

Audited Financial Statements
And Other Supplementary Information

Town of Rockport, Maine

June 30, 2017



Proven Expertise and Integrity

TOWN OF ROCKPORT, MAINE

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JUNE 30, 2017

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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, 2017, 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

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, 2017, 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 information on pages 4 through 12 and 60 through 63 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 March 8, 2018, 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.

RHR Smith & Company

Buxton, Maine
March 8, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

(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, 2017. 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, Proportionate Share of the Net Pension Liability, a Schedule of Contributions and Notes to Required Supplementary Information.

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 decreased by \$44,632 from \$12.16 million to \$12.12 million. The Town's total net position for business-type activities decreased by \$558,638 from \$5.17 million to \$4.61 million.

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 - decreased for governmental activities to a balance of \$4,091,980 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$88,610.

Table 1
Town of Rockport, Maine
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2017</u>	<u>2016 (Restated)</u>	<u>2017</u>	<u>2016 (Restated)</u>
Assets				
Current Assets	\$ 7,499,964	\$ 7,681,717	\$ 134,145	\$ 769,434
Capital Assets	7,452,889	7,737,516	5,125,371	5,139,849
Total Assets	<u>14,952,853</u>	<u>15,419,233</u>	<u>5,259,516</u>	<u>5,909,283</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	182,128	95,916	-	-
Total Deferred Outflows of Resources	<u>182,128</u>	<u>95,916</u>	<u>-</u>	<u>-</u>
Liabilities				
Current Liabilities	677,613	995,395	106,701	136,664
Long-term Debt Outstanding	2,235,997	2,261,254	540,037	601,203
Total Liabilities	<u>2,913,610</u>	<u>3,256,649</u>	<u>646,738</u>	<u>737,867</u>
Deferred Inflows of Resources				
Prepaid Taxes	44,530	22,528	-	-
Deferred Inflows Related to Pensions	60,658	75,157	-	-
Total Deferred Inflows of Resources	<u>105,188</u>	<u>97,685</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	5,239,266	5,456,703	4,524,168	4,477,597
Restricted	2,784,937	2,460,140	-	-
Unrestricted	4,091,980	4,243,972	88,610	693,819
Total Net Position	<u>\$ 12,116,183</u>	<u>\$ 12,160,815</u>	<u>\$ 4,612,778</u>	<u>\$ 5,171,416</u>

Table 2
Town of Rockport, Maine
Change in Net Position
For the Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 367,273	\$ 266,137	\$ 785,124	\$ 789,196
Operating grants and contributions	6,489	-	-	-
<i>General revenues:</i>				
Taxes	14,527,619	14,369,961	-	-
Grants and contributions not restricted to specific programs	407,683	370,939	-	-
Miscellaneous	510,624	426,741	80,642	10,506
Transfers from other funds	1,724,069	-	71,691	123,583
Total Revenues	<u>17,543,757</u>	<u>15,433,778</u>	<u>937,457</u>	<u>923,285</u>
Expenses				
General government	1,218,768	1,159,381	-	-
Public safety	1,335,967	1,267,101	-	-
Public works	1,613,516	1,561,723	-	-
Human services	16,786	34,202	-	-
Culture and recreation	500,402	758,248	-	-
Education	8,895,585	9,204,633	-	-
Interest on long-term debt	43,046	4,540	-	-
County fees	1,082,307	938,955	-	-
Capital outlay	943,964	-	-	-
Sewer department	-	-	1,031,391	969,126
Program expenses	286,107	10,210	-	-
Unclassified	320,885	61,641	-	-
Transfers to other funds	1,331,056	123,583	464,704	-
Total Expenses	<u>17,588,389</u>	<u>15,124,217</u>	<u>1,496,095</u>	<u>969,126</u>
Change in Net Position	(44,632)	309,561	(558,638)	(45,841)
Net Position - July 1, Restated	<u>12,160,815</u>	<u>11,851,254</u>	<u>5,171,416</u>	<u>5,217,257</u>
Net Position - June 30	<u>\$ 12,116,183</u>	<u>\$ 12,160,815</u>	<u>\$ 4,612,778</u>	<u>\$ 5,171,416</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 13.67%, while total expenses increased by 16.29%. For the business-type activities revenues increased by 1.53%, while total expenses increased by 54.38% mainly due to a large transfer to the general fund.

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,

	2017	2016 (Restated)
General Fund:		
Nonspendable	\$ 3,000	\$ 122,641
Assigned	355,653	403,762
Unassigned	2,637,001	2,116,238
Total General Fund	\$ 2,995,654	\$ 2,642,641
Rockport Library:		
Nonspendable	\$ 305,969	\$ 305,969
Restricted	501,968	372,201
	\$ 807,937	\$ 678,170
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 867,462	\$ 755,398
Assigned	9,322	-
Capital Projects Funds:		
Committed	1,270,857	1,649,479
Permanent Funds:		
Nonspendable	42,293	42,293
Restricted	1,067,245	984,279
Unassigned	(917)	(1,349)
Total Nonmajor Funds	\$ 3,256,262	\$ 3,430,100

The general fund total fund balance increased by \$353,013 from the prior fiscal year. The Rockport Library Fund total fund balance increased by \$129,767 from the prior fiscal year. The nonmajor fund total fund balances decreased by \$173,838 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 (\$558,638) for the year ended June 30, 2017.

