thank Rick, Megan and all of the staff at the Town of Rockport for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

RHR Smith & Company

RHR Smith & Company, CPAs

From:	Megan Brackett
To:	Diane Hamilton
Subject:	FW: Library questions
Date:	Wednesday, January 16, 2019 11:03:16 AM
Attachments:	image001.png

This is another one.

From: Ron Smith <rsmith@rhrsmith.com>
Sent: Wednesday, January 16, 2019 10:59 AM
To: Megan Brackett <MBrackett@town.rockport.me.us>
Subject: RE: Library questions

§5603. Powers and duties

The treasurer has the following powers and duties. [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

1. Powers. The treasurer may:

A. Make deductions from the salary of a municipal employee and pay the money deducted to the proper payee, when the employee gives the written authority to do so. The treasurer's authority to make a deduction continues until:

(1) The employee revokes the authorization in writing; or

(2) The treasurer knows that the reason for the deduction no longer exists. [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

[1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD) .]

2. Duties. The treasurer shall:

A. Except as provided in subparagraphs (1) to (3), and except as otherwise provided by charter or ordinance, disburse money only on the authority of a warrant drawn for the purpose, affirmatively voted and signed by a majority of the municipal officers.

(1) The municipal officers may adopt a written policy to permit the disbursement of employees' wages and benefits when a disbursement warrant has been signed by one or more designated municipal officers. The policy must be filed with the town clerk and the municipal treasurer and renewed annually by vote of the municipal officers.

(2) The municipal officers may adopt a written policy to permit the disbursement of payments for municipal education costs when a disbursement warrant has been signed by the school superintendent and approved by a majority of the school board or by a finance committee appointed or duly elected by the school board. The policy must be filed with the town clerk and the municipal treasurer and renewed annually by vote of the municipal officers.

(3) The municipal officers may adopt a written policy to permit the disbursement of state fees when a disbursement warrant has been signed by one or more designated municipal officers. The policy must be filed with the town clerk and the municipal treasurer and renewed annually by vote of the municipal officers; [2009, c. 6, §1 (AMD).]

B. Upon request, provide an account of the finances of the municipality and exhibit the official records to the municipal officers or to any committee appointed by them to examine the accounts. The municipal officers shall examine the treasurer's accounts at least once every 3 months; and [1987, c. 737, Pt. A, §2 (NEW); 1987, c. 737, Pt. C, §106 (NEW); 1989, c. 6, (AMD); 1989, c. 9, §2 (AMD); 1989, c. 104, Pt. C, §§8, 10 (AMD).]

C. Maintain a bank account in the municipality's name for the deposit of cash receipts. The treasurer shall deposit all cash receipts in the bank within 10 days. The treasurer may not commingle funds of the municipality with any personal funds or in any personal account of the treasurer. [2009, c. 193, §2 (AMD).]

[2009, c. 6, §1 (AMD); 2009, c. 193, §2 (AMD) .]

§5604. Payment out of treasury

The treasurer of any municipality shall not pay out any funds for an account or claim against the municipality unless the account or claim is itemized and declared to be a public record. Notwithstanding Title 17-A, section 4-A, violation of this section is a Class E crime, punishable by a fine of not more than $300 or by imprisonment for not more than 30 days, or both.

Ron H.R. Smith, CPA, CFE
Director, RHR Smith & Company, CPA's
3 Old Orchard Road
Buxton, ME 04093

Phone: 207-929-4606
Fax: 207-929-4609
Cell: 207-671-0742

RHR SMITH & COMPANY
Certified Public Accountants

From: Megan Brackett <MBrackett@town.rockport.me.us>
Sent: Wednesday, January 16, 2019 10:46 AM
To: Ron Smith <rsmith@rhrsmith.com>
Subject: FW: Library questions

From: Richard C. Bates <RBates@town.rockport.me.us>
Sent: Wednesday, March 21, 2018 8:52 AM

To: Megan Brackett <MBrackett@town.rockport.me.us>; SelectBoard <SelectBoard@town.rockport.me.us>; Betsy Saltonstall <betsy.saltonstall@gmail.com>; Chris Farley <cfarley@camdenmaine.gov>; Heaven Bartlett <heavenlnb@gmail.com>; Helen Shaw (hashaw@earthlink.net) <hashaw@earthlink.net>; Jan Rosenbaum <jan.rosenbaum17@gmail.com>; Mark Kelley <mgkelley13@yahoo.com>; Peter I. Johnson <peterjohnson11@gmail.com>; Stephanie A. Kumble <saskumble@roadrunner.com>; Thomas Murphy <tommurphy@town.rockport.me.us>
Cc: Diane Hamilton <dhamilton@town.rockport.me.us>; 'Benjamin Blackmon' <blackmonben@rockport.lib.me.us>; Ann Filley (afilleyme@gmail.com) <afilleyme@gmail.com>; Megan Brackett <MBrackett@town.rockport.me.us>
Subject: RE: Library questions

Attached are copies of the documents you were asking about last night.

Obviously things were changed since 1980. Linda (the keeper of all important paperwork) is doing some research now and when we put that all together, we will send it out, in one package.

The questions surrounding this have come to light as a result of the potential capital campaign and the audit we just had that raised some concerns about the way things are handled.

RB

Rick Bates
Town Manager
Town of Rockport
101 Main Street
Rockport, Maine 04856
207-236-0806 x 3
207-230-0112 – Fax
www.town.rockport.me.us
www.rockportmaine.com
http://livestream.com/Rockportmaine

March 17 1980 - Town Meeting

Art. 11.

K. Chamber of Commerce
Rockland \$ 250.00
Rockport-Camden-Lincolnville \$ 750.00
Budget Committee Recommends
Rockland \$ 250.00
Rockport-Camden-Lincolnville \$ 250.00

① M & S TO AMEND - TO REDUCE K TO ZERO DOLLARS. AMENDMENT DEFEATED
JUDY WEBSTER WAS INVITED TO SPEAK IN BEHALF OF RCL C of C. BY MORE THAN 2/3 VOTE OF THE PEOPLE.
② M, S & SO VOTED TO CEASE DEBATE.

Art. 11.

L. Channel 10 \$ 50.00
Budget Committee Recommends -0-

M & S TO AMEND - TO REDUCE L TO ZERO DOLLARS AS B/COM REC'S.
MOTION TO AMEND L. IS DEFEATED

M, S & SO VOTED TO CEASE DEBATE ON ENTIRE ARTICLE
ALL OF ART 11 M, S & SO VOTED AS SELECTMEN'S PRINTED

Article 12. To see if the Town will vote:
a. to establish a Trust to be known as the "Rockport Library Trust Fund";
b. to appoint the Library Committee, elected to care for and control the library and its funds, as Trustees of said Trust. The Trustees, as duly elected municipal officers, shall invest the assets of said Trust in accordance with Title 30, Maine Revised Statutes Annotated, Section 5051 as amended. The annual income of said trust shall be used for Library purposes only.
c. to place \$240,000 in the "Rockport Library Trust Fund", which sum represents the funds received from the sale of the Eastman Johnson painting, entitled, "Sugaring Off at the Camp", which was donated to the Library in 1953 by Clifford Smith.
d. to place all other assets and securities of the Rockport Public Library in the "Rockport Library Trust Fund".
Selectmen Recommend NO. This article is unauthorized by State Statute. Library Committee members are not Municipal Officers, as defined by State Statute, thus cannot act as trustees of the Library Trust Fund. Also, Part D of this article does not include a list of assets to be included in the Trust Fund.
Budget Committee Recommends NO

☆ STAND UP VOTE (RECOUNT)

IN FAVOR	OPPOSED
88	71

ARTICLE 12 SO VOTED

10:40 P.M.

(9:17 P.M. BEGIN) IT WAS AFTER 3 MOVES OF QUESTION MOVED, SECONDED & SO VOTED IN FAVOR 82 OPPOSED 66
① M & S TO CEASE DEBATE IN FAVOR 84 OPPOSED 77 MOTION DEFEATED
DISCUSSION WILL CONTINUE —
② M & S TO CEASE DEBATE IN FAVOR 93 OPPOSED 65 MOTION DEFEATED
DISCUSSION WILL CONTINUE
③ M & S TO CEASE DEBATE & SO VOTED
☆ M & S TO HAVE A RECOUNT BY STAND UP VOTE.

Article 13. To see if the Town will vote to establish:
a. A Trust fund to be known as the "Rockport Library Trust Fund".
b. To appoint the Selectmen to act as trustees of said trust. The trustees shall invest the assets of said trust in accordance with Title 30 M.R.S.A. Sec. 5051 and as amended. The annual income of said trust is to be used for library purposes only.
c. To place $240,000 in principal, plus accrued interest as of December 31, 1979, in the "Rockport Library Trust Fund", which sum represents the net payment of sale of Eastman Johnson's painting entitled "Sugaring Off at the Camp", which was donated to the library in 1953.
d. The library committee's proposed annual budget shall include proposals for the expenditure of the annual income earned from the "Rockport Library Trust Fund". All proposed revenues and expenditures shall be presented to the Selectmen and Budget Committee for recommendation and then presented to the voters for approval at the Annual Town Meetings.
e. To approve the actions of the Selectmen in appointing the library committee to act as agents for the trustees of the "Rockport Library Trust Fund".
Budget Committee Recommends YES

MOVED & SECONDED IN FAVOR 69 OPPOSED 90
& VOTED DOWN (DISAPPROVED)
MOVED & SECONDED TO CEASE DEBATE & SO VOTED

1/10/01 To Board of Selectmen

BY LAWS OF THE ROCKPORT PUBLIC LIBRARY

RECEIVED -01- 1 1 2001

ARTICLE I

Organization, Duties of Officers, Procedures

1.A The Rockport Library Committee shall consist of five members, each a resident, registered voter of the town of Rockport.

1.B Elections and terms of office. Committee members are elected to three year terms at the regular, annual Town Elections. No more than one or two new members shall be elected annually.

1.C Organization After each annual Town Meeting, the Library Committee shall elect a Chairperson, Secretary, and Treasurer at its next regular meeting.

1.D Duties and responsibilities of the officers:

1) The Chairperson shall: a. Prepare and distribute an agenda for each regular meeting and distribute at least one week in advance.

b. Represent the committee before the Town Manager, the Selectmen, and other Town Officers or Committees.

c. Prepare the Library Committee's Annual Report.

2) The Secretary shall: a. Keep and distribute to each Committee member minutes of all meetings, posting one copy in the Library for Public Notice, and provide a copy to Town Clerk. b. Organize and maintain a file of correspondence and other papers related to Committee's actions. c. Conduct such correspondence as the Library may direct. d. Serve as Chairperson pro-tem in the Chairperson's absence.

3) The Treasurer shall: a. Maintain a checking account for the purpose of meeting the Library's current operating expenses and shall reimburse quarterly the Town Clerk for supplies, materials and services received by the Library. b. Keep a record of the Library's expenditures and budget allocation balances and report these to the Library Committee at its regular meetings. c. Deposit and account for contributions and other income received by the Library. d. Arrange for regular quarterly, or special if necessary, reviews of Trust performance. e. With the Committee and Librarian, prepare budget estimates for the succeeding year at least two months before the end of the fiscal year. f. Prepare a financial statement of the Library's income and expenditures for inclusion in the Library Committee's Annual Report.

1.E Meetings Regular meetings of the Rockport Library Committee shall be held monthly in accordance with State Law regarding public meetings. Special meetings may be called by the Chairperson, by a majority of the members, provided reasonable notice is given.

1.F Vacancies. When a vacancy occurs, the Chairperson shall notify the Town Manager and submit for approval by the Selectmen the names of three persons the Library Committee considers qualified to serve on the Library Committee.

1.G Three members of the Committee shall constitute a quorum.

1.H The business of the Rockport Library Committee shall be conducted in accordance with Robert's Rules of Order.

Article II

Duties and Responsibilities of the Rockport Library Committee

11.A The Rockport Library Committee shall be responsible to the residents of the Town of Rockport for formulating, in consultation with the Librarian, policies governing:

a. The acquisition, organization, and use of the Library's books and A/V materials and equipment.

b. Use of the library building for other than library or library related purposes.

c. The disposition of duplicate, out-of-shape, unrepairable books or obsolete equipment.

d. The acceptance or refusal of gifts of all kinds.

11 B. The Rockport Public Library Committee shall appoint the librarian with the approval of the Rockport Board of Selectmen. The Committee will reappoint the Librarian annually based on a written satisfactory performance evalutation.

11 C. The Rockport Library Committee shall be responsible to the residents of the Town of Rockport for the proper receipt, record keeping, deposit, or investment of monies from gifts, contributions, or legacies; for the proper care, use or disposition of gifts of other kinds.

11 D. The Rockport Library Committee shall be responsible to the residents of the Town of Rockport for:

a. Reviewing annually the long-range physical and funding needs of the Library.

b. Developing prprograms for the purpose of increasing annual giving or attracting bequests or gifts that augment the existing trust.

c. Supervision of the investment and administration of the Trust Fund derived from the sale of the Eastman Johnson painting.

ARTICLE III

111A. Amendments to these By-Laws may be proposed for consideration at any regular meeting. They may be adopted by two-thirds vote at the next regular meeting of the committee.

Adopted 11/27/89

A G R E E M E N T

BETWEEN THE BOARD OF SELECTMEN

AND

LIBRARY COMMITTEE

I. Procedures for deposit and investment of Library funds.

a. The Treasurer of the Library Committee shall be appointed Deputy Treasurer of the Town of Rockport and shall maintain all Library accounts.

b. Pursuant to Article 12 of the March 1980 meeting of the Town of Rockport, all Library funds, from whatever source, shall be deposited and/or invested by the Treasurer of the Rockport Library Committee. All investments made by the Treasurer of the Rockport Library Committee shall be at the direction of of the Rockport Library Committee. The Rockport Library Committee shall invest the monies in the Rockport Library Trust Fund in accordance with Title 30, M.R.S.A. §5051 as amended.

c. Any surplus in the Rockport Library Trust Fund shall be carried forward from year to year.

d. Upon vote of the Library Committee, the Treasurer of the Rockport Library Committee shall submit a written warrant for disbursement of Library funds for signing by the Selectmen.

e. The Selectmen shall sign all warrants submitted to them by the Library Committee requesting expenditures of funds within the Library budget as presented and approved by the citizens at the Town Meeting.

f. The Town Treasurer shall present a quarterly bill for the librarian's salary for payment by the Library Committee.

BOARD OF SELECTMEN

[illegible]

Marjorie C. Jones

[illegible]

David A. Turner

Emil Erickson

LIBRARY COMMITTEE

Keith L. Crockett

[illegible] M. Fisk

[illegible]

Ruth M. Graffam

[illegible]

Dated: , 1980.