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 \$166,689. This was mainly the result of excess receipts in all categories except other intergovernmental revenues, charges for services and transfers from other funds.

The general fund actual expenditures were under budget by \$367,698. All expenditure categories were within or under budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Town decreased by \$299,105 from the prior year. The decrease is the result of current year additions of \$343,642 less current year depreciation expense of \$642,747.

**Table 4
Town of Rockport, Maine
Capital Assets (Net of Depreciation)
June 30,**

	2017	2016
Land and non-depreciable assets	\$ 3,447,466	\$ 3,233,728
Buildings, building improvements and land improvements	1,873,726	1,936,427
Machinery, equipment and vehicles	1,251,246	1,287,515
Infrastructure	6,005,822	6,419,695
Total	\$ 12,578,260	\$ 12,877,365

Debt

At June 30, 2017, the Town had \$2,316,695 in bonds outstanding versus \$2,427,165 last year. Other obligations include capital leases payable, accrued compensated absences 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.

TOWN OF ROCKPORT, MAINE

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,544,297	\$ 457,104	\$ 5,001,401
Investments	1,631,051	138,893	1,769,944
Accounts receivable (net of allowance for uncollectibles):			
Taxes	549,470	-	549,470
Liens	57,146	-	57,146
Other	4,982	217,251	222,233
Due from other governments	30,915	-	30,915
Prepaid items	3,000	-	3,000
Internal balances	679,103	(679,103)	-
Total current assets	<u>7,499,964</u>	<u>134,145</u>	<u>7,634,109</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	3,031,534	415,932	3,447,466
Buildings and vehicles net of accumulated depreciation	4,421,355	4,709,439	9,130,794
Total noncurrent assets	<u>7,452,889</u>	<u>5,125,371</u>	<u>12,578,260</u>
TOTAL ASSETS	<u>14,952,853</u>	<u>5,259,516</u>	<u>20,212,369</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	182,128	-	182,128
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>182,128</u>	<u>-</u>	<u>182,128</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 15,134,981</u>	<u>\$ 5,259,516</u>	<u>\$ 20,394,497</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 116,338	\$ 44,479	\$ 160,817
Accrued liabilities	38,358	1,056	39,414
Due to other governments	460	-	460
Current portion of long-term obligations	522,457	61,166	583,623
Total current liabilities	<u>677,613</u>	<u>106,701</u>	<u>784,314</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,645,493	540,037	2,185,530
Capital leases payable	313,574	-	313,574
Net pension liability	276,930	-	276,930
Total noncurrent liabilities	<u>2,235,997</u>	<u>540,037</u>	<u>2,776,034</u>
TOTAL LIABILITIES	<u>2,913,610</u>	<u>646,738</u>	<u>3,560,348</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	44,530	-	44,530
Deferred inflows related to pensions	60,658	-	60,658
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>105,188</u>	<u>-</u>	<u>105,188</u>
NET POSITION			
Net investment in capital assets	5,239,266	4,524,168	9,763,434
Restricted - nonexpendable	348,262	-	348,262
Restricted for: Rockport Library	501,968	-	501,968
Special revenue funds	867,462	-	867,462
Permanent funds	1,067,245	-	1,067,245
Unrestricted	4,091,980	88,610	4,180,590
TOTAL NET POSITION	<u>12,116,183</u>	<u>4,612,778</u>	<u>16,728,961</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 15,134,981</u>	<u>\$ 5,259,516</u>	<u>\$ 20,394,497</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,218,768	\$ 151,845	\$ -	\$ -	\$ (1,066,923)	\$ -	\$ (1,066,923)
Public safety	1,335,967	6,860	-	-	(1,329,107)	-	(1,329,107)
Public works	1,613,516	165,574	-	-	(1,447,942)	-	(1,447,942)
Human services	16,786	-	6,489	-	(10,297)	-	(10,297)
Culture and recreation	500,402	35,702	-	-	(464,700)	-	(464,700)
Education	8,895,585	-	-	-	(8,895,585)	-	(8,895,585)
County fees	1,082,307	-	-	-	(1,082,307)	-	(1,082,307)
Capital outlay	943,964	-	-	-	(943,964)	-	(943,964)
Interest on long-term debt	43,046	-	-	-	(43,046)	-	(43,046)
Program expenses	286,107	-	-	-	(286,107)	-	(286,107)
Unclassified	320,885	7,292	-	-	(313,593)	-	(313,593)
Total governmental activities	<u>16,257,333</u>	<u>367,273</u>	<u>6,489</u>	<u>-</u>	<u>(15,883,571)</u>	<u>-</u>	<u>(15,883,571)</u>
Business-type activities:							
Sewer department	1,031,391	785,124	-	-	-	(246,267)	(246,267)
Total business-type activities	<u>1,031,391</u>	<u>785,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(246,267)</u>	<u>(246,267)</u>
Total government	<u>\$ 17,288,724</u>	<u>\$ 1,152,397</u>	<u>\$ 6,489</u>	<u>\$ -</u>	<u>(15,883,571)</u>	<u>(246,267)</u>	<u>(16,129,838)</u>

STATEMENT B (CONTINUED)

TOWN OF ROCKPORT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(15,883,571)	(246,267)	(16,129,838)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	13,681,302	-	13,681,302
Excise taxes	846,317	-	846,317
Grants and contributions not restricted to specific programs	407,683	-	407,683
Miscellaneous	510,624	80,642	591,266
Transfers	393,013	(393,013)	-
Total general revenues and transfers	15,838,939	(312,371)	15,526,568
Change in net position	(44,632)	(558,638)	(603,270)
NET POSITION - JULY 1, RESTATED	12,160,815	5,171,416	17,332,231
NET POSITION - JUNE 30	\$ 12,116,183	\$ 4,612,778	\$ 16,728,961

See accompanying independent auditors' report and notes to financial statements.

STATEMENT C

TOWN OF ROCKPORT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Rockport Library	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,668,751	\$ 20,599	\$ 854,947	\$ 4,544,297
Investments	-	787,338	843,713	1,631,051
Accounts receivable (net of allowance for uncollectibles):				
Taxes	549,470	-	-	549,470
Liens	57,146	-	-	57,146
Other	4,982	-	-	4,982
Due from other governments	30,915	-	-	30,915
Prepaid items	3,000	-	-	3,000
Due from other funds	701,348	-	1,579,847	2,281,195
TOTAL ASSETS	\$ 5,015,612	\$ 807,937	\$ 3,278,507	\$ 9,102,056
LIABILITIES				
Accounts payable	\$ 116,338	\$ -	\$ -	\$ 116,338
Accrued liabilities	38,358	-	-	38,358
Due to other governments	460	-	-	460
Due to other funds	1,579,847	-	22,245	1,602,092
TOTAL LIABILITIES	1,735,003	-	22,245	1,757,248
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	44,530	-	-	44,530
Deferred tax revenues	238,925	-	-	238,925
Deferred other revenues	1,500	-	-	1,500
TOTAL DEFERRED INFLOWS OF RESOURCES	284,955	-	-	284,955
FUND BALANCES				
Nonspendable	3,000	305,969	42,293	351,262
Restricted	-	501,968	1,934,707	2,436,675
Committed	-	-	1,270,857	1,270,857
Assigned	355,653	-	9,322	364,975
Unassigned	2,637,001	-	(917)	2,636,084
TOTAL FUND BALANCES	2,995,654	807,937	3,256,262	7,059,853
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,015,612	\$ 807,937	\$ 3,278,507	\$ 9,102,056

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, 2017

	Total Governmental Funds
	Funds
Total Fund Balances	\$ 7,059,853
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	7,452,889
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	182,128
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	238,925
Other deferred revenues	1,500
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,715,492)
Capital leases payable	(498,131)
Accrued compensated absences	(267,901)
Net pension liability	(276,930)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(60,658)
Net position of governmental activities	\$ 12,116,183

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Rockport Library	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	\$ 13,778,521	\$ -	\$ -	\$ 13,778,521
Excise taxes	846,317	-	-	846,317
Intergovernmental	318,904	-	95,268	414,172
Investment income, net of unrealized gains/(losses)	41,987	68,407	92,244	202,638
Charges for services	367,273	-	-	367,273
Miscellaneous revenues	185,514	-	122,472	307,986
TOTAL REVENUES	15,538,516	68,407	309,984	15,916,907
EXPENDITURES				
Current:				
General government	1,168,190	-	-	1,168,190
Public safety	1,304,307	-	-	1,304,307
Public works	1,543,680	-	-	1,543,680
Human services	16,786	-	-	16,786
Culture and recreation	449,286	-	-	449,286
Education	8,895,585	-	-	8,895,585
County fees	1,082,307	-	-	1,082,307
Program expenses	-	5,925	280,182	286,107
Unclassified	320,885	-	-	320,885
Debt service:				
Principal	49,421	-	-	49,421
Interest	43,046	-	-	43,046
Capital outlay	-	-	943,964	943,964
TOTAL EXPENDITURES	14,873,493	5,925	1,224,146	16,103,564
EXCESS REVENUES OVER (UNDER) EXPENDITURES	665,023	62,482	(914,162)	(186,657)
OTHER FINANCING SOURCES				
Lease proceeds	102,586	-	-	102,586
Transfers in	99,112	95,000	1,529,957	1,724,069
Transfers (out)	(513,708)	(27,715)	(789,633)	(1,331,056)
TOTAL OTHER FINANCING SOURCES (USES)	(312,010)	67,285	740,324	495,599
NET CHANGE IN FUND BALANCES	353,013	129,767	(173,838)	308,942
FUND BALANCES - JULY 1, RESTATED	2,642,641	678,170	3,430,100	6,750,911
FUND BALANCES - JUNE 30	\$ 2,995,654	\$ 807,937	\$ 3,256,262	\$ 7,059,853

See accompanying independent auditors' report and notes to financial statements.