ROCKPORT BOARD OF SELECTMEN'S MEETING

MINUTES

January 29, 1980

PRESENT: E. Maynard Graffam
Albert Bird
Marjorie Jones
Maynard Ingraham
David Turner
Paul Gibbons, Attorney
R. Paul Weston, Town Manager
Budget Committee

CONTENTS

1. Library Article Submitted for Annual Town Meeting Warrant.

The following article was presented and explained by Attorney Gibbons for submission in the 1980 Warrant.

"To see if the Town will vote to establish:

a) a Trust to be known as the "Rockport Library Trust Fund";

b) to appoint the Selectmen to act as Trustees of said Trust. The Trustees shall invest the assets of said Trust in accordance with Title 30 M.R.S.A. §5051 and as amended. The annual income of said Trust is to be used for Library purposes only.

c) to place $240,000 in principle, plus accrued interest as of December 31, 1979, in the "Rockport Library Trust Fund", which sum represents the net payment of the sale of the Eastman Johnson painting, entitled, "Sugaring Off at the Camp", which was donated to the Library in 1953 by Clifford Smith.

d) to approve the actions of the Selectmen in appointing the Library Committee to act as agent for the Trustees of the 'Rockport Library Trust Fund".

Explanation
The Library Committee's proposed annual budget shall include proposals for the expenditure of the annual income earned from the Rockport Library Trust Fund. All proposed expenditures shall be presented to the Budget Committee for recommendation and then presented to the voters for approval at the annual town meeting.

ROCKPORT BOARD OF SELECTMEN'S MEETING
MINUTES
January 29,1980

Continued

2. Chief Doucette's Article on Police Department Account Submitted for Annual Town Meeting Warrant.

Chief Doucette presented the following to the Selectmen and Budget Committee for consideration:

To see if the town will vote to raise the sum of $7,214.22 (Seven thousand two hundred fourteen dollars & twenty-two cents) to be used for a night dispatcher at the Rockport Police Department to complete a 24 hour dispatcher coverage to be used for police, fire, highway and security of the Town Office.

Explanation.

This article will complete 24 hour dispatch coverage for the Police Department, Fire Department, Highway Department and for security of the Town Office.

It would consist of a 40 hour position and a 16 hour weekend position. This would provide security for the Town Office building and provide a full 8 hour coverage, thus 'round the clock protection.

This would relieve the full-time duty officer and the Chief from working the additional hours as required under the present system. It will eliminate overtime pay, thus reducing the actual cost of operating the department as it stands now. As it now stands, the Chief does not get a full day off, he has to be available to answer the phone until the day dispatcher arrives at the station to be on duty.

Turner/Jones made a motion to not include the above in the warrant, which passed by a 4-0 vote. Selectmen Bird was absent.

The meeting was adjourned at 10 P.M.

Respectfully submitted,

R. Paul Weston
Town Manager

Action taken on Articles at the Annual Town Meeting
March 17th, 1980

Article 1. To elect a Moderator to preside at said meeting.

Joel E. Hokkanen was elected moderator with 5 ballots cast. Moderator Hokkanen after being sworn, appointed the Board of Selectmen, Town Clerk and Deputy Town Clerk as Deputy Moderators for the time during the day when the moderator was absent.

Article 2. To select by secret ballot:

A. One Selectman, Assessor, and Overseer of the Poor for a term of three years.

Emil R. Erickson was elected with 233 ballots cast.

(E. Maynard Graffam received 190 votes)

B. One Director for School Administrative District No. 28 for a term of three years.

Andre E. Rheault was elected with 306 ballots cast.

(Tiffany Tucher Sauren received 76 votes)

C. Four members of the Library Committee, one term of 2 years to fill the unexpired term; a two year term and two three year terms.

Three year terms (2)	Keith L. Crockett	336 votes
	Joel M. Fisk	208 votes

(Malcolm H. von Saltza received 141 votes)

Two Year Term (1)	Ruth M. Graffam	361
Two Year Unexpired Term	Ruth Bunker Rohrbaugh	172 votes

(Jeffrey K. Ellis 79 votes & Marsha L. Steinglass 150 votes

D. Four members of the Budget Committee for three year terms

Gail S. Allen elected with 320 votes
C. Herbert Annis elected with 344 votes
Howard C. T. Kimball elected with 346 votes
Charles L. Simmons elected with 333 votes

There were 413 voters plus 16 absentee votes = 429 total votes cast.

Article 3. To see if the Town will vote to accept the 1980 amendments to the Land Use Ordinance, attached to and posted with this warrant

Budget Committee Recommends YES

YES 335 NO 75

(The Town Clerk's record copy of the said amendments will be found at the end of this meeting action taken pages.)

Article 4. To see if the Town will vote to pay Selectmen $2,500.00 ($500.00 each) for the coming year.

Budget Committee Recommends YES

Moved, seconded and so voted.

Article 5. To see if the Town will vote to authorize the Selectmen on behalf of the Town to sell and dispose of any real estate acquired by the Town for nonpayment of taxes thereon on such terms as they deem advisable and to execute quit claim deeds for the property. The sale or disposal shall be made only after consultation with and the agreement of the Planning Board and the Conservation Commission except for the purpose of clearing title or of reconveyance of real estate to the original owner. Property to be disposed of shall be advertised and sold by sealed bid.

Budget Committee Recommends YES

Article 5. continued

Moved, seconded and so voted.

Article 6. To see if the Town will vote to raise or appropriate $138,195 from the Undedicated Revenue Account to be used in reducing the property tax assessment for 1980

Budget Committee Recommends $138,195.00

Moved, seconded and so voted.

Article 7. To see if the Town will vote to authorize the carrying forward to 1980 the unexpended balances for 1979 as listed and authorize the overdrafts which occurred in Town operations in 1979 as listed:

SUMMARY OF DEPARTMENTAL ACCOUNTS

Carried forward in original accounts to 1980		$22,052.30
Unexpended Balance to Surplus		88,529.80
Overdrafts from Surplus		(34,278.51)
Net Unexpended Balance to Surplus		54,261.29
Carried Forward		
State Aid Roads	$16,861.77	
Marine Park Operations	3,809.53	
Lime Kiln Project	1,381.00	
Total	$22,052.30	
Overdrafts		
Hydrant Rental	.12	
Unemployment Compensation	181.99	
Blue Cross/Blue Shield	54.13	
Street & Traffic Lights	1,225.14	
Social Security (FICA)	289.52	
Highways - Maintenance	8,918.17	
Tarring Roads	2,335.73	
Town Road Improvements	13,812.23	
Care of Public Lots	2,353.23	
Abatements	5,108.25	
Total	$34,278.51	

Budget Committee Recommends YES

Moved, seconded and so voted.

Article 8. To see if the Town will vote to raise or appropriate the following for General Government.

A.	Administration		$101,809.00
	Budget Committee Recommends:		
		Appro.	81,809.00
		Fed.Rev.Sh	20,000.00
		Total	$101,809.00
B.	Employee Benefits		$26,722.00
	Budget Committee Recommends		$26,722.00
C.	Municipal Buildings		$18,950.00
	Budget Committee Recommends		$18,950.00
D.	Opera House		$7,490.00
	Budget Committee Recommends		$7,490.00
E.	Planning and Development		$2,911.00
	Budget Committee Recommends		$2,911.00

All of Article 8, moved, seconded and so voted.

Article 9. To see if the Town will vote to raise or appropriate the following for Protection and Enforcement:

A.	Police Department		$69,450.00
	Budget Committee Recommends	Appro.	58,450.00
		Fed. Rev. Sharing	11,000.00
		Total	$69,450.00
B.	Fire Department		$40,948.00
	Budget Committee Recommends	Appro.	29,948.00
		Fed. Rev. Sharing	11,000.00
		Total	$40,948.00
C.	Hydrant Rental		$29,459.00
	Budget Committee Recommends	Appro.	$29,459.00
D.	Ambulance		$1,900.00
	Budget Committee Recommends	Appro.	$1,900.00
E.	Street Lighting		$18,200.00
	Budget Committee Recommends	Appro.	$18,200.00
F.	Municipal Insurances		$25,289.00
	Budget Committee Recommends	Appro.	$25,289.00

All of Article 9, moved, seconded and so voted.

Article 10. To see if the Town will vote to raise or appropriate the following for Public Works:

A.	Public Works Department		$165,309.40
	Budget Committee Recommends		
		Appro.	$127,609.40
		Fed. Rev. Sharing	22,000.00
		Equip.Res. Acct.	15,700.00
		Total	$165,309.40
B.	Town Road Reconstruction		$70,700.00
	Budget Committee Recommends		$70,700.00
C.	State Aid Road Reconstruction		$16,776.00
	Budget Committee Recommends		$16,776.00
D.	Solid Waste		$27,150.00
	Budget Committee Recommends		$27,150.00
E.	Tree Removal		$15,000.00
	Budget Committee Recommends		$15,000.00
F.	Cemeteries		$24,900.00
	Budget Committee Recommends		$24,900.00
G.	Care of Public Parks		$11,350.00
	Budget Committee Recommends		
		Appro.	8,384.66
		Walker Park Account	2,965.34
		Total	$11,350.00

After much discussion mostly concerning Cemeteries, all of Article 10 was moved, seconded and so voted.

Article 11. To see if the Town will vote to raise or appropriate the following for Welfare and Provider Agencies:

A.	General Assistance	$6,000.00
	Budget Committee Recommends	$6,000.00
B.	American Red Cross	$50.00
	Budget Committee Recommends	-0-

Article 11 continued

C.	Central Senior Citizens	$350.00
	Budget Committee Recommends	$350.00
D.	Coastal Child Care	$50.00
	Budget Committee Recommends	$50.00
E.	Community Alcohol Services	$200.00
	Budget Committee Recommends	$200.00
F.	Kno-Wal-Lin	$350.00
	Budget Committee Recommends	$350.00
G.	Mid-Coast Human Resources Council	$500.00
	Budget Committee Recommends	%500.00
H.	Mid-Coast Mental Health	$552.00
	Budget Committee Recommends	$552.00
I.	Mid-Coast Rehab. Center	$100.00
	Budget Committee Recommends	$100.00
J.	Coastal Workshop	$400.00
	Budget Committee Recommends	$400.00
K.	Chamber of Commerce	
	Rockland	$250.00
	Rockport-Camden-Lincolnville	$750.00
	Budget Committee Recommends	
	Rockland	$250.00
	Rockport-Camden-Lincolnville	$250.00
L.	Channel 10	$50.00
	Budget Committee Recommends	-0-

All of Article 11 was moved, seconded and so voted as Selectmen Recommended

Article 12. To see if the Town will vote:

a. to establish a Trust to be known as the "Rockport Library Trust Fund";
b. to appoint the Library Committee, elected to care for and control the library and its funds, as Trustees of said Trust. The Trustees, as duly elected municipal officers, shall invest the assets of said Trust in accordance with Title 30, Maine Revised Statutes Annotated, Section 5051 as amended. The annual income of said trust shall be used for Library purposes only.
c. to place $240,000 in the "Rockport Library Trust Fund", which sum represents the funds received from the sale of the Eastman Johnson painting, entitled, "Sugaring Off at the Camp", which was donated to the Library in 1953 by Clifford Smith.
d. to place all other assets and securities of the Rockport Public Library in the "Rockport Library Trust Fund".

Selectmen Recommend NO. This article is unauthorized by State Statute. Library Committee members are not Municipal Officers, as defined by State Statute, thus cannot act as trustees of the Library Trust Fund. Also, Part D. of this article does not include a list of assets to be included in the Trust Fund.

Budget Committee Recommends NO

After much discussion and three tries to move the question a stand-up vote was given and with 88 in favor and 71 opposed Article 12 was moved, seconded and so voted.

Article 13. To see if the Town will vote to establish:

a. A Trust fund to be known as the "Rockport Library Trust Fund".
b. To appoint the Selectmen to act as trustees of said trust. The trustees shall invest the assets of said trust in accordance with Title 30, M.R.S.A. Sec. 5051 and as amended. The annual income of said trust is to be used

Article 13 continued.

c. To place $240,000 in principal, plus accrued interest as of December 31, 1979, in the "Rockport Library Trust Fund", which sum represents the net payment of sale of Eastman Johnson's painting entitled "Sugaring Off at the Camp", which was donated to the library in 1953.

d. The library committee's proposed annual budget shall include proposals for the expenditure of the annual income earned from the "Rockport Library Trust Fund". All proposed revenues and expenditures shall be presented to the Selectmen and Budget Committee for recommendation and then presented to the voters for approval at the Annual Town Meetings.

e. To approve the actions of the Selectmen in appointing the library committee to act as agents for the trustees of the "Rockport Library Trust Fund".

Budget Committee Recommends YES

In favor 69 Opposed 90
It was moved, seconded and voted down.

Article 14. To see if the Town will vote to raise or appropriate the following for Leisure Time Services:

A. Recreation $650.00
Budget Committee Recommends $650.00
from the Recreation for Youth Account

B. Library $27,377.00

Trust Fund Income	25,270.00
Book Sale	1,000.00
Fine Money	400.00
Funds & Gifts	300.00
State Stipend	407.00
Total	$27,377.00

C. Harbor Operations $8,800.00
Budget Committee Recommends

Marine Park Account	3,809.53
Appropriation	4,990.47
Total	$8,800.00

Moved, seconded and so voted all of Article 14.

Article 15. To see if the Town will vote to raise or appropriate the following for Debt Service and Camden Historical Society.

A. Debt Service $38,559.00
Budget Committee Recommends $38,559.00

B. Camden-Rockport Historical Society $200.00
Budget Committee Recommends $200.00

Moved, seconded and so voted.

Article 16. To see if the Town will vote to charge 18 per cent per year interest from September 15, 1980, on all taxes unpaid after November 17, 1980. (State Statutes allow interest up to 18%).
Budget Committee Recommends YES

After defeat of two amendments, Article 16 was moved, seconded and so voted.

Article 17. To see if the Town will vote to authorize the Selectmen to expend such sums of money required to carry on the Town affairs from January 1, 1981 until the March Town Meeting, such sums of money to be included in the 1981 Budget and to limit that expense to 35% of the 1980 Budget.
Budget Committee Recommends YES

Moved, seconded and so voted.

Article 18. To see if the Town will vote to authorize the Selectmen and Treasurer on behalf of the Town to accept gifts, real estate and certain funds, including trust funds, that may be left to the Town.
Budget Committee Recommends YES.

Moved, seconded and so voted.

Article 19. To see if the Town will vote to authorize the Selectmen to accept those conservation easements which Selectmen deem appropriate in the name of the Town of Rockport. Provided however, no conservation easement shall come before the Selectmen without prior approval of the Rockport Conservation Commission.
Budget Committee Recommends YES.

Moved, seconded and so voted.

Given under our hnads in the Town of Rockport the 25th day of February in the year of our Lord, one thousand nine hundred and eighty.

Rockport Board of Selectmen
∮ E. Maynard Graffam
∮ Albert F. Bird
∮ Maynard C. Ingraham
∮ Marjorie C. Jones
∮ David H. Turner

A True Copy, Attest: LeForest B. Doucette, Rockport Town Constable

It was moved, seconded and so voted to adjourn the 1980 Annual Town Meeting at 11:15 P.M.