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, 2017

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 308,942</u>
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	129,904
Depreciation expense	<u>(414,531)</u>
	<u>(284,627)</u>
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	<u>86,212</u>
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	(94,212)
Other deferred revenue	<u>(3,007)</u>
	<u>(97,219)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(102,586)</u>
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	<u>169,776</u>
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	<u>14,499</u>
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	(9,311)
Net pension liability	<u>(130,318)</u>
	<u>(139,629)</u>
Change in net position of governmental activities (Statement B)	<u>\$ (44,632)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

BALANCE SHEET - PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Enterprise Fund</u> <u>Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 457,104
Investments	138,893
Accounts receivable (net of allowance for uncollectibles)	217,251
Total current assets	<u>813,248</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	415,932
Buildings and equipment, net of accumulated depreciation	4,709,439
Total noncurrent assets	<u>5,125,371</u>
TOTAL ASSETS	<u><u>\$ 5,938,619</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 44,479
Accrued interest	1,056
Due to other funds	679,103
Current portion of long-term obligations	61,166
Total current liabilities	<u>785,804</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	540,037
Total noncurrent liabilities	<u>540,037</u>
TOTAL LIABILITIES	<u>1,325,841</u>
NET POSITION	
Net investment in capital assets	4,524,168
Unrestricted	88,610
TOTAL NET POSITION	<u>4,612,778</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 5,938,619</u></u>

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, 2017

	<u>Enterprise Fund</u> <u>Sewer</u>
OPERATING REVENUES	
Charges for services	\$ 785,124
Miscellaneous income	44,120
TOTAL OPERATING REVENUES	<u>829,244</u>
OPERATING EXPENSES	
Wages and benefits	49,600
Professional services	1,675
Insurance	2,580
Materials, supplies, maintenance and chemicals	96,782
Camden treatment	220,822
Rockland treatment	130,293
Samoset treatment	77,477
Contracted services	175,556
Equipment	778
Depreciation and amortization	228,216
Miscellaneous expenses	39,003
TOTAL OPERATING EXPENSES	<u>1,022,782</u>
OPERATING INCOME (LOSS)	<u>(193,538)</u>
NONOPERATING REVENUES (EXPENSES)	
Transfers in	71,691
Transfers out	(464,704)
Interest income	36,522
Interest expense	(8,609)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(365,100)</u>
CHANGE IN NET POSITION	(558,638)
NET POSITION - JULY 1, RESTATED	<u>5,171,416</u>
NET POSITION - JUNE 30	<u><u>\$ 4,612,778</u></u>

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, 2017

	Enterprise Funds
	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 771,814
Other receipts	44,120
Interfund activity	679,103
Payments to suppliers	(838,733)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>656,304</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net transfers to other funds	<u>(393,013)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(213,738)
Principal paid on capital debt	(61,049)
Interest paid on capital debt	(8,609)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(283,396)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Redemption of investments	113,395
Interest income	36,522
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>149,917</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	129,812
CASH AND CASH EQUIVALENTS - JULY 1	<u>327,292</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 457,104</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (193,538)
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	(13,310)
Increase (decrease) in accounts payable	(38,878)
Increase (decrease) in accrued interest	(1,971)
Increase (decrease) in retainage payable	(3,318)
Increase (decrease) in due to other funds	679,103
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 656,304</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. 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 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. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. 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; 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.). 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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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:

- 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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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)	\$ 18,382,855
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.	(2,642,641)
Debt proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(102,586)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(99,112)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 15,538,516</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule (Schedule 1)	\$ 15,488,464
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.	<u>(101,263)</u>
Transfers to other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(513,708)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 14,873,493</u>

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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

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:

- 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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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.

TOWN OF ROCKPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$253,148 for the year ended June 30, 2017. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2017.

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.

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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2017, the Town's liability for compensated absences is \$267,901.

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

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 currently only has one type of this item, deferred amounts on pensions that qualifies for reporting in this category. This item is 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 pensions qualify for reporting in this category as well. This item is 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 20, 2016 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due on in two installments on October 17, 2016 and April 17, 2017. Interest on unpaid taxes commenced on October 18, 2016 and April 18, 2017, 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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$61,180 for the year ended June 30, 2017.

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/Non-Operating 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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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, 2017, the Town's cash balances amounting to \$5,001,401 were comprised of bank deposits of \$5,383,814. Of these bank deposits, \$731,924 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk and \$4,651,890 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 5,154,114
Money market accounts	41,884
Savings accounts	142,040
Cash equivalents	45,776
	<u>\$ 5,383,814</u>

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, 2017, the Town's investment balances amounting to \$1,769,944 were comprised of debt securities and mutual funds. Of the Town's investments of \$1,769,944, \$954,224 were fully covered by the Securities Investor Protection Corporation (SIPC). The remaining \$815,720 were uninsured and uncollateralized.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	Fair Value	Maturity			N/A
		<1 Year	1 - 5 Years	> 5 Years	
Debt securities	208,918	30,076	147,715	31,127	-
Equity securities	1,561,026	-	-	-	1,561,026
	<u>\$ 1,769,944</u>	<u>\$ 30,076</u>	<u>\$ 147,715</u>	<u>\$ 31,127</u>	<u>\$ 1,561,026</u>

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, 2017:

	June 30, 2017 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
U.S. Agency Securities	\$ 14,986	\$ -	\$ 14,986	\$ -
Corporate bonds	193,932	-	193,932	-
Total debt securities	<u>208,918</u>	<u>-</u>	<u>208,918</u>	<u>-</u>
Equity securities:				
Common stock - domestic	1,375,685	1,375,685	-	-
Mutual funds - domestic and foreign	165,597	165,597	-	-
Real estate investment trusts	19,744	19,744	-	-
Total equity securities	<u>1,561,026</u>	<u>1,561,026</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>1,769,944</u>	<u>\$ 1,561,026</u>	<u>\$ 208,918</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	45,776			
Total cash equivalents measured at the NAV	<u>45,776</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 1,815,720</u>			

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level 1 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, 2017 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

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, 2017 consisted of the following individual fund receivables and payables.