OFFICER'S RETURN

State of Maine Town of Rockport

March 7, 1980

Pursuant to the within warrant, I have notified and warned the voters of the Town of Rockport, qualified as therein expressed, to meet at the time and place and for the purposes therein named, by posting this day an attested copy of the within warrant at Simonton Corner Community Hall, West Rockport Post Office, The Green Thumb in Rockville, Glen Cove Post Office, Rockport Post Office and the Rockport Town Office, the same being a conspicuous, public place in said Town.

∮ LeForest B. Doucette
Constable of the Town of Rockport, ME.

A True Copy, Attest:

Audited Financial Statements
And Other Supplementary Information

Town of Rockport, Maine

June 30, 2018

RHR SMITH & COMPANY
Certified Public Accountants

Proven Expertise and Integrity

TOWN OF ROCKPORT, MAINE

CONTENTS

JUNE 30, 2018

OTHER SUPPLEMENTARY INFORMATION

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Rockport
Rockport, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Rockport, Maine as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Rockport, Maine as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and pension and OPEB information on pages 4 through 11 and 67 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rockport, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2019, on our consideration of the Town of Rockport, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rockport, Maine's internal control over financial reporting and compliance.

Buxton, Maine
January 15, 2019

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

(UNAUDITED)

The following management's discussion and analysis of Town of Rockport, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Rockport, Maine's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Rockport are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, human services, education, culture and recreation, program expenses and unclassified.

- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Rockport include the sewer department.

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 Rockport, Maine, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Rockport, Maine can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of 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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Rockport, Maine presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and the Rockport Library fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Rockport, Maine maintains one proprietary fund, the sewer department. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule of Proportionate Share of the Net OPEB Liability and a Schedule of Contributions - OPEB.

Other Supplementary Information

Other supplementary information follows the required supplementary information. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by $472,229 from $13,015,044 to $13,487,273. The Town's total net position for business-type activities decreased by $629,169 from $4,612,778 to $3,983,609.

Table 1
Town of Rockport, Maine
Net Position
June 30,

	Governmental Activities		Business-type Activites	
	2018	**2017 (Restated)**	**2018**	**2017**
Assets				
Current Assets	$ 8,165,639	$ 7,499,964	$ (241,359)	$ 134,145
Capital Assets	8,303,590	8,382,136	4,897,155	5,125,371
Total Assets	16,469,229	15,882,100	4,655,796	5,259,516
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	132,865	182,128	-	-
Total Deferred Outflows of Resources	132,865	182,128	-	-
Liabilities				
Current Liabilities	622,280	677,613	193,434	106,701
Long-term Debt Outstanding	2,053,763	2,266,383	478,753	540,037
Total Liabilities	2,676,043	2,943,996	672,187	646,738
Deferred Inflows of Resources				
Prepaid Taxes	338,352	44,530	-	-
Deferred Inflows Related to OPEB	10,026	-	-	-
Deferred Inflows Related to Pensions	90,400	60,658	-	-
Total Deferred Inflows of Resources	438,778	105,188	-	-
Net Position				
Net Investment in Capital Assets	6,282,209	6,138,127	4,357,118	4,524,168
Restricted	2,441,073	2,784,937	-	-
Unrestricted	4,763,991	4,091,980	(373,509)	88,610
Total Net Position	$ 13,487,273	$ 13,015,044	$ 3,983,609	$ 4,612,778

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – an increased for governmental activities to a balance of $4,763,991 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of ($373,509).

Table 2
Town of Rockport, Maine
Change in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-type Activities	
	2018	**2017**	**2018**	**2017**
Revenues				
Program revenues:				
Charges for services	$ 341,837	$ 367,273	$ 818,408	$ 785,124
Operating grants and contributions	106,755	6,489	-	-
General revenues:				
Taxes	14,819,925	14,527,619	-	-
Grants and contributions not restricted to specific programs	346,929	407,683	-	-
Miscellaneous	690,544	510,624	34,671	80,642
Transfers from other funds	875,002	1,724,069	-	71,691
Total Revenues	17,180,992	17,543,757	853,079	937,457
Expenses				
General government	1,202,976	1,249,154	-	-
Public safety	1,415,692	1,335,967	-	-
Public works	1,823,528	1,613,516	-	-
Human services	16,265	16,786	-	-
Culture and recreation	537,175	500,402	-	-
Education	9,132,629	8,895,585	-	-
Interest on long-term debt	44,396	43,046	-	-
County fees	1,059,031	1,082,307	-	-
Capital outlay	84,910	943,964	-	-
Sewer department	-	-	1,482,248	1,031,391
Program expenses	289,702	286,107	-	-
Unclassified	227,457	320,885	-	-
Transfers to other funds	875,002	1,331,056	-	464,704
Total Expenses	16,708,763	17,618,775	1,482,248	1,496,095
Change in Net Position	472,229	(75,018)	(629,169)	(558,638)
Net Position - July 1, Restated	13,015,044	13,090,062	4,612,778	5,171,416
Net Position - June 30	$ 13,487,273	$ 13,015,044	$ 3,983,609	$ 4,612,778

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 2.07%, while total expenses decreased by 5.17%. For the business-type activities revenues decreased by 9.00% mainly due to a transfer from other funds in fiscal year 2017, while total expenses decreased by 0.93%.

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Town of Rockport, Maine
Fund Balances - Governmental Funds
June 30,

	2018	2017
General Fund:		
Nonspendable	$ -	$ 3,000
Assigned	611,507	355,653
Unassigned	3,221,920	2,637,001
Total General Fund	$ 3,833,427	$ 2,995,654
Rockport Library:		
Nonspendable	$ 305,969	$ 305,969
Restricted	643,484	501,968
	$ 949,453	$ 807,937
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	$ 323,971	$ 867,462
Assigned	8,174	9,322
Capital Projects Funds:		
Committed	1,165,797	1,270,857
Unassigned	-	-
Permanent Funds:		
Nonspendable	540,447	42,293
Restricted	627,202	1,067,245
Unassigned	(455)	(917)
Total Nonmajor Funds	$ 2,662,636	$ 3,256,262

The general fund total fund balance increased by $837,773 from the prior fiscal year. The Rockport Library Fund total fund balance increased by $141,516 from the prior fiscal year. The nonmajor fund total fund balances decreased by $593,626 from the prior fiscal year.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The sewer department had a change in net position of ($629,169) for the year ended June 30, 2018.

Budgetary Highlights

The significant difference between the original and final budget for the general fund was from applied receipts and utilization of unassigned fund balance.

The general fund actual revenues exceeded budget by $611,801. This was mainly the result of excess receipts in all categories except other intergovernmental revenues and charges for services.

The general fund actual expenditures were under budget by $467,972. All expenditure categories were within or under budget except for unclassified.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town decreased by $306,762 from the prior year. The decrease is the result of current year additions of $369,766 less net disposals of $13,226 and current year depreciation expense of $663,302.

Table 4
Town of Rockport, Maine
Capital Assets (Net of Depreciation)
June 30,

	2018	2017 (Restated)
Land and non-depreciable assets	$ 4,489,762	$ 4,294,826
Buildings, building improvements and land improvements	1,913,696	1,910,503
Machinery, equipment and vehicles	1,196,954	1,296,356
Infrastructure	5,600,333	6,005,822
Total	$ 13,200,745	$ 13,507,507

Debt

At June 30, 2018, the Town had $2,185,559 in bonds outstanding versus $2,316,695 last year. Other obligations include capital leases payable, accrued compensated absences, net OPEB liability and net pension liability. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town continues to work toward maintaining a sufficient unassigned fund balance to sustain government operations for a period of approximately two months. However, the Town also maintains significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, the Treasurer for the Town of Rockport can be reached at 101 Main Street, Rockport, Maine 04856.

STATEMENT A

TOWN OF ROCKPORT, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 5,128,667	$ 82,380	$ 5,211,047
Investments	1,696,318	138,893	1,835,211
Accounts receivable (net of allowance for uncollectibles):			
Taxes	583,139	-	583,139
Liens	51,808	-	51,808
Other	12,884	216,471	229,355
Internal balances	679,103	(679,103)	-
Total current assets	8,165,639	(241,359)	7,924,280
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	4,073,830	415,932	4,489,762
Buildings and vehicles net of accumulated depreciation	4,229,760	4,481,223	8,710,983
Total noncurrent assets	8,303,590	4,897,155	13,200,745
TOTAL ASSETS	16,469,229	4,655,796	21,125,025
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	132,865	-	132,865
TOTAL DEFERRED OUTFLOWS OF RESOURCES	132,865	-	132,865
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 16,602,094	$ 4,655,796	$ 21,257,890

TOWN OF ROCKPORT, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 134,180	$ 131,094	$ 265,274
Accrued liabilities	15,844	1,056	16,900
Due to other governments	4,296	-	4,296
Current portion of long-term obligations	467,960	61,284	529,244
Total current liabilities	622,280	193,434	815,714
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,574,565	478,753	2,053,318
Capital leases payable	249,381	-	249,381
Net OPEB liability	19,108	-	19,108
Net pension liability	210,709	-	210,709
Total noncurrent liabilities	2,053,763	478,753	2,532,516
TOTAL LIABILITIES	2,676,043	672,187	3,348,230
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	338,352	-	338,352
Deferred inflows related to OPEB	10,026	-	10,026
Deferred inflows related to pensions	90,400	-	90,400
TOTAL DEFERRED INFLOWS OF RESOURCES	438,778	-	438,778
NET POSITION			
Net investment in capital assets	6,282,209	4,357,118	10,639,327
Restricted - nonexpendable	846,416	-	846,416
Restricted for: Rockport Library	643,484	-	643,484
Special revenue funds	323,971	-	323,971
Permanent funds	627,202	-	627,202
Unrestricted	4,763,991	(373,509)	4,390,482
TOTAL NET POSITION	13,487,273	3,983,609	17,470,882
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 16,602,094	$ 4,655,796	$ 21,257,890

See accompanying independent auditors' report and notes to financial statements.

STATEMENT B

TOWN OF ROCKPORT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues			Net (Expense) Revenue & Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	$ 1,202,976	$ 152,916	$ -	$ -	$ (1,050,060)	$ -	$ (1,050,060)
Public safety	1,415,692	8,568	-	-	(1,407,124)	-	(1,407,124)
Public works	1,823,528	139,356	53,316	-	(1,630,856)	-	(1,630,856)
Human services	16,265	-	8,016	-	(8,249)	-	(8,249)
Culture and recreation	537,175	38,419	-	-	(498,756)	-	(498,756)
Education	9,132,629	-	-	-	(9,132,629)	-	(9,132,629)
County fees	1,059,031	-	-	-	(1,059,031)	-	(1,059,031)
Capital outlay	84,910	-	-	-	(84,910)	-	(84,910)
Interest on long-term debt	44,396	-	-	-	(44,396)	-	(44,396)
Program expenses	289,702	-	-	45,423	(244,279)	-	(244,279)
Unclassified	227,457	2,578	-	-	(224,879)	-	(224,879)
Total governmental activities	15,833,761	341,837	61,332	45,423	(15,385,169)	-	(15,385,169)
Business-type activities:							
Sewer department	1,482,248	818,408	-	-	-	(663,840)	(663,840)
Total business-type activities	1,482,248	818,408	-	-	-	(663,840)	(663,840)
Total government	$ 17,316,009	$ 1,160,245	$ 61,332	$ 45,423	(15,385,169)	(663,840)	(16,049,009)

TOWN OF ROCKPORT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(15,385,169)	(663,840)	(16,049,009)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	13,959,690	-	13,959,690
Excise taxes	860,235	-	860,235
Grants and contributions not restricted to specific programs	346,929	-	346,929
Miscellaneous	690,544	34,671	725,215
Total general revenues and transfers	15,857,398	34,671	15,892,069
Change in net position	472,229	(629,169)	(156,940)
NET POSITION - JULY 1, RESTATED	13,015,044	4,612,778	17,627,822
NET POSITION - JUNE 30	$ 13,487,273	$ 3,983,609	$ 17,470,882

See accompanying independent auditors' report and notes to financial statements.

STATEMENT C

TOWN OF ROCKPORT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Rockport Library	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,083,179	$ 169,280	$ 876,208	$ 5,128,667
Investments	-	780,173	916,145	1,696,318
Accounts receivable (net of allowance for uncollectibles):				
Taxes	583,139	-	-	583,139
Liens	51,808	-	-	51,808
Other	12,884	-	-	12,884
Due from other governments	13,720	-	-	13,720
Due from other funds	1,013,118	-	1,204,298	2,217,416
TOTAL ASSETS	$ 5,757,848	$ 949,453	$ 2,996,651	$ 9,703,952
LIABILITIES				
Accounts payable	$ 134,180	$ -	$ -	$ 134,180
Accrued liabilities	15,844	-	-	15,844
Due to other governments	4,296	-	-	4,296
Due to other funds	1,204,298	-	334,015	1,538,313
TOTAL LIABILITIES	1,358,618	-	334,015	1,692,633
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	338,352	-	-	338,352
Deferred tax revenues	225,751	-	-	225,751
Deferred other revenues	1,700	-	-	1,700
TOTAL DEFERRED INFLOWS OF RESOURCES	565,803	-	-	565,803
FUND BALANCES				
Nonspendable	-	305,969	540,447	846,416
Restricted	-	643,484	951,173	1,594,657
Committed	-	-	1,165,797	1,165,797
Assigned	611,507	-	8,174	619,681
Unassigned	3,221,920	-	(2,955)	3,218,965
TOTAL FUND BALANCES	3,833,427	949,453	2,662,636	7,445,516
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,757,848	$ 949,453	$ 2,996,651	$ 9,703,952

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	Total Governmental Funds
Total Fund Balances	$ 7,445,516
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	8,303,590
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	132,865
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	225,751
Other deferred revenues	1,700
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,645,522)
Capital leases payable	(375,859)
Accrued compensated absences	(270,525)
Net OPEB liability	(19,108)
Net pension liability	(210,709)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(10,026)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(90,400)
Net position of governmental activities	$ 13,487,273

See accompanying independent auditors' report and notes to financial statements.

STATEMENT E

TOWN OF ROCKPORT, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Rockport Library	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	$ 13,972,664	$ -	$ -	$ 13,972,664
Excise taxes	860,235	-	-	860,235
Intergovernmental	407,761	-	45,923	453,684
Investment income, net of unrealized gains/(losses)	49,386	74,422	70,455	194,263
Charges for services	341,837	-	-	341,837
Miscellaneous revenues	230,390	95,000	170,891	496,281
TOTAL REVENUES	15,862,273	169,422	287,269	16,318,964
EXPENDITURES				
Current:				
General government	1,199,327	-	-	1,199,327
Public safety	1,342,267	-	-	1,342,267
Public works	1,833,926	-	-	1,833,926
Human services	16,265	-	-	16,265
Culture and recreation	517,557	-	-	517,557
Education	9,132,629	-	-	9,132,629
County fees	1,059,031	-	-	1,059,031
Program expenses	-	-	289,702	289,702
Unclassified	227,457	-	-	227,457
Debt service:				
Principal	104,998	-	-	104,998
Interest	44,396	-	-	44,396
Capital outlay	-	-	279,846	279,846
TOTAL EXPENDITURES	15,477,853	-	569,548	16,047,401
EXCESS REVENUES OVER (UNDER) EXPENDITURES	384,420	169,422	(282,279)	271,563
OTHER FINANCING SOURCES				
Lease proceeds	114,100	-	-	114,100
Transfers in	561,003	-	313,999	875,002
Transfers (out)	(221,750)	(27,906)	(625,346)	(875,002)
TOTAL OTHER FINANCING SOURCES (USES)	453,353	(27,906)	(311,347)	114,100
NET CHANGE IN FUND BALANCES	837,773	141,516	(593,626)	385,663
FUND BALANCES - JULY 1	2,995,654	$ 807,937	3,256,262	7,059,853
FUND BALANCES - JUNE 30	$ 3,833,427	$ 949,453	$ 2,662,636	$ 7,445,516

See accompanying independent auditors' report and notes to financial statements.

STATEMENT F

TOWN OF ROCKPORT, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds (Statement E)	$ 385,663
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset purchases	369,766
Capital asset disposals	(13,226)
Depreciation expense	(435,086)
	(78,546)
Deferred outflows are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	(49,263)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	(13,174)
Other deferred revenue	200
	(12,974)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	(82,100)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	274,342
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	(39,768)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(2,624)
Net OPEB liability	11,278
Net pension liability	66,221
	74,875
Change in net position of governmental activities (Statement B)	$ 472,229

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

BALANCE SHEET - PROPRIETARY FUNDS
JUNE 30, 2018

	Enterprise Fund Sewer
ASSETS	
Current assets:	
Cash and cash equivalents	$ 82,380
Investments	138,893
Accounts receivable (net of allowance for uncollectibles)	216,471
Total current assets	437,744
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	415,932
Buildings and equipment, net of accumulated depreciation	4,481,223
Total noncurrent assets	4,897,155
TOTAL ASSETS	$ 5,334,899
LIABILITIES	
Current liabilities:	
Accounts payable	$ 131,094
Accrued interest	1,056
Due to other funds	679,103
Current portion of long-term obligations	61,284
Total current liabilities	872,537
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	478,753
Total noncurrent liabilities	478,753
TOTAL LIABILITIES	1,351,290
NET POSITION	
Net investment in capital assets	4,357,118
Unrestricted	(373,509)
TOTAL NET POSITION	3,983,609
TOTAL LIABILITIES AND NET POSITION	$ 5,334,899

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Fund
	Sewer
OPERATING REVENUES	
Charges for services	$ 818,408
Miscellaneous income	17,220
TOTAL OPERATING REVENUES	835,628
OPERATING EXPENSES	
Wages and benefits	57,743
Professional services	8,000
Insurance	2,500
Materials, supplies, maintenance and chemicals	449,565
Camden treatment	261,742
Rockland treatment	136,148
Samoset treatment	73,899
Contracted services	211,464
Equipment	32,000
Depreciation and amortization	228,216
Miscellaneous expenses	17,545
TOTAL OPERATING EXPENSES	1,478,822
OPERATING INCOME (LOSS)	(643,194)
NONOPERATING REVENUES (EXPENSES)	
Interest income	17,451
Interest expense	(3,426)
TOTAL NONOPERATING REVENUES (EXPENSES)	14,025
CHANGE IN NET POSITION	(629,169)
NET POSITION - JULY 1	$ 4,612,778
NET POSITION - JUNE 30	$ 3,983,609

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds
	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 819,188
Other receipts	17,220
Payments to suppliers	(1,163,991)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(327,583)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(61,166)
Interest paid on capital debt	(3,426)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(64,592)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	17,451
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	17,451
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(374,724)
CASH AND CASH EQUIVALENTS - JULY 1	$ 457,104
CASH AND CASH EQUIVALENTS - JUNE 30	$ 82,380
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ (643,194)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	228,216
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	780
Increase (decrease) in accounts payable	86,615
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (327,583)

See accompanying independent auditors' report and notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Rockport was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government services, protection, public works, human services, community and social agencies, education and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, "*Omnibus 2017*." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "*Certain Debt Extinguishment Issues*." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sewer and water departments are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets;

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

b. The Rockport Library Fund is used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

Nonmajor Funds

c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

e. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles except for the following:

- Encumbrances are treated as expenditures.
- Appropriations of prior year fund balances are treated as revenue.
- Interdepartmental and inter-fund transfers are treated as revenues and/or expenditures.
- Insurance claims, compensated absences and investment income are recorded on the cash basis.
- Capital leases are not budgeted.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed, executory contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) may be carried into the next fiscal year.

The following is a reconciliation of the GAAP and budgetary fund balances for the Town's General Fund:

Sources/Inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" budgetary comparison schedule (Schedule 1)	$ 19,533,030
Differences-budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(2,995,654)
Debt proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(114,100)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(561,003)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 15,862,273

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uses/Outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule (Schedule 1)	$ 15,710,955
Differences-budget to GAAP:	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.	(11,352)
Transfers to other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(221,750)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 15,477,853

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.

3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. For purposes of the Statement of Cash Flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were $229,355 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be $0 as of June 30, 2018.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, compensated absences, net OPEB liability and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Compensated Absences

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2018, the Town's liability for compensated absences is $270,525.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectmen.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount. The level of the unassigned fund balance shall be an amount equal to at least 12% of the total annual budget comprising the proposed operating budget to be voted on at Town Meeting, the County assessment, the school assessment, the annual TIF payment, and the estimated Overlay.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has deferred outflows related to OPEB and deferred outflows related to pensions. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to OPEB and deferred inflows related to pensions qualifies for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as inflows of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 24, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due on in two installments on October 16, 2017 and April 17, 2018. Interest on unpaid taxes commenced on October 17, 2017 and April 18, 2018, at 7% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

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 $96,700 for the year ended June 30, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided, operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2018, the Town's cash balances amounting to $5,211,047 were comprised of bank deposits of $5,272,124. Of these bank deposits, $1,031,974 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk and $4,240,150 were collateralized with securities held by the financial institution in the Town's name.

Account Type	Bank Balance
Checking accounts	$ 5,029,029
Savings accounts	143,439
Cash equivalents	99,656
	$ 5,272,124

Investments:

Custodial credit risk for investments is 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 possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

At June 30, 2018, the Town's investment balances amounting to $1,835,211 were comprised of debt securities and mutual funds. Of the Town's investments of $1,835,211, $900,344 were fully covered by the Securities Investor Protection Corporation (SIPC). The remaining $934,867 were uninsured and uncollateralized.

	Fair	Maturity			
Investment Type	Value	<1 Year	1 - 5 Years	> 5 Years	N/A
Debt securities	$ 204,685	$ 75,103	$ 114,504	$ 15,078	$ -
Equity securities	1,630,526	-	-		1,630,526
	$ 1,835,211	$ 75,103	$ 114,504	$ 15,078	$ 1,630,526

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2018:

		Fair Value Measurements Using		
	June 30, 2018 Total	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Investments by fair value level				
Debt securities:				
U.S. Agency Securities	$ 45,398	$ -	$ 45,398	$ -
Corporate bonds	159,287	-	159,287	-
Total debt securities	204,685	-	204,685	-
Equity securities:				
Common stock - domestic	1,426,225	1,426,225	-	-
Mutual funds - domestic and foreign	59,345	59,345	-	-
Real estate investment trusts	144,956	144,956	-	-
Total equity securities	1,630,526	1,630,526	-	-
Total investments by fair value level	1,835,211	$ 1,630,526	$ 204,685	$ -
Cash equivalents measured at the net asset value (NAV)				
Money market mutual funds	99,656			
Total cash equivalents measured at the NAV	99,656			
Total investments and cash equivalents measured at fair value	$ 1,934,867			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2018 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General Fund	$ 1,013,118	$ 1,204,298
Nonmajor Special Revenue Funds	144,009	84,573
Nonmajor Capital Projects Funds	1,024,539	243,632
Nonmajor Permanent Funds	35,750	5,810
Enterprise Funds	-	679,103
	$ 2,217,416	$ 2,217,416

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance, 7/1/17 (Restated)	Additions	Disposals	Balance, 6/30/18
Governmental activities				
Non-depreciated assets:				
Land	$ 2,850,286	$ -	$ -	$ 2,850,286
Art work	8,500	-	-	8,500
Construction in progress	1,020,108	194,936	-	1,215,044
	3,878,894	194,936	-	4,073,830
Depreciated assets:				
Buildings	2,910,397	69,131	-	2,979,528
Machinery & equipment	3,553,728	105,699	(26,451)	3,632,976
Infrastructure	2,362,296	-	-	2,362,296
	8,826,421	174,830	(26,451)	8,974,800
Less: accumulated depreciation	(4,323,179)	(435,086)	13,225	(4,745,040)
	4,503,242	(260,256)	(13,226)	4,229,760
Net governmental capital assets	$ 8,382,136	$ (65,320)	$ (13,226)	$ 8,303,590
Business-type activities				
Non-depreciated assets:				
Construction in progress	$ 415,932	$ -	$ -	$ 415,932
	415,932	-	-	415,932
Depreciated assets:				
Infrastructure	9,996,673	-	-	9,996,673
	9,996,673	-	-	9,996,673
Less: accumulated depreciation	(5,287,234)	(228,216)	-	(5,515,450)
	4,709,439	(228,216)	-	4,481,223
Net business-type capital assets	$ 5,125,371	$ (228,216)	$ -	$ 4,897,155

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:	
General government	$ 12,696
Public safety	83,798
Public works	318,974
Culture and recreation	19,618
Total governmental activities	435,086
Sewer department	228,216
Total business-type activities	228,216
Total depreciation expense	$ 663,302

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2018:

	Balance, 7/1/17 (Restated)	Additions	Deletions	Balance, 6/30/18	Current Portion
Governmental activities:					
Bonds payable	$ 1,715,492	$ -	$ (69,970)	$ 1,645,522	$ 70,957
Capital leases payable	498,131	82,100	(204,372)	375,859	126,478
Accrued compensated absences	267,901	2,624	-	270,525	270,525
Net OPEB liability	30,386	-	(11,278)	19,108	-
Net pension liability	276,930	-	(66,221)	210,709	-
Total	$ 2,788,840	$ 84,724	$ (351,841)	$ 2,521,723	$ 467,960
Business-type activities:					
Bonds payable	$ 601,203	$ -	$ (61,166)	$ 540,037	$ 61,284
Total	$ 601,203	$ -	$ (61,166)	$ 540,037	$ 61,284

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

Bonds payable	
Governmental activities:	
$350,000, 2015 General Obligation Bonds due in annual principal and interest payments of $23,353, through November of 2034. Interest is charged at a rate of 3.150% per annum.	$ 305,469
$1,397,750, 2016 General Obligation Bonds due in varying annual principal and interest payments of $74,952 to $91,445, through November of 2036. Interest is charged at a rate of 6.0% per annum.	1,340,053
Total governmental bonds payable	1,645,522
Business-type activities:	
$700,000, 2000 General Obligation Bond due in annual principal payments of $35,000 through 2020. Interest is charged at a rate varying from 4.676 - 5.751% per annum.	105,000
$539,000, 2014 Sewer Bond due in annual principal payments varying from $25,816 to $28,115, through 2033. Interest is charged at a rate of 0.450% per annum.	435,037
Total business-type bonds payable	540,037
Total bonds payable	$ 2,185,559

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bond principal and interest requirements for the next five fiscal years ending June 30 and in five year increments thereafter:

	Governmental Activities General Obligation		Business-type Activities Sewer		
	Principal	Interest	Principal	Interest	Total Debt Service
2019	$ 70,957	$ 43,438	$ 61,284	$ 3,307	$ 178,986
2020	72,019	42,376	61,402	3,190	178,987
2021	73,169	41,226	61,521	3,070	178,986
2022	74,484	39,910	26,640	2,950	143,984
2023	75,900	38,495	26,760	2,830	143,985
2024-2028	405,274	166,701	135,618	12,330	719,922
2029-2033	464,066	107,909	138,697	9,243	719,915
2034-2038	409,653	27,771	28,115	1,472	467,010
	$ 1,645,522	$ 507,825	$ 540,037	$ 38,392	$ 2,731,776

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town. No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended June 30, 2018 was $3,426.

NOTE 5 - LONG TERM DEBT (CONTINUED)

A summary of the outstanding capital leases payable is as follows:

Capital leases payable:	
$399,500, 2015 capital lease for a fire truck due in annual payments of $46,706 through April of 2024. Interest is charged at a rate of 3.30% per annum.	$ 250,498
$9,624, 2015 capital lease for a copier due in monthly payments of $179 through November of 2019. Interest is charged at a rate of 6.121% per annum.	2,908
$91,724, 2016 capital lease for a dump truck due in annual payments of $23,848 through November 2019. Interest is charged at a rate of 2.62% per annum.	23,239
$102,586, 2017 capital lease for a truck due in annual payments of $26,673 through December of 2020. Interest is charged at a rate of 2.68% per annum.	51,275
$63,000, 2017 capital lease for a dump truck due in annual payments of $31,905.78 through August 2018. Interest is charged at a rate of 2.61% per annum.	31,094
$19,100, 2017 capital lease for a copier due in monthly payments of $329 through January 2023. Interest is charged at a rate of 3.15% per annum.	16,845
Total capital leases payable	$ 375,859

Future minimum payments, for the fiscal years ending June 30, are as follows:

2019	$ 126,478
2020	71,317
2021	44,983
2022	46,323
2023	46,076
2024-2028	45,210
Total minimum lease payments	380,387
Less: Amount representing interest	(4,528)
Present value of future minimum lease payments	$ 375,859

NOTE 6 - NONSPENDABLE FUND BALANCES

At June 30, 2018, the Town had the following nonspendable fund balances:

Rockport Library	$	305,969
Nonmajor Permanent Funds (Schedule I)		540,447
	$	846,416

NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2018, the Town had the following restricted fund balances:

Rockport Library Fund	$	643,484
Nonmajor Special Revenue Funds (Schedule E)		323,971
Nonmajor Permanent Funds (Schedule I)		627,202
	$	1,594,657

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2018, the Town had the following committed fund balances:

Nonmajor Capital Projects Funds (Schedule G)	$	1,165,797

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2018, the Town had the following assigned fund balances:

General fund:		
West Rockport FS building impromvement	$	3,955
Parks and Rec sidewalk construction		2,053
Conservation commission engineering study		1,506
Lime kiln maintenance		1,713
Opera House web hosting and design		2,125
Overtax fund balance		254,390
FY19 budget - tax reduction		345,765
Nonmajor Special Revenue Funds (Schedule E)		8,174
	$	619,681

NOTE 10 - EXPENDITURES OVER APPROPRIATIONS

The Town had the following overspent appropriations at June 30, 2018.