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ 701,348	\$ 1,579,847
Nonmajor Special Revenue Funds	652,055	20,921
Nonmajor Capital Projects Funds	892,042	1,324
Nonmajor Permanent Funds	35,750	-
Enterprise Funds	-	679,103
	<u>\$ 2,281,195</u>	<u>\$ 2,281,195</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance, 7/1/16	Additions	Disposals	Balance, 6/30/17
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 2,850,286	\$ -	\$ -	\$ 2,850,286
Art work	8,500	-	-	8,500
Construction in progress	172,748	-	-	172,748
	<u>3,031,534</u>	<u>-</u>	<u>-</u>	<u>3,031,534</u>
Depreciated assets:				
Buildings	2,873,620	-	-	2,873,620
Machinery & equipment	3,378,714	129,904	-	3,508,618
Infrastructure	2,362,296	-	-	2,362,296
	<u>8,614,630</u>	<u>129,904</u>	<u>-</u>	<u>8,744,534</u>
Less: accumulated depreciation	<u>(3,908,648)</u>	<u>(414,531)</u>	<u>-</u>	<u>(4,323,179)</u>
	<u>4,705,982</u>	<u>(284,627)</u>	<u>-</u>	<u>4,421,355</u>
Net governmental capital assets	<u>\$ 7,737,516</u>	<u>\$ (284,627)</u>	<u>\$ -</u>	<u>\$ 7,452,889</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Construction in progress	\$ 202,194	\$ 213,738	\$ -	\$ 415,932
	<u>202,194</u>	<u>213,738</u>	<u>-</u>	<u>415,932</u>
Depreciated assets:				
Infrastructure	9,996,673	-	-	9,996,673
	<u>9,996,673</u>	<u>-</u>	<u>-</u>	<u>9,996,673</u>
Less: accumulated depreciation	<u>(5,059,018)</u>	<u>(228,216)</u>	<u>-</u>	<u>(5,287,234)</u>
	<u>4,937,655</u>	<u>(228,216)</u>	<u>-</u>	<u>4,709,439</u>
Net business-type capital assets	<u>\$ 5,139,849</u>	<u>\$ (14,478)</u>	<u>\$ -</u>	<u>\$ 5,125,371</u>

TOWN OF ROCKPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:	
General government	\$ 11,660
Public safety	58,978
Public works	292,777
Culture and recreation	51,116
Total governmental activities	414,531
Sewer department	228,216
Total business-type activities	228,216
Total depreciation expense	\$ 642,747

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2017:

	Balance, 7/1/16 (Restated)	Additions	Deletions	Balance, 6/30/17	Current Portion
<i>Governmental activities:</i>					
Bonds payable	\$ 1,764,913	\$ -	\$ (49,421)	\$ 1,715,492	\$ 69,999
Capital leases payable	515,900	102,586	(120,355)	498,131	184,557
Accrued compensated absences	258,590	9,311	-	267,901	267,901
Net pension liability	146,612	130,318	-	276,930	-
Total	\$ 2,686,015	\$ 242,215	\$ (169,776)	\$ 2,758,454	\$ 522,457
<i>Business-type activities:</i>					
Bonds payable	\$ 662,252	\$ -	\$ (61,049)	\$ 601,203	\$ 61,166
Total	\$ 662,252	\$ -	\$ (61,049)	\$ 601,203	\$ 61,166

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.	\$ 317,742
\$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.	<u>1,397,750</u>
Total governmental bonds payable	<u>1,715,492</u>

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.	140,000
\$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.	<u>461,203</u>
Total business-type bonds payable	<u>601,203</u>
Total bonds payable	<u>\$ 2,316,695</u>

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:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>General Obligation</u>		<u>Sewer</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2018	\$ 69,999	\$ 44,396	\$ 61,166	\$ 3,426	\$ 178,987
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	39,911	26,640	2,950	143,985
2023-2027	396,200	175,775	135,010	12,938	719,923
2028-2032	450,397	121,578	138,076	9,866	719,917
2033-2037	508,267	43,522	56,104	3,071	610,964
	<u>\$ 1,715,492</u>	<u>\$ 552,222</u>	<u>\$ 601,203</u>	<u>\$ 41,818</u>	<u>\$ 2,910,735</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG TERM DEBT (CONTINUED)

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, 2017 was \$8,609.