Unclassified	$ 47,622

NOTE 11 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. As of June 30, 2018, the Town's share of school debt was as follows:

	Outstanding Debt	Town's Percentage	Total Share
MSAD # 28	$ 9,496,846	44.59%	$ 4,234,644
Knox County	4,060,676	13.08%	531,055
Five Town CSD	3,771,208	35.13%	1,324,825
			$ 6,090,524

NOTE 12 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local Town (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.mainepers.org or by contacting the System at (800) 451-9800.

Benefits Provided

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 System's retirement programs provide defined retirement

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.45% as of June 30, 2017. During the year ended June 30, 2018, the retirement system consisted of 283 participating employers.

Contributions

The contribution requirements of plan members and the Town are established and may be amended by the Maine State Legislature. Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town’s plan members are part of the PLD’s plan “AN” and are required to contribute 8.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 7.0% of covered payroll. The Town’s contribution to the MainePERS PLD Consolidated Plan for the fiscal years ended June 30, 2018, 2017 and 2016 were $31,387, $27,331 and $24,457, respectively.

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

At June 30, 2018, the Town reported a liability of $210,709 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liabilities were based on a projection of the Town’s long-term share of contributions to each pension plan relative to the projected contributions

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

of all PLDs, actuarially determined. At June 30, 2017, the Town's proportion was 0.0514632%, which was a decrease of 0.000657% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized net pension expense of $12,784. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 10,123
Changes of assumptions	17,930	-
Net difference between projected and actual earnings on pension plan investments	72,617	78,409
Changes in proportion and differences between contributions and proportionate share of contributions	10,931	1,868
Contributions subsequent to the measurement date	31,387	-
Total	$ 132,865	$ 90,400

$31,387 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2018	$ 571
2019	23,437
2020	1,414
2021	(14,346)
2022	-
Thereafter	-

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually.

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases – 2.20% for participating local districts.

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

	PLD Plan	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US government	7.5%	2.3%
Non-US equities		
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2017 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Plan:			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	$ 422,746	$ 210,709	$ 51,077

Changes in Net Pension Liability

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2017 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2017, this was 3 years for the PLD Consolidated Plan: prior to 2017, this was 4 years for the PLD Consolidated Plan.

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2017 Comprehensive Annual Financial Report available online at www.mainepers.org or by contacting the System at (207) 512-3100.

NOTE 13 - DEFERRED COMPENSATION PENSION PLAN

ICMA AND VALIC

Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Management Association Retirement Corporation (ICMA-RC). The plan permits employees to defer a portion of their salary until future years. There is an employer match by the Town of 4.5%. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

Funding Policy

Covered employees contribute 5.0% of their salary to the plan with the Town contributing 4.5%. The Town's contribution for the fiscal years ended June 30, 2018, 2017 and 2016 was $51,061, $51,277 and $39,896 respectively.

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

Plan Description

Town employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS)), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

required supplementary information for the Consolidated Plan. That report may be obtained online at www.mainepers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount, or $2,500.

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of $0.46 per $1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of $0.46 per $1,000 of coverage per month during the post-employment retired period. The Town's contribution to the Plan for the year ended June 30, 2018 was $1,185.

OPEB Liabilities

PLD Consolidated Plan

At June 30, 2018, the Town reported a liability of $19,108 for its proportionate share of the net OPEB liabilities for the PLD Plan. The net OPEB liabilities were measured as of June 30, 2017, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liabilities were based on a projection of the Town's long-term share of contributions to the PLD Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the Town's proportion was 0.18996%, which was a decrease of 0.01102% from its proportion measured as of June 30, 2016.

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

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

For the year ended June 30, 2018, the Town recognized total OPEB revenue of $1,252 for the PLD plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	PLD Life Insurance
Plan year ended June 30:	
2018	$ (2,051)
2019	(2,051)
2020	(2,051)
2021	(2,051)
2022	(1,822)
Thereafter	-

Actuarial Methods and Assumptions

The collective total OPEB liability for the PLD Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	5,324
Net difference between projected and actual earnings on pension plan investments	-	915
Changes in proportion and differences between contributions and proportionate share of contributions	-	3,787
Contributions subsequent to the measurement date	-	-
Total	$ -	$ 10,026

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the Plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

Amortization

The net OPEB liability of the PLD Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2017, there were 13 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

Investment Rate of Return - 6.875% per annum, compounded annually

Inflation Rate - 2.75%

Annual Salary Increases including Inflation - 2.75% to 9.00% per year

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANSS (CONTINUED)

Mortality Rates - For active members and non-disabled retirees of the Plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.

Participation Rate for Future Retirees - 100% of those currently enrolled

Conversion Charges - Apply to the cost of active group life insurance, not retiree group life insurance.

Form of Benefit Payment - Lump sum

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	16.00%	3.00%
US Government securities	9.00%	2.30%
Total	100.00%	

Discount Rate

The discount rate used to measure the collective total OPEB liability was 5.41% for 2017. The projection of cash flows used to determine the discount rate assumed

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

that employer contributions will be made at contractually required rates, actuarially determined.

The following table shows how the collective net OPEB liability/(asset) as of June 30, 2017 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 5.41%.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance:			
Discount rate	4.41%	5.41%	6.41%
Town's proportionate share of the net OPEB liability	$ 25,644	$ 19,108	$ 13,948

Changes in Net OPEB Liability

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2017 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2017 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each Plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Investment Earnings on OPEB Plans Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each Plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period for the Plan was six years for 2017. For the fiscal year ended June 30, 2017, there were no changes in assumptions with the exception of the use of a blended discount rate for both Plans. Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions Plans*, requires the use of a blended discount rate for determining the total OPEB liability when it is projected that Plan assets are not sufficient to meet benefit obligations in the future. In years where assets are projected to be sufficient to pay benefits, the Plan's assumed rate of return is used; in years where assets are not projected to be sufficient to pay benefits, the use of a municipal bond rate is required. The result is a single blended discount rate.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each Plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2017.

OPEB Plans Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2017 Comprehensive Annual Financial Report available online at www.mainepers.org or by contacting the System at (207) 512-3100.

NOTE 15 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2018.

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is $400,000 per occurrence. A $2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a “claims made” form. A $2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a $4,000,000 annual aggregate limit. An annual sublimit of $100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a $5,000 retention and a 10% contribution by the member.

The Town is also a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies’ reinsurance contracts, coverage for claims in excess of $1,000,000.

The Town is also a member of the Maine Municipal Association – Unemployment Compensation Group Fund (“MMA UC Fund”). The MMA UC Fund was created to assist in meeting members’ obligations under the Employment Security Act in an efficient and cost effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As

NOTE 15 - RISK MANAGEMENT (CONTINUED)

such, the Town makes quarterly payments into their account, based on rates developed by MMA's consulting actuary. Claims, if any, are paid out of the Town's own account. The Maine Department of Labor classifies MMA's UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2018. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 16 - JOINT VENTURE

The Town has entered into a joint venture with a number of other Towns. This joint venture is considered to be a separate reporting entity and has not been included within the financial statements of the Town of Rockport, Maine. A brief description of the joint venture, Mid Coast Solid Waste Corporation follows:

MID COAST SOLID WASTE CORPORATION

The Town has entered into an interlocal agreement with the Towns of Camden, Lincolnville, and Hope to operate a recycling facility. The Corporation is managed by a Board of Directors appointed by the municipal officers of each Member Municipality. Operating costs of the Corporation are allocated among Member Municipalities based on a formula of average valuation and population. The 2018 fiscal year assessment was calculated as follows:

Camden	42.67%
Hope	9.87%
Lincolnville	16.71%
Rockport	30.78%

The Town of Rockport, Maine's cost for the year ended June 30, 2018 was $172,579.

NOTE 17 - CONTINGENCIES AND COMMITMENTS

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

Leasing arrangements where the Town is lessor:

The Town of Rockport leases a facility at 101 Main Street to Mainely Lobster, the lessee, for its business operations in Rockport, Maine. This is a three year lease. Rental income of $1,900 was received in fiscal year 2018.

Operating leases do not give rise to property rights and therefore the results of the lease agreements are not reflected in the Town's capital assets. The lessees are responsible for paying all executor costs such as maintenance and insurance.

NOTE 18 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS

Tax Increment Financing Districts

The Town has established a tax increment financing district in accordance with Maine statutes to finance economic development programs located in the Town of Rockport, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program, and to finance future expansion.

Camden National Bank/State of Maine Cheese TIF District

On March 13, 2000, the Rockport Board of Selectmen, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy. The area of the District is approximately 220.7 acres of land. The projects implemented under this Development Program include: wastewater service installation for users along Route One in two areas and extension of water service in one area. The original assessed value of the property is $50,324,770. The Town anticipates over the life of the district that new development, rehabilitation, and redevelopment will result

NOTE 18 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS (CONTINUED)

in approximately $56,264,095 in new taxable value in the year 2000 and increase at a minimum rate of 1.5% over the life of the TIF District. Tax increment revenues generated from this value over the life of the district will be approximately $1,675,000. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value for 20 years. The tax increment revenues will be used to retire the $700,000 bond taken to finance the construction, the excess will be deposited by the Town into the Development Program Fund in reserve to finance future infrastructure projects. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

Downtown Tax Increment Financing District

On November 3, 2009, the Rockport Board of Selectmen, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy. The area of the District is approximately 18.92 acres of land. The projects implemented under this Development Program include: improvements to buildings and structures, machinery and equipment and economic development planning and administrative expenses associated with the development effort. The original assessed value of the property is $12,027,200. The Town anticipates over the life of the district that new development, rehabilitation, and redevelopment will result in approximately $12,250,000 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately $2,396,000. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value for 20 years. The tax increment revenues will be deposited by the Town into the Development Program Fund for a period of 20 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

The TIF District will remain in place for a period of 20 years from adoption, expiring on March 28, 2030. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period not to exceed 20 years or the remainder of the term of the District designation, whichever is less. Credit Enhancement Agreements available to investors/developers are as follows:

NOTE 18 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS (CONTINUED)

Credit Enhancement Agreements within the First Five Years of Adoption

Capital investments in properties within the designated Downtown TIF District that have begun within the first five years of the adoption of the TIF policy and meet the statutory criteria for TIF are eligible for the following financing scenario:

Years 1 through 3 – Up to 75 percent benefit to the investor and 25 percent benefit to the Town of Rockport.

Years 4 through 7 – Up to 50 percent benefit to the investor and 50 percent benefit to the Town of Rockport.

Years 8 through 10 – Up to 25 percent benefit to the investor and 75 percent benefit to the Town of Rockport.

Over the ten year life of the credit enhancement agreement 50 percent of the “captured revenue” would return to the property owner/developer, while 50 percent of the “captured revenue” would be dedicated for municipal use of eligible activities within the district.

Credit Enhancement Agreements Beyond Year Five of Adoption

Capital investments in properties within the designated Downtown TIF District that occur beyond the fifth year of the adoption of the TIF policy and meet the statutory criteria for TIF are eligible for the following financing scenario:

Years 1 through 3 – Up to 50 percent benefit to the investor and 50 percent benefit to the Town of Rockport.

Years 4 through 7 – Up to 33 percent benefit to the investor and 67 percent benefit to the Town of Rockport.

Years 8 through 10 – Up to 25 percent benefit to the investor and 75 percent benefit to the Town of Rockport.

Over the ten year life of the credit enhancement agreement 35.7 percent of the “captured revenue” would return to the property owner/developer, while 64.3 percent of the “captured revenue” would be dedicated for municipal use of eligible activities within the district.

NOTE 18 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS (CONTINUED)

Credit Enhancement Agreements Beyond Year Five of Adoption for Projects Designated as Significant

During the twenty year life of the TIF Policy, significant projects may surface that warrant a credit enhancement agreement that provides greater incentive to the investor. The following is the financing scenario for those projects:

Years 1 through 3 – Up to 75 percent benefit to the investor and 25 percent benefit to the Town of Rockport.

Years 4 through 7 – Up to 50 percent benefit to the investor and 50 percent benefit to the Town of Rockport.

Years 8 through 10 – Up to 25 percent benefit to the investor and 75 percent benefit to the Town of Rockport.

Over the ten year life of the credit enhancement agreement 50 percent of the "captured revenue" would return to the property owner/developer, while 50 percent of the "captured revenue" would be dedicated for municipal use of eligible activities within the district.

The Selectmen shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be completed within five years of the approval of the District.

Abatements

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities, and during the year ended June 30, 2018, had no active tax abatement agreements.

NOTE 19 - RESTATEMENTS

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial

NOTE 19 - RESTATEMENTS (CONTINUED)

Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). This restatement amounted to $30,386. Capital assets were also restated to reflect the construction in progress for various road projects, fire equipment and the Town Hall vestibule acquisitions in fiscal year 2017. This restatement amounted to $929,247. The beginning net position was restated by $898,861.

The resulting restatements increased net position from $12,116,183 to $13,015,044 for governmental activities.