A summary of the outstanding capital leases payable is as follows:

Capital leases payable:

\$172,240, 2015 capital lease for a dump truck due in annual payments of \$45,147 through June of 2019. Interest is charged at a rate of 3.250% per annum.	\$ 45,147
\$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.	287,710
\$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.	4,814
\$45,936, 2015 capital lease for a truck due in annual payments of \$16,400 through November of 2017. Interest is charged at a rate of 2.99% per annum.	16,400
\$91,274, 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.	67,623
\$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.	76,437
Total capital leases payable	<u>\$ 498,131</u>

TOWN OF ROCKPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG TERM DEBT (CONTINUED)

Future minimum payments, for the fiscal years ending June 30, are as follows:

2018	\$ 184,557
2019	99,375
2020	74,798
2021	46,706
2022	46,706
2023-2027	<u>93,412</u>
Total minimum lease payments	545,554
Less: Amount representing interest	<u>(47,423)</u>
Present value of future minimum lease payments	<u><u>\$ 498,131</u></u>

NOTE 6 - NONSPENDABLE FUND BALANCES

At June 30, 2017, the Town had the following nonspendable fund balances:

General Fund:	
Prepaid items	\$ 3,000
Rockport Library	305,969
Nonmajor Permanent Funds (Schedule I)	<u>42,293</u>
	<u><u>\$ 351,262</u></u>

NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2017, the Town had the following restricted fund balances:

Rockport Library Fund	\$ 501,968
Nonmajor Special Revenue Funds (Schedule E)	867,462
Nonmajor Permanent Funds (Schedule I)	<u>1,067,245</u>
	<u><u>\$ 2,436,675</u></u>

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2017, the Town had the following committed fund balances:

Nonmajor Capital Projects Funds (Schedule G)	<u><u>\$ 1,270,857</u></u>
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TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2017, the Town had the following assigned fund balances:

General fund:	
West Rockport FS building improvement	\$ 3,955
Cemeteries and computer software license	1,938
Parks and Rec sidewalk construction	2,053
Conservation commission engineering study	1,506
Road construction	65,540
Public works equipment rental	3,400
Lime kiln maintenance	1,713
Opera House web hosting and design	4,250
Library engineering study	13,274
RES East recreation equipment	3,634
Overtax fund balance	254,390
Nonmajor Special Revenue Funds (Schedule E)	9,322
	<u>\$ 364,975</u>

NOTE 10 - EXPENDITURES OVER APPROPRIATIONS

The Town had no overspent appropriations at June 30, 2017.

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, 2017, the Town's share of school debt was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
MSAD # 28	\$ 10,416,670	44.59%	\$ 4,644,793
Knox County	2,120,680	13.03%	276,350
Five Town CSD	4,762,863	35.13%	<u>1,673,194</u>
			<u>\$ 6,594,337</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.maineopers.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 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 5.0%.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

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 6.5% of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2017 was \$27,331.

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

At June 30, 2017, the Town reported a liability of \$276,930 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2016, 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 of all PLDs, actuarially determined. At June 30, 2016, the Town's proportion was 0.05212%, which was an increase of 0.00617% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized net pension expense of \$29,025. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,357	\$ 17,812
Changes of assumptions	29,688	-
Net difference between projected and actual earnings on pension plan investments	102,334	42,590
Changes in proportion and differences between contributions and proportionate share of contributions	19,418	256
Contributions subsequent to the measurement date	27,331	-
Total	\$ 182,128	\$ 60,658

\$27,331 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, 2018. 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
Year ended June 30:	
2017	\$ 22,474
2018	16,272
2019	39,433
2020	15,960
2021	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2016, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF ROCKPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (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

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 a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2016 are as follows:

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually; 7.125% was used for the period ended June 30, 2015.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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%; 2.55% was used for the period ended June 30, 2015.

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, 2016 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2016. 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

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2016 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
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 459,653	\$ 276,930	\$ 104,902

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2016 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2016 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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2016, this was 4 years for the PLD Consolidated Plan.

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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2016 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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. The first year is recognized as pension 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.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2016 Comprehensive Annual Financial Report available online at www.maineopers.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

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFERRED COMPENSATION PENSION PLAN (CONTINUED)

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, 2017, 2016 and 2015 was \$51,277, \$39,896 and \$33,505 respectively.

NOTE 14 - 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, 2017.

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

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - RISK MANAGEMENT (CONTINUED)

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 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, 2017. 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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - 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 2017 fiscal year assessment was calculated as follows:

Camden	41.9%
Hope	9.9%
Lincolnville	16.3%
Rockport	31.9%

The Town of Rockport, Maine's cost for the year ended June 30, 2017 was \$159,011.

NOTE 16 - 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 \$700 was received in fiscal year 2017.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 16 - CONTINGENCIES AND COMMITMENTS (CONTINUED)

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 17 - 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 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

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS

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:

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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS

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.

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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS

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, 2017, had no active tax abatement agreements.

NOTE 18 - RESTATEMENTS

The beginning net position of the governmental activities have been restated as of July 1, 2016. This balance was restated to correct multiple account balances.

The restatement to the general fund balance was (\$198,494). The restatement to the special revenues fund balance was \$587,846.

The net restatement to governmental activities was \$403,299.

The beginning net position of the business-type activities was restated as of July 1, 2016 to correct the accounts payable balance by \$14,087 and to move fund balance to the governmental activities of \$388,140.

The net restatement of business-type activities net position was (\$402,227).