NOTE 20 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Proportionate Share of Net OPEB Liability
- Schedule of Contributions - OPEB

SCHEDULE 1

TOWN OF ROCKPORT, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 2,995,654	$ 2,995,654	$ 2,995,654	$ -
Resources (Inflows):				
Taxes:				
Property taxes	13,813,444	13,813,444	13,972,664	159,220
Excise taxes	766,000	766,000	860,235	94,235
Intergovernmental revenues:				
State revenue sharing	256,007	256,007	139,539	(116,468)
Homestead exemption	136,097	136,097	102,562	(33,535)
Local road assistance	52,000	52,000	53,316	1,316
Other	106,684	106,684	112,344	5,660
Charges for services	426,393	426,393	341,837	(84,556)
Interest income	20,000	20,000	49,386	29,386
Miscellaneous revenues	161,140	161,140	230,390	69,250
Lease proceeds	32,000	114,100	114,100	-
Transfers from other funds	73,710	73,710	561,003	487,293
Amounts Available for Appropriation	18,839,129	18,921,229	19,533,030	611,801
Charges to Appropriations (Outflows):				
Current:				
General government	1,252,591	1,271,691	1,199,327	72,364
Public safety	1,388,243	1,392,198	1,346,222	45,976
Public works	1,815,885	1,897,825	1,833,926	63,899
Human services	27,335	27,335	16,265	11,070
Culture and recreation	678,395	687,917	524,954	162,963
Education	9,185,000	9,185,000	9,132,629	52,371
County fees	1,059,031	1,059,031	1,059,031	-
TIF	103,470	103,470	-	103,470
Unclassified	174,263	179,835	227,457	(47,622)
Debt service:				
Principal	108,455	108,455	104,998	3,457
Interest	44,420	44,420	44,396	24
Transfers to other funds	171,750	221,750	221,750	-
Total Charges to Appropriations	16,008,838	16,178,927	15,710,955	467,972
Budgetary Fund Balance, June 30	$ 2,830,291	$ 2,742,302	$ 3,822,075	$ 1,079,773
Utilization of assigned fund balance	$ 55,363	$ 143,352	$ -	$ (143,352)
Utilization of unassigned fund balance	110,000	110,000	-	(110,000)
	$ 165,363	$ 253,352	$ -	$ (253,352)

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE 2

TOWN OF ROCKPORT, MAINE

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2018	2017	2016	2015
PLD Plan:				
Proportion of the net pension liability	0.05%	0.05%	0.05%	0.05%
Proportionate share of the net pension liability	$ 210,709	$ 276,930	$ 146,612	$ 69,984
Covered-employee payroll	420,448	436,733	467,938	466,321
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.12%	63.41%	31.33%	15.01%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE 3

TOWN OF ROCKPORT, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	2018	2017	2016	2015
PLD Plan:				
Contractually required contribution	$ 31,387	$ 27,331	$ 24,457	$ 15,766
Contributions in relation to the contractually required contribution	(31,387)	(27,331)	(24,457)	(15,766)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	448,386	420,448	436,733	467,938
Contributions as a percentage of covered-employee payroll	7.00%	6.50%	5.60%	3.37%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE 4

TOWN OF ROCKPORT, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	2018	2017
PLD Life Insurance:		
Proportion of the net OPEB liability	0.11%	0.13%
District's proportionate share of the net OPEB liability	$ 19,108	$ 30,386
Covered-employee payroll	$ 420,448	$ 436,733
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	4.54%	6.96%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE 5

TOWN OF ROCKPORT, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2018	2017
PLD Life Insurance:		
Contractually required contribution	$ -	$ -
Contributions in relation to the contractually required contribution	-	-
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 448,386	$ 420,448
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

SCHEDULE A

TOWN OF ROCKPORT, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	$ 13,813,444	$ 13,813,444	$ 13,972,664	$ 159,220
Motor vehicle excise	750,000	750,000	845,374	95,374
Boat excise	16,000	16,000	14,861	(1,139)
Intergovernmental revenues:				
State revenue sharing	256,007	256,007	139,539	(116,468)
Homestead exemption	136,097	136,097	102,562	(33,535)
Tree growth reimbursement	-	-	5,720	5,720
Local roads	52,000	52,000	53,316	1,316
BETE	93,804	93,804	93,948	144
General assistance	12,880	12,880	8,016	(4,864)
Other state/federal funds	-	-	4,660	4,660
Charges for services:				
Town manager	40	40	1,034	994
Town clerk	38,400	38,400	37,605	(795)
Planning	47,900	47,900	45,257	(2,643)
Assessing	69,098	69,098	69,020	(78)
Police department income	4,200	4,200	5,312	1,112
Animal control fees	900	900	2,031	1,131
Public works income	2,000	2,000	10,140	8,140
Fire department income	-	-	1,225	1,225
Harbormaster	124,500	124,500	129,216	4,716
Library	92,387	92,387	-	(92,387)
Snowmobile	400	400	497	97
Opera house	27,440	27,440	22,347	(5,093)
Cemeteries	15,250	15,250	15,575	325
Publicly funded utilities	3,878	3,878	2,578	(1,300)
Investment income:				
Regular investment income	20,000	20,000	44,787	24,787
Insurance dividend	-	-	4,599	4,599
Other revenues:				
Fees/interest on taxes	53,100	53,100	47,062	(6,038)
WW wages, benefits and other	58,080	58,080	62,267	4,187
Insurance reimbursements	2,850	2,850	10,908	8,058
Payment in lieu of taxes	14,100	14,100	40,058	25,958
Cable t.v. franchise	32,000	32,000	35,993	3,993
Sale of tax acquired property	-	-	1	1
Misc. other	1,010	1,010	34,101	33,091
Lease proceeds	32,000	114,100	114,100	-
Transfers from other funds	73,710	73,710	561,003	487,293
Amounts Available for Appropriation	$ 15,843,475	$ 15,925,575	$ 16,537,376	$ 611,801

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	$ 36,430	$ -	$ 36,430	$ 39,277	$ (2,847)
Town manager	268,260	-	268,260	253,498	14,762
Town clerk	230,546	-	230,546	212,496	18,050
Planning and community development	268,410	-	268,410	201,948	66,462
Finance	134,710	-	134,710	129,175	5,535
Assessing	188,848	-	188,848	180,961	7,887
Town office building	59,589	19,100	78,689	125,427	(46,738)
Insurance	65,798	-	65,798	56,545	9,253
	1,252,591	19,100	1,271,691	1,199,327	72,364
Public safety:					
Police department	607,330	-	607,330	570,073	37,257
Fire department	304,271	-	304,271	320,090	(15,819)
West Rockport fire station	5,749	3,955	9,704	8,356	1,348
Publicly funded utilities	257,216	-	257,216	245,999	11,217
Animal control	5,349	-	5,349	5,005	344
Harbor master	173,162	-	173,162	158,954	14,208
Public safety building	32,156	-	32,156	35,534	(3,378)
Emergency management	3,010	-	3,010	2,211	799
	1,388,243	3,955	1,392,198	1,346,222	45,976
Public works:					
Public works department	1,639,006	81,940	1,720,946	1,671,336	49,610
Sanitation	176,879	-	176,879	162,590	14,289
	1,815,885	81,940	1,897,825	1,833,926	63,899
Human services:					
General assistance	27,335	-	27,335	16,265	11,070
	27,335	-	27,335	16,265	11,070

TOWN OF ROCKPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Culture and recreation:					
Library	479,806	-	479,806	354,624	125,182
Conservation commission	8,410	1,506	9,916	8,638	1,278
Parks and recreation	64,487	3,766	68,253	61,786	6,467
Opera House	122,862	4,250	127,112	99,179	27,933
Library building (1 Limerock)	2,830	-	2,830	727	2,103
	678,395	9,522	687,917	524,954	162,963
Debt service:					
Principal	108,455	-	108,455	104,998	3,457
Interest	44,420	-	44,420	44,396	24
	152,875	-	152,875	149,394	3,481
TIF	103,470	-	103,470	-	103,470
Education	9,185,000	-	9,185,000	9,132,629	52,371
County fees:					
County tax	968,701	-	968,701	968,701	-
E-911	60,514	-	60,514	60,514	-
Dispatch	29,816	-	29,816	29,816	-
	1,059,031	-	1,059,031	1,059,031	-
Unclassified:					
Cemeteries	55,075	1,938	57,013	52,029	4,984
RES East	6,132	3,634	9,766	2,433	7,333
Special assessments	6,800	-	6,800	4,693	2,107
Miscellaneous	9,556	-	9,556	9,556	-
Overlay	96,700	-	96,700	158,746	(62,046)
	174,263	5,572	179,835	227,457	(47,622)
Transfers to other funds:					
Special revenue funds	10,000	-	10,000	10,000	-
Capital projects funds	161,750	50,000	211,750	211,750	-
	171,750	50,000	221,750	221,750	-
Total Departmental Operations	$ 16,008,838	$ 170,089	$ 16,178,927	$ 15,710,955	$ 467,972

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE C

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 161,183	$ 384,890	$ 330,135	$ 876,208
Investments	109,026	-	807,119	916,145
Due from other funds	144,009	1,024,539	35,750	1,204,298
TOTAL ASSETS	$ 414,218	$ 1,409,429	$ 1,173,004	$ 2,996,651
LIABILITIES				
Due to other funds	$ 84,573	$ 243,632	$ 5,810	$ 334,015
TOTAL LIABILITIES	84,573	243,632	5,810	334,015
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	540,447	540,447
Restricted	323,971	-	627,202	951,173
Committed	-	1,165,797	-	1,165,797
Assigned	8,174	-	-	8,174
Unassigned	(2,500)	-	(455)	(2,955)
TOTAL FUND BALANCES (DEFICITS)	329,645	1,165,797	1,167,194	2,662,636
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	$ 414,218	$ 1,409,429	$ 1,173,004	$ 2,996,651

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	$ 45,923	$ -	$ -	$ 45,923
Interest income	12,254	12,157	-	24,411
Investment income, net of unrealized gains/(losses)	-	-	70,455	70,455
Other	146,480	-	-	146,480
TOTAL REVENUES	204,657	12,157	70,455	287,269
EXPENDITURES				
Capital outlay	-	279,846	-	279,846
Program expenses	277,291	2,411	10,000	289,702
TOTAL EXPENDITURES	277,291	282,257	10,000	569,548
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(72,634)	(270,100)	60,455	(282,279)
OTHER FINANCING SOURCES (USES)				
Transfers in	43,540	270,459	-	313,999
Transfers (out)	(518,045)	(105,419)	(1,882)	(625,346)
TOTAL OTHER FINANCING SOURCES (USES)	(474,505)	165,040	(1,882)	(311,347)
NET CHANGE IN FUND BALANCES	(547,139)	(105,060)	58,573	(593,626)
FUND BALANCES - JULY 1	876,784	1,270,857	1,108,621	3,256,262
FUND BALANCES - JUNE 30	$ 329,645	$ 1,165,797	$ 1,167,194	$ 2,662,636

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

SCHEDULE E

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Comprehensive Plan	Energy Grant	State Planning Grant	S&T King Fire Dept Grant	Cascade Foundation PD Video	Cascade Foundation FD Thermal	Rotary Club of West Bay	General Assistance Heating	General Assistance Stewart Fund
ASSETS									
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments	-	-	-	-	-	-	-	-	-
Due from other funds	2,719	2,000	1,000	225	1,995	1,803	35	876	2,641
TOTAL ASSETS	$ 2,719	$ 2,000	$ 1,000	$ 225	$ 1,995	$ 1,803	$ 35	$ 876	$ 2,641
LIABILITIES									
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	2,719	2,000	1,000	225	1,995	1,803	35	876	2,641
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	2,719	2,000	1,000	225	1,995	1,803	35	876	2,641
TOTAL LIABILITIES AND FUND BALANCES	$ 2,719	$ 2,000	$ 1,000	$ 225	$ 1,995	$ 1,803	$ 35	$ 876	$ 2,641

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	General Assistance Donations	Legacy Rockport	Police Dept Federal Forfeiture	Opera House Chair Donations	Miscellaneous	125th Anniversary Celebration	Police Dept Training Reserve	Employee Accrued Benefits	Library Grants
ASSETS									
Cash and cash equivalents	$ -	$ 4,939	$ -	$ -	$ -	$ 27,107	$ -	$ -	$ -
Investments	-	-	-	-	-	-	-	-	-
Due from other funds	3,759	3,707	8,174	1,573	4,843	-	22,022	60,140	390
TOTAL ASSETS	$ 3,759	$ 8,646	$ 8,174	$ 1,573	$ 4,843	$ 27,107	$ 22,022	$ 60,140	$ 390
LIABILITIES									
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ 14,788	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-	-	14,788	-	-	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	3,759	8,646	-	1,573	4,843	12,319	22,022	60,140	390
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	8,174	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	3,759	8,646	8,174	1,573	4,843	12,319	22,022	60,140	390
TOTAL LIABILITIES AND FUND BALANCES	$ 3,759	$ 8,646	$ 8,174	$ 1,573	$ 4,843	$ 27,107	$ 22,022	$ 60,140	$ 390

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Fire Department Miscellaneous	Library Building	Rohroubh Library Fund	Boyd Library Fund	Ellis Library Fund	CDBG Avena Botanicals Pass-Through Grant
ASSETS						
Cash and cash equivalents	$ -	$ 81,267	$ 3,309	$ 1,385	$ 3,302	$ -
Investments	-	-	45,120	18,879	45,027	-
Due from other funds	5,490	-	-	-	-	-
TOTAL ASSETS	$ 5,490	$ 81,267	$ 48,429	$ 20,264	$ 48,329	$ -
LIABILITIES						
Due to other funds	$ -	$ 50,701	$ 4,457	$ 2,133	$ 4,663	$ -
TOTAL LIABILITIES	-	50,701	4,457	2,133	4,663	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	5,490	30,566	43,972	18,131	43,666	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	5,490	30,566	43,972	18,131	43,666	-
TOTAL LIABILITIES AND FUND BALANCES	$ 5,490	$ 81,267	$ 48,429	$ 20,264	$ 48,329	$ -

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Library Operational	Commercial St. Waste Water TIF	Downtown TIF	Conservation Committee Grant	Hurricane Harvey Donations	Holiday on Harbor Donations	Ridge at Rockport Escrow	Total
ASSETS								
Cash and cash equivalents	$ 39,874	$ -	$ -	$ -	$ -	$ -	$ -	$ 161,183
Investments	-	-	-	-	-	-	-	109,026
Due from other funds	-	-	-	500	-	5,117	15,000	144,009
TOTAL ASSETS	$ 39,874	$ -	$ -	$ 500	$ -	$ 5,117	$ 15,000	$ 414,218
LIABILITIES								
Due to other funds	$ 5,331	$ -	$ 2,500	$ -	$ -	$ -	$ -	$ 84,573
TOTAL LIABILITIES	5,331	-	2,500	-	-	-	-	84,573
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	34,543	-	-	500	-	5,117	15,000	323,971
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	8,174
Unassigned	-	-	(2,500)	-	-	-	-	(2,500)
TOTAL FUND BALANCES	34,543	-	(2,500)	500	-	5,117	15,000	329,645
TOTAL LIABILITIES AND FUND BALANCES	$ 39,874	$ -	$ -	$ 500	$ -	$ 5,117	$ 15,000	$ 414,218

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Comprehensive Plan	Energy Grant	State Planning Grant	S&T King Fire Dept Grant	Cascade Foundation PD Video	Cascade Foundation FD Thermal	Rotary Club of West Bay	General Assistance Heating	General Assistance Stewart Fund
REVENUES									
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest income	-	-	-	-	25	23	2	11	35
Other	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	25	23	2	11	35
EXPENDITURES									
Program expenses	-	-	-	-	-	-	167	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-	167	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	25	23	(165)	11	35
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	25	23	(165)	11	35
FUND BALANCES - JULY 1	2,719	2,000	1,000	225	1,970	1,780	200	865	2,606
FUND BALANCES - JUNE 30	$ 2,719	$ 2,000	$ 1,000	$ 225	$ 1,995	$ 1,803	$ 35	$ 876	$ 2,641

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Assistance Donations	Legacy Rockport	Police Dept Federal Forfeiture	Opera House Chair Donations	Miscellaneous	125th Anniversary Celebration	Police Dept Training Reserve	Employee Accrued Benefits	Library Grants
REVENUES									
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest income	8	125	-	20	41	337	775	426	-
Other	2,200	5,973	-	-	-	715	-	-	-
TOTAL REVENUES	2,208	6,098	-	20	41	1,052	775	426	-
EXPENDITURES									
Program expenses	-	17,671	1,148	-	-	4,280	-	8,399	2,110
TOTAL EXPENDITURES	-	17,671	1,148	-	-	4,280	-	8,399	2,110
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,208	(11,573)	(1,148)	20	41	(3,228)	775	(7,973)	(2,110)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	10,000	-
Transfers (out)	-	-	-	-	-	-	(4,939)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	(4,939)	10,000	-
NET CHANGE IN FUND BALANCES	2,208	(11,573)	(1,148)	20	41	(3,228)	(4,164)	2,027	(2,110)
FUND BALANCES - JULY 1	1,551	20,219	9,322	1,553	4,802	15,547	26,186	58,113	2,500
FUND BALANCES - JUNE 30	$ 3,759	$ 8,646	$ 8,174	$ 1,573	$ 4,843	$ 12,319	$ 22,022	$ 60,140	$ 390

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Fire Department Miscellaneous	Library Building	Rohroubh Library Fund	Boyd Library Fund	Ellis Library Fund	CDBG Avena Botanicals Pass-Through Grant
REVENUES						
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ 45,423
Interest income	-	1,009	3,884	1,605	3,859	-
Other	400	-	-	-	-	-
TOTAL REVENUES	400	1,009	3,884	1,605	3,859	45,423
EXPENDITURES						
Program expenses	-	50,700	-	-	-	45,423
TOTAL EXPENDITURES	-	50,700	-	-	-	45,423
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	400	(49,691)	3,884	1,605	3,859	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	(1,555)	(648)	(1,549)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,555)	(648)	(1,549)	-
NET CHANGE IN FUND BALANCES	400	(49,691)	2,329	957	2,310	-
FUND BALANCES - JULY 1	5,090	80,257	41,643	17,174	41,356	-
FUND BALANCES - JUNE 30	$ 5,490	$ 30,566	$ 43,972	$ 18,131	$ 43,666	$ -

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Library Operational	Commercial St. Waste Water TIF	Downtown TIF	Conservation Committee Grant	Hurricane Harvey Donations	Holiday on Harbor Donations	Ridge at Rockport Escrow	Total
REVENUES								
Intergovernmental	$ -	$ -	$ -	$ 500	$ -	$ -	$ -	$ 45,923
Interest income	69	-	-	-	-	-	-	12,254
Other	92,083	-	-	-	22,737	7,372	15,000	146,480
TOTAL REVENUES	92,152	-	-	500	22,737	7,372	15,000	204,657
EXPENDITURES								
Program expenses	119,901	-	2,500	-	22,737	2,255	-	277,291
TOTAL EXPENDITURES	119,901	-	2,500	-	22,737	2,255	-	277,291
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(27,749)	-	(2,500)	500	-	5,117	15,000	(72,634)
OTHER FINANCING SOURCES (USES)								
Transfers in	33,540	-	-	-	-	-	-	43,540
Transfers (out)	-	(468,100)	(41,254)	-	-	-	-	(518,045)
TOTAL OTHER FINANCING SOURCES (USES)	33,540	(468,100)	(41,254)	-	-	-	-	(474,505)
NET CHANGE IN FUND BALANCES	5,791	(468,100)	(43,754)	500	-	5,117	15,000	(547,139)
FUND BALANCES - JULY 1	28,752	468,100	41,254	-	-	-	-	876,784
FUND BALANCES - JUNE 30	$ 34,543	$ -	$ (2,500)	$ 500	$ -	$ 5,117	$ 15,000	$ 329,645

See accompanying independent auditors' report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Sand/Salt Shed	Mill Street Bridge	Pascal Avenue High Sidewalk	Mt. Pleasant Street	Summer Street	Public Works Roof
ASSETS						
Cash and cash equivalents	$ -	$ -	$ 19,245	$ 192,445	$ -	$ 111,618
Due from other funds	1,611	-	-	-	-	-
TOTAL ASSETS	$ 1,611	$ -	$ 19,245	$ 192,445	$ -	$ 111,618
LIABILITIES						
Due to other funds	$ -	$ -	$ 19,245	$ 172,348	$ -	$ 52,039
TOTAL LIABILITIES	-	-	19,245	172,348	-	52,039
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	1,611	-	-	20,097	-	59,579
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	1,611	-	-	20,097	-	59,579
TOTAL LIABILITIES AND FUND BALANCES	$ 1,611	$ -	$ 19,245	$ 192,445	$ -	$ 111,618

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Public Works Equipment Reserve	Video Equipment Reserve	Harbor Float Reserve	Harbor Boat Engine Reserve	Pathways Reserve	Recreation Department Reserve	Harbor Land Acquisition Kononen
ASSETS							
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Due from other funds	77,506	399	19,086	4,385	29,683	37,885	2,550
TOTAL ASSETS	$ 77,506	$ 399	$ 19,086	$ 4,385	$ 29,683	$ 37,885	$ 2,550
LIABILITIES							
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	77,506	399	19,086	4,385	29,683	37,885	2,550
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	77,506	399	19,086	4,385	29,683	37,885	2,550
TOTAL LIABILITIES AND FUND BALANCES	$ 77,506	$ 399	$ 19,086	$ 4,385	$ 29,683	$ 37,885	$ 2,550

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Walker Park Playground Reserve	Cemetery Reserve	Waste Water Capital Reserve	Waste Water Camden Upgrade Reserve	Police Department Vehicle Reserve	Opera House Building Reserve	Fire Department Equipment Reserve
ASSETS							
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Due from other funds	13,634	3,564	383,590	15,000	764	67,956	306,906
TOTAL ASSETS	$ 13,634	$ 3,564	$ 383,590	$ 15,000	$ 764	$ 67,956	$ 306,906
LIABILITIES							
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	13,634	3,564	383,590	15,000	764	67,956	306,906
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	13,634	3,564	383,590	15,000	764	67,956	306,906
TOTAL LIABILITIES AND FUND BALANCES	$ 13,634	$ 3,564	$ 383,590	$ 15,000	$ 764	$ 67,956	$ 306,906

SCHEDULE G (CONTINUED)

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	W. Rockport Fire Station	Opera House Repairs	Computer Reserve	Town Office Building Reserve	Harbor Boat Reserve	Total
ASSETS						
Cash and cash equivalents	$ 61,582	$ -	$ -	$ -	$ -	$ 384,890
Due from other funds	23,841	73	22,263	5,142	8,701	1,024,539
TOTAL ASSETS	$ 85,423	$ 73	$ 22,263	$ 5,142	$ 8,701	$ 1,409,429
LIABILITIES						
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ 243,632
TOTAL LIABILITIES	-	-	-	-	-	243,632
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	85,423	73	22,263	5,142	8,701	1,165,797
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	85,423	73	22,263	5,142	8,701	1,165,797
TOTAL LIABILITIES AND FUND BALANCES	$ 85,423	$ 73	$ 22,263	$ 5,142	$ 8,701	$ 1,409,429

See accompanying independent auditors’ report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Sand/Salt Shed	Mill Street Bridge	Pascal Avenue High Sidewalk	Mt. Pleasant Street	Summer Street	Public Works Roof
REVENUES						
Interest income	$ -	$ -	$ 223	$ 2,391	$ -	$ 1,385
TOTAL REVENUES	-	-	223	2,391	-	1,385
EXPENDITURES						
Capital outlay	-	8,697	34,690	133,527	18,022	62,000
Program expenses	-	-	-	-	-	-
TOTAL EXPENDITURES	-	8,697	34,690	133,527	18,022	62,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(8,697)	(34,467)	(131,136)	(18,022)	(60,615)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	8,697	31,990	-	18,022	-
Transfers (out)	-	-	-	(58,709)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	8,697	31,990	(58,709)	18,022	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(2,477)	(189,845)	-	(60,615)
FUND BALANCES (DEFICITS) - JULY 1	1,611	-	2,477	209,942	-	120,194
FUND BALANCES (DEFICITS) - JUNE 30	$ 1,611	$ -	$ -	$ 20,097	$ -	$ 59,579

SCHEDULE H (CONTINUED)

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Public Works Equipment Reserve	Video Equipment Reserve	Harbor Float Reserve	Harbor Boat Engine Reserve	Pathways Reserve	Recreation Department Reserve	Harbor Land Acquisition Kononen
REVENUES							
Interest income	$ 530	$ 13	$ 81	$ 54	$ 315	$ 657	$ -
TOTAL REVENUES	530	13	81	54	315	657	-
EXPENDITURES							
Capital outlay	-	-	-	-	-	15,779	-
Program expenses	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	15,779	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	530	13	81	54	315	(15,122)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	56,500	-	19,000	-	8,000	3,750	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	56,500	-	19,000	-	8,000	3,750	-
NET CHANGE IN FUND BALANCES (DEFICITS)	57,030	13	19,081	54	8,315	(11,372)	-
FUND BALANCES (DEFICITS) - JULY 1	20,476	386	5	4,331	21,368	49,257	2,550
FUND BALANCES (DEFICITS) - JUNE 30	$ 77,506	$ 399	$ 19,086	$ 4,385	$ 29,683	$ 37,885	$ 2,550

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Walker Park Playground Reserve	Cemetery Reserve	Waste Water Capital Reserve	Waste Water Camden Upgrade Reserve	Police Department Vehicle Reserve	Opera House Building Reserve	Fire Department Equipment Reserve
REVENUES							
Interest income	$ -	$ 64	$ -	$ -	$ 158	$ 1,030	$ 4,015
TOTAL REVENUES	-	64	-	-	158	1,030	4,015
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
Program expenses	500	-	-	-	-	1,911	-
TOTAL EXPENDITURES	500	-	-	-	-	1,911	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(500)	64	-	-	158	(881)	4,015
OTHER FINANCING SOURCES (USES)							
Transfers in	-	1,000	-	-	-	20,000	80,000
Transfers (out)	-	-	-	-	-	-	(46,710)
TOTAL OTHER FINANCING SOURCES (USES)	-	1,000	-	-	-	20,000	33,290
NET CHANGE IN FUND BALANCES (DEFICITS)	(500)	1,064	-	-	158	19,119	37,305
FUND BALANCES (DEFICITS) - JULY 1	14,134	2,500	383,590	15,000	606	48,837	269,601
FUND BALANCES (DEFICITS) - JUNE 30	$ 13,634	$ 3,564	$ 383,590	$ 15,000	$ 764	$ 67,956	$ 306,906

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	W. Rockport Fire Station	Opera House Repairs	Computer Reserve	Town Office Building Reserve	Harbor Boat Reserve	Total
REVENUES						
Interest income	$ 780	$ -	$ 152	$ 199	$ 110	$ 12,157
TOTAL REVENUES	780	-	152	199	110	12,157
EXPENDITURES						
Capital outlay	-	-	-	7,131	-	279,846
Program expenses	-	-	-	-	-	2,411
TOTAL EXPENDITURES	-	-	-	7,131	-	282,257
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	780	-	152	(6,932)	110	(270,100)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	17,000	6,500	-	270,459
Transfers (out)	-	-	-	-	-	(105,419)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	17,000	6,500	-	165,040
NET CHANGE IN FUND BALANCES (DEFICITS)	780	-	17,152	(432)	110	(105,060)
FUND BALANCES (DEFICITS) - JULY 1	84,643	73	5,111	5,574	8,591	1,270,857
FUND BALANCES (DEFICITS) - JUNE 30	$ 85,423	$ 73	$ 22,263	$ 5,142	$ 8,701	$ 1,165,797

See accompanying independent auditors' report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the Town of Rockport, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Unit or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of cemeteries and scholarships.

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2018

	Chatfield Fund for Library	Dodge Fund for Library	Gardner Fund for Library	Public Assistance Welfare	Cemetery	Total
ASSETS						
Cash and cash equivalents	$ 1,025	$ 699	$ 2,291	$ 140,144	$ 185,976	$ 330,135
Investments	13,970	9,534	31,245	333,412	418,958	807,119
Due from other funds	-	-	-	-	35,750	35,750
TOTAL ASSETS	$ 14,995	$ 10,233	$ 33,536	$ 473,556	$ 640,684	$ 1,173,004
LIABILITIES						
Due to other funds	$ 1,510	$ 1,408	$ 2,892	$ -	$ -	$ 5,810
TOTAL LIABILITIES	1,510	1,408	2,892	-	-	5,810
FUND BALANCES						
Nonspendable	10,076	9,280	22,937	50,780	447,374	540,447
Restricted	3,409	-	7,707	422,776	193,310	627,202
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(455)	-	-	-	(455)
TOTAL FUND BALANCES	13,485	8,825	30,644	473,556	640,684	1,167,194
TOTAL LIABILITIES AND FUND BALANCES	$ 14,995	$ 10,233	$ 33,536	$ 473,556	$ 640,684	$ 1,173,004

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Chatfield Fund for Library	Dodge Fund for Library	Gardner Fund for Library	Public Assistance Welfare	Cemetery	Total
REVENUES						
Investment income, net of unrealized gains/(losses)	$ 1,193	$ 785	$ 2,705	$ 38,461	$ 27,311	$ 70,455
Other	-	-	-	-	-	-
TOTAL REVENUES	1,193	785	2,705	38,461	27,311	70,455
EXPENDITURES						
Other	-	-	-	10,000	-	10,000
TOTAL EXPENDITURES	-	-	-	10,000	-	10,000
EXCESS OF REVENUES OVER EXPENDITURES	1,193	785	2,705	28,461	27,311	60,455
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	(480)	(323)	(1,079)	-	-	(1,882)
TOTAL OTHER FINANCING (USES)	(480)	(323)	(1,079)	-	-	(1,882)
NET CHANGE IN FUND BALANCES	713	462	1,626	28,461	27,311	58,573
FUND BALANCES - JULY 1	12,772	8,363	29,018	445,095	613,373	1,108,621
FUND BALANCES - JUNE 30	$ 13,485	$ 8,825	$ 30,644	$ 473,556	$ 640,684	$ 1,167,194

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF ROCKPORT, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	$ 2,850,286	$ 507,779	$ 62,642	$ -	$ 3,420,707
Public safety	-	368,776	1,240,818	-	1,609,594
Public works	1,215,044	1,528,963	2,329,515	2,362,296	7,435,818
Culture and recreation	8,500	574,011	-	-	582,511
Sewer department	415,932	-	-	9,996,673	10,412,605
Total General Capital Assets	4,489,762	2,979,529	3,632,975	12,358,969	23,461,235
Less: Accumulated Depreciation	-	(1,065,833)	(2,436,021)	(6,758,636)	(10,260,490)
Net General Capital Assets	$ 4,489,762	$ 1,913,696	$ 1,196,954	$ 5,600,333	$ 13,200,745

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2018

	General Capital Assets 7/1/17 (Restated)	Additions	Deletions	General Capital Assets 6/30/18
General government	$ 3,394,476	$ 26,231	$ -	$ 3,420,707
Public safety	1,612,446	23,599	(26,451)	1,609,594
Public works	7,115,882	319,936	-	7,435,818
Culture and recreation	582,511	-	-	582,511
Sewer department	10,412,605	-	-	10,412,605
Total General Capital Assets	23,117,920	369,766	(26,451)	23,461,235
Less: Accumulated Depreciation	(9,610,413)	(663,302)	13,225	(10,260,490)
Net General Capital Assets	$ 13,507,507	$ (293,536)	$ (13,226)	$ 13,200,745

See accompanying independent auditors' report and notes to financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Selectmen
Town of Rockport
Rockport, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Rockport, Maine as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Town of Rockport, Maine's basic financial statements, and have issued our report thereon dated January 15, 2019.