NOTE 19 - 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
- Notes to Required Supplementary Information

SCHEDULE 1

TOWN OF ROCKPORT, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 2,642,641	\$ 2,642,641	\$ 2,642,641	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	13,644,728	13,644,728	13,778,521	133,793
Excise taxes	766,000	766,000	846,317	80,317
Intergovernmental revenues:				
State revenue sharing	117,523	117,523	121,037	3,514
Homestead exemption	101,689	101,689	101,689	-
Other	98,498	98,498	96,178	(2,320)
Charges for services	460,676	460,676	367,273	(93,403)
Interest income	17,000	17,000	41,987	24,987
Miscellaneous revenues	159,250	159,713	185,514	25,801
Lease proceeds	-	102,586	102,586	
Transfers from other funds	105,112	105,112	99,112	(6,000)
Amounts Available for Appropriation	<u>18,113,117</u>	<u>18,216,166</u>	<u>18,382,855</u>	<u>166,689</u>
Charges to Appropriations (Outflows):				
Current:				
General government	1,175,484	1,176,752	1,168,190	8,562
Public safety	1,368,352	1,372,307	1,308,262	64,045
Public works	1,627,586	1,671,030	1,612,620	58,410
Human services	27,635	27,635	16,786	10,849
Culture and recreation	590,037	606,171	472,082	134,089
Education	8,895,585	8,895,585	8,895,585	-
County fees	1,101,713	1,101,713	1,082,307	19,406
TIF	45,610	45,610	-	45,610
Unclassified	231,627	348,751	326,457	22,294
Debt service:				
Principal	50,324	50,324	49,421	903
Interest	46,576	46,576	43,046	3,530
Transfers to other funds	265,552	513,708	513,708	-
Total Charges to Appropriations	<u>15,426,081</u>	<u>15,856,162</u>	<u>15,488,464</u>	<u>367,698</u>
Budgetary Fund Balance, June 30	<u>\$ 2,687,036</u>	<u>\$ 2,360,004</u>	<u>\$ 2,894,391</u>	<u>\$ 534,387</u>
Utilization of unassigned fund balance	<u>\$ 150,000</u>	<u>\$ 477,032</u>	<u>\$ -</u>	<u>\$ (477,032)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>			
Proportion of the net pension liability	0.05%	0.05%	0.05%
Proportionate share of the net pension liability	\$ 276,930	\$ 146,612	\$ 69,984
Covered-employee payroll	\$ 436,733	\$ 467,938	\$ 466,321
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	63.41%	31.33%	15.01%
Plan fiduciary net position as a percentage of the total pension liability	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.

TOWN OF ROCKPORT, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>			
Contractually required contribution	\$ 27,331	\$ 24,457	\$ 15,766
Contributions in relation to the contractually required contribution	<u>(27,331)</u>	<u>(24,457)</u>	<u>(15,766)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 420,448	\$ 436,733	\$ 467,938
Contributions as a percentage of covered- employee payroll	6.50%	5.60%	3.37%

* 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.

TOWN OF ROCKPORT, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Changes of Assumptions

There was a change in the investment rate of return assumption this year from 7.125% to 6.875%. Annual salary increases, including inflation, changed from 3.50% - 9.50% to 2.75% - 9.00%, for the PLD Consolidated Plan. There was also a change in the cost of living benefit increase from 2.55% to 2.20%. Finally, the mortality rates for active members, nondisabled retirees and recipients of disability benefits, were determined using the RP2014 Total Dataset Healthy Annuitant Mortality Table and the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, compared to the RP2000 Tables projected forward and the Revenue Ruling 96-7 Disabled Mortality Table used in the prior year.

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

TOWN OF ROCKPORT, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 13,644,728	\$ 13,644,728	\$ 13,778,521	\$ 133,793
Motor vehicle excise	750,000	750,000	831,143	81,143
Boat excise	16,000	16,000	15,174	(826)
Intergovernmental revenues:				
State revenue sharing	117,523	117,523	121,037	3,514
Homestead exemption	101,689	101,689	101,689	-
BETE	85,233	85,233	85,383	150
General assistance	13,265	13,265	6,489	(6,776)
Other state/federal funds	-	-	4,306	4,306
Charges for services:				
Town manager	40	40	1,339	1,299
Town clerk	38,400	38,400	40,905	2,505
Planning	48,750	48,750	45,916	(2,834)
Assessing	63,648	63,648	63,685	37
Police department income	5,400	5,400	2,589	(2,811)
Animal control fees	900	900	2,075	1,175
Public works income	54,600	54,600	54,070	(530)
Fire department income	-	-	2,196	2,196
Harbormaster	117,650	117,650	111,504	(6,146)
Library	96,478	96,478	-	(96,478)
Snowmobile	400	400	391	(9)
Opera house	25,640	25,640	34,086	8,446
Cemeteries	5,250	5,250	1,225	(4,025)
Publicly funded utilities	3,520	3,520	7,292	3,772
Investment income:				
Regular investment income	17,000	17,000	35,579	18,579
Insurance dividend	-	-	6,408	6,408
Other revenues:				
Fees/interest on taxes	60,100	60,100	46,249	(13,851)
WW wages, benefits and other	50,270	50,270	49,723	(547)
Insurance reimbursements	2,580	2,580	17,313	14,733
Payment in lieu of taxes	14,100	14,100	24,300	10,200
Cable t.v. franchise	32,000	32,000	34,474	2,474
Sale of tax acquired property	-	-	11,764	11,764
Misc. other	200	663	1,691	1,028
Lease proceeds	-	102,586	102,586	-
Transfers from other funds	105,112	105,112	99,112	(6,000)
Amounts Available for Appropriation	<u>\$ 15,470,476</u>	<u>\$ 15,573,525</u>	<u>\$ 15,740,214</u>	<u>\$ 166,689</u>