<u>Internal Control Over Financial Reporting</u>

In planning and performing our audit of the financial statements, we considered the Town of Rockport, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town Rockport, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town Rockport, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Rockport, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Buxton, Maine
January 15, 2019

b. Committee Applications for the Library Building Committee:

Manager's Comments:

Included in your packet are applications we have received to serve as a member of the recently established Library Building Committee. The committee as established is a five-member committee. Doug and Ken have agreed to serve as Select Board members of the committee. This leaves three places on the Committee to be filled.

- Denise Munger
- Ann Filley
- William (Bill) Chapman
- Any others

Suggested Motion:
I move to approve _________ as a member of the Library Building Committee.

Suggested Motion:
I move to approve _________ as a member of the Library Building Committee.

Suggested Motion:
I move to approve _________ as a member of the Library Building Committee.

APPLICATION FOR COMMITTEE SERVICE

Town of Rockport • 101 Main Street • Rockport, ME 04856

Name: Denise Munger

Home Address: 2 Harbor View Dr Work Address:
Mailing Address (if different): P.O. Box 442 Rockport 04856
Phone Number: (Home) 303-668-7528 (Work)

E-mail Address: dkennedy@hollandhart.com

Committee you wish to serve on: Library Building Committee

Why do you want to serve on this committee?

I am very interested in the library project and would like to serve the community by working on the Building committee.

Do you have any background that would be helpful to this committee?

I have been involved in construction projects, am comfortable w/ technical information, numbers, construction spreadsheets, and able to listen to information and ask questions to work with a group towards a common goal.

Land Use philosophy: (if applicable)

APPLICATION FOR COMMITTEE SERVICE – continued

Are there objectives you wish to see accomplished?

The primary objective I'm interested in is helping to ensure the library project comes in at or under budget, while resulting in a building that is an asset to the community for years to come.

Are you interested in serving on other committees?

I am the Garden Club liaison to Town Beautification + the Parks Committee, so I think this is good for now.

Interview comments:

Appointment Date: ______________________

APPLICATION FOR COMMITTEE SERVICE

Town of Rockport • 101 Main Street • Rockport, ME 04856

Name: Ann Filley

Home Address: 31 Cathy's Ln Work Address:

Mailing Address (if different):

Phone Number: (Home) (Work)

E-mail Address: afilleyme@gmail.com

Committee you wish to serve on: Library Building Comm.

Why do you want to serve on this committee?

- Long-time consistant in process
- Former Library Director (prior to move to temp. site)
- Library Committee member
- Library Foundation member

(participating in this process since 2010)

Do you have any background that would be helpful to this committee?

See Above

Land Use philosophy: (if applicable)

APPLICATION FOR COMMITTEE SERVICE – continued

Are there objectives you wish to see accomplished?

Completion of Construction
- Staying on-time and on Budget
- Re-engagment of community in the process

Are you interested in serving on other committees?

NOT AT THIS TIME

~~Interview comments:~~

Appointment Date: ______________________

APPLICATION FOR COMMITTEE SERVICE

Town of Rockport • 101 Main Street • Rockport, ME 04856

Name: William (Bill) Chapman

Home Address: 77 Pascal Ave. Work Address: n/a

Mailing Address (if different):

Phone Number: (Home) 236-2468 (Work) n/a

E-mail Address: william.chapman77@earthlink.net

Committee you wish to serve on: Library Design

Why do you want to serve on this committee?

I have long been an advocate for the library and for a new library to be built on the existing site. While on the Select Board I served as the liaison to the Library Committee and participated actively in the work to build the new library.

Do you have any background that would be helpful to this committee?

During the first effort to envision a new building and its interior as well as the second attempt, I spent a good deal of time looking at how the interior spaces worked and what made the interior appeal and function effectively.

Land Use philosophy: (if applicable)

APPLICATION FOR COMMITTEE SERVICE – continued

Are there objectives you wish to see accomplished?

An interior and exterior that compliments the site and purposes of a modern library and reflects the long-standing library values of our community.

Are you interested in serving on other committees?

I've most recently served on the Comp. Plan Review committee and am on Legacy Rockport.

Interview comments:

NOTE: I will not be able to attend the Jan. 28 SB meeting due to a prior engagement but can attend the Feb. 11 meeting.

Appointment Date: ____________________

c. Preliminary consideration of a Food Sovereignty Ordinance for Rockport

Manager's Comments:

Included in your packet is an e-mail from Marci Casas and a sample ordinance for the Select Board to consider relative to food here in Rockport.

This type of ordinance has been adopted by Rockland, Hope and Appleton and allows local farmers to sell their goods (excluding meat and poultry) directly, without licensing.

This question is for discussion purposes only at this point and no formal action is required at this time. However, if the Select Board does not think it is an ordinance that they would like to promote, it would be good to let Marci know early enough so that she could start a petition drive if she so chose.

From:	Richard C. Bates
To:	Diane Hamilton
Subject:	FW: Food Sovereignty
Date:	Tuesday, January 22, 2019 4:09:44 PM
Attachments:	Food Sovereignty.doc

From: Marci Casas <marcijcasas@gmail.com>
Sent: Thursday, January 17, 2019 9:35 AM
To: Ken McKinley <KMcKinley@town.rockport.me.us>; Richard C. Bates <RBates@town.rockport.me.us>
Subject: Food Sovereignty

Hi Rick and Ken,

I would like to pursue adding the attached Food Sovereignty ordinance to the June ballot. Friends in Camden are also working on this. If passed, we would join 4 other towns in Knox County including Rockland, Hope and Appleton (over 40 statewide) who allow home food producers and farmers to sell their goods directly to neighbors without licensing. Meat and poultry are excluded.

Please let me know how to proceed. For more information visit http://localfoodrules.org/

Thank you for your attention to this!

Marci Casas

LOCAL FOOD AND COMMUNITY SELF-GOVERNANCE ORDINANCE OF 2019

AN ORDINANCE TO PROTECT THE HEALTH AND INTEGRITY OF THE LOCAL FOOD SYSTEM IN THE TOWN OF ROCKPORT, KNOX COUNTY, MAINE

§1. Title

This ordinance, adopted by the town of Rockport (hereinafter “the Town”), shall be known and may be cited as the “Local Food and Community Self-Governance Ordinance.”

§2. Preamble

We, the People of the Town have the right to produce, process, sell, purchase, and consume local foods thus promoting self-reliance, the preservation of family farms, and local food traditions. We recognize that family farms; sustainable agricultural practices; and food processing by individuals, families, and non-corporate entities offer stability to our rural way of life by enhancing the economic, environmental, and social wealth of our community. As such, our right to a local food system requires us to assert our inherent right to self-government. We recognize the authority to protect that right as belonging to the Town.

We have faith in our citizens’ ability to educate themselves and make informed decisions. We hold that certain federal and state regulations unnecessarily impede local food production and constitute a usurpation of our citizens’ right to foods of their choice. We support food that fundamentally respects human dignity and health; nourishes individuals and the community; and sustains producers, processors, and the environment. We are therefore duty bound under the Constitution of the State of Maine to protect and promote reasonably unimpeded access to local foods.

All individuals have a natural, inherent, and unalienable right to acquire, produce, process, prepare, preserve, and consume the food of their own choosing for their own nourishment and sustenance. Furthermore, all individuals have a right to barter, trade, and purchase food and to save and exchange seed from the sources of their own choosing for their own physical health and well-being. Every individual is fully responsible for the exercise of these rights, which may not be infringed.

§3. Purpose

It is the policy of this State to encourage food self-sufficiency for its citizens. The purpose of the Local Food and Community Self-Governance Ordinance is to:

1. Through local control, preserve the ability of individuals and communities to save and exchange seed, to produce, process, sell, purchase, and consume locally produced foods;

2. Ensure the preservation of family farms and traditional foodways through small-scale farming, food production, and community social events;

3. Improve the health and well-being of citizens of this State by reducing hunger and increasing food security through unimpeded access to wholesome, nutritious foods by encouraging ecological farming;

4. Promote self-reliance and personal responsibility by ensuring the ability of individuals, families and other entities to prepare, process, advertise, and sell foods directly to customers intended

solely for consumption by the customers or their families;

5. Enhance rural economic development and the environmental and social wealth of rural communities; and

6. Protect access to local food through direct producer-to-consumer transactions.

§4. Definitions

As used in this ordinance, unless the context otherwise indicates, the following terms have the meanings stated below:

A. COMMUNITY SOCIAL EVENT: An event where people gather as part of a community for the benefit of those gathering or for the community, including, but not limited to, a church or religious social, school event, potluck, neighborhood gathering, library meeting, traveling food sale, fundraiser, craft fair, farmers' market, agricultural fair, and other public events.

B. DIRECT PRODUCER-TO-CONSUMER TRANSACTION: An exchange of local food within a local food system between a producer or processor and a patron by barter, trade, or purchase on the property or premises owned, leased or rented by the producer or processor of the local food; at roadside stands, fundraisers, farmers' markets, and community social events; or through buying clubs, deliveries or community supported agriculture programs, herdshare agreements, and other private arrangements.

C. LOCAL FOOD SYSTEM: A food system that integrates food production, processing, consumption, direct producer-to-consumer transactions, and traditional foodways to enhance the environmental, economic, social, and physical health of the municipality and its residents.

D. LOCAL FOOD: Any food or food product that is grown, produced, processed, or prepared by individuals who exchange that food directly with patrons.

E. PATRON: An informed individual who acquires local food directly from a processor or producer.

F. PROCESSOR: An individual who processes or prepares products of the soil or animals for food or drink.

G. PRODUCER: A farmer or gardener who grows or raises any plant or animal for food or drink.

H. TRADITIONAL FOODWAYS: The cultural, social, and economic practices related to the production and consumption of food and the conveying of knowledge regarding food production and preparation.

§5. Authority

This ordinance is adopted and enacted pursuant to the inherent, inalienable, and fundamental right of the citizens of the Town to self-government, and under the authority recognized as belonging to the people of the Town by all relevant state and federal laws including, but not limited to the following:

The Declaration of Independence of the United States of America, which declares that governments are instituted to secure peoples' rights, and that government derives its just powers from the consent of the governed.

Article I, §2 of the Constitution of the State of Maine, which declares *inter alia*: "all power is inherent in the people; all free governments are founded in their authority and instituted for their benefit, [and that] they have therefore an unalienable and indefeasible right to institute government and to alter, reform, or totally change the same when their safety and happiness require it."

Article VIII, Part Second of the Constitution of the State of Maine, which establishes Home Rule: "The inhabitants of any municipality shall have the power to alter and amend their charters on all matters, not prohibited by Constitution or general law, which are local and municipal in character."

§1-A of Title 7 of the Maine Revised Statutes, which states *inter alia*: "The survival of the family farm is of special concern to the people of the State, and the ability of the family farm to prosper, while producing an abundance of high quality food and fiber, deserves a place of high priority in the determination of public policy. For this purpose there is established the Department of Agriculture, Forestry, and Conservation"

§1-B of Title 7 of the Maine Revised Statutes, which states *inter alia*: The [...] preservation of rural life and values in the State [is] to be the joint responsibility of all public agencies, local, state and federal, whose policies and programs substantially impact the economy and general welfare of people who reside in rural Maine, such as the development and implementation of programs that assist in the maintenance of family farms [...] and improve health and nutrition.

§284 of Title 7, Chapter 8-F, Maine Food Sovereignty Act, which states *inter alia*: "a municipality may adopt ordinances regarding direct producer-to-consumer transactions and the State shall recognize such ordinances by not enforcing those state food laws with respect to those direct producer-to-consumer transactions that are governed by the ordinance."

§3001 of Title 30-A of the Maine Revised Statutes, which implements Home Rule and grants municipalities all powers necessary to protect the health, safety, and welfare of the residents of the Town where those powers have been conferred on the towns by the Legislature or not otherwise limited.

§6. Statements of Law

A. **Right to Self-Governance.** Citizens the Town have the right to a form of governance which recognizes that all power is inherent in the people, that all free governments are founded on the people's authority and consent.

B. **Right to Acquire and Produce Food.** Citizens of the Town possess the right to save and exchange seed and to produce, process, sell, purchase, and consume local foods of their choosing.

C. **Exemption from Licensure and Inspection.** The producers and processors of local food intended for direct producer-to-consumer transactions in the Town governed by this ordinance shall be exempt from state licensure and inspection. In accordance with Section 284 of the Maine Food Sovereignty Act, the State of Maine shall not enforce those state food laws, rules, or regulations with respect to those transactions as defined in Section 4. The transactions enumerated in Section 4 are governed by this ordinance and provide the context otherwise indicated as stated in Section 282 of the Maine Food

Sovereignty Act

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D. **Meat and Poultry.** This ordinance is not applicable to any meat or poultry products that are required to be produced or processed in compliance with the Maine Meat and Poultry Inspection Program.

This ordinance is applicable to shared animal ownership agreements in compliance with the federal acts as defined in Title 22, Chapter 562-A, §2511 of the Maine Revised Statutes and similar private contractual agreements, herdshare agreements, and buying clubs.

E. **Liability Protection.** Producers and processors of local food may enter into private agreements with patrons to waive any liability for the consumption of local food .

§7. Civil Enforcement.

Any individual citizen of the Town shall have standing to enforce any rights secured by this ordinance which have been threatened or contested by any person, whether natural or juridical, and may seek relief both in the form of injunctive and compensatory relief from a court of competent jurisdiction.

§8. Effect

This ordinance shall be effective immediately upon its enactment.

§9. Severability Clause

To the extent any provision of this ordinance is deemed invalid by a court of competent jurisdiction, such provision will be removed and the balance of the ordinance shall remain valid.

§10. Repealer

All inconsistent provisions of prior ordinances adopted by the Town are hereby repealed, but only to the extent necessary to remedy the inconsistency.

§11. Human Rights and Constitutionality

Nothing in this ordinance shall be construed as authorizing any activities or actions that violate human rights protected by the U.S. Constitution or the Constitution of the State of Maine.

§12. Mutual Recognition and Inter-Municipal Government Collaboration

The Town hereby recognizes producers and processors of local foods in other municipalities that have also adopted a Local Food and Community Self-Governance Ordinance. Those producers and processors of local foods from other municipalities operating under a similar ordinance may also operate under this ordinance.