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, 2017

	Original Budget	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 46,530	\$ -	\$ 46,530	\$ 35,022	\$ 11,508
Town manager	221,550	-	221,550	240,508	(18,958)
Town clerk	212,060	-	212,060	207,636	4,424
Planning and community development	226,860	300	227,160	214,497	12,663
Finance	127,820	-	127,820	128,071	(251)
Assessing	187,715	-	187,715	188,342	(627)
Town office building	96,062	968	97,030	99,047	(2,017)
Insurance	56,887	-	56,887	55,067	1,820
	<u>1,175,484</u>	<u>1,268</u>	<u>1,176,752</u>	<u>1,168,190</u>	<u>8,562</u>
Public safety:					
Police department	613,691	3,955	617,646	579,880	37,766
Fire department	329,802	-	329,802	344,024	(14,222)
West Rockport fire station	4,179	-	4,179	7,532	(3,353)
Publicly funded utilities	222,010	-	222,010	194,181	27,829
Animal control	11,435	-	11,435	12,155	(720)
Harbor master	155,443	-	155,443	141,229	14,214
Public safety building	27,722	-	27,722	25,634	2,088
Emergency management	4,070	-	4,070	3,627	443
	<u>1,368,352</u>	<u>3,955</u>	<u>1,372,307</u>	<u>1,308,262</u>	<u>64,045</u>
Public works:					
Public works department	1,464,275	43,444	1,507,719	1,448,432	59,287
Sanitation	163,311	-	163,311	164,188	(877)
	<u>1,627,586</u>	<u>43,444</u>	<u>1,671,030</u>	<u>1,612,620</u>	<u>58,410</u>
Human services:					
General assistance	27,635	-	27,635	16,786	10,849
	<u>27,635</u>	<u>-</u>	<u>27,635</u>	<u>16,786</u>	<u>10,849</u>

TOWN OF ROCKPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Culture and recreation:					
Library	439,058	-	439,058	320,277	118,781
Conservation commission	8,160	10,463	18,623	17,489	1,134
Parks and recreation	55,201	731	55,932	57,985	(2,053)
Opera House	83,818	4,940	88,758	75,509	13,249
Library building (1 Limerock)	3,800	-	3,800	822	2,978
	<u>590,037</u>	<u>16,134</u>	<u>606,171</u>	<u>472,082</u>	<u>134,089</u>
Debt service:					
Principal	50,324	-	50,324	49,421	903
Interest	46,576	-	46,576	43,046	3,530
	<u>96,900</u>	<u>-</u>	<u>96,900</u>	<u>92,467</u>	<u>4,433</u>
TIF	45,610	-	45,610	-	45,610
Education	<u>8,895,585</u>	<u>-</u>	<u>8,895,585</u>	<u>8,895,585</u>	<u>-</u>
County fees:					
County tax	1,013,095	-	1,013,095	994,618	18,477
E-911	59,367	-	59,367	58,745	622
Dispatch	29,251	-	29,251	28,944	307
	<u>1,101,713</u>	<u>-</u>	<u>1,101,713</u>	<u>1,082,307</u>	<u>19,406</u>
Unclassified:					
Cemeteries	54,832	1,938	56,770	51,967	4,803
RES East	9,815	-	9,815	9,815	-
Special assessments	6,800	115,186	121,986	107,060	14,926
Miscellaneous	99,000	-	99,000	99,000	-
Overlay	61,180	-	61,180	58,615	2,565
	<u>231,627</u>	<u>117,124</u>	<u>348,751</u>	<u>326,457</u>	<u>22,294</u>
Transfers to other funds:					
Special revenue funds	114,265	213,312	327,577	327,577	-
Capital projects funds	151,287	34,844	186,131	186,131	-
	<u>265,552</u>	<u>248,156</u>	<u>513,708</u>	<u>513,708</u>	<u>-</u>
Total Expenditures	<u>\$ 15,426,081</u>	<u>\$ 430,081</u>	<u>\$ 15,856,162</u>	<u>\$ 15,488,464</u>	<u>\$ 367,698</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 148,032	\$ 380,139	\$ 326,776	\$ 854,947
Investments	97,618	-	746,095	843,713
Due from other funds	652,055	892,042	35,750	1,579,847
TOTAL ASSETS	<u>\$ 897,705</u>	<u>\$ 1,272,181</u>	<u>\$ 1,108,621</u>	<u>\$ 3,278,507</u>
LIABILITIES				
Due to other funds	\$ 20,921	\$ 1,324	-	\$ 22,245
TOTAL LIABILITIES	<u>20,921</u>	<u>1,324</u>	<u>-</u>	<u>22,245</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	42,293	42,293
Restricted	867,462	-	1,067,245	1,934,707
Committed	-	1,270,857	-	1,270,857
Assigned	9,322	-	-	9,322
Unassigned	-	-	(917)	(917)
TOTAL FUND BALANCES (DEFICITS)	<u>876,784</u>	<u>1,270,857</u>	<u>1,108,621</u>	<u>3,256,262</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 897,705</u>	<u>\$ 1,272,181</u>	<u>\$ 1,108,621</u>	<u>\$ 3,278,507</u>

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, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 95,268	\$ -	\$ -	\$ 95,268
Interest income	12,146	16,995	-	29,141
Investment income, net of unrealized gains/(losses)	-	-	92,244	92,244
Other	87,981	-	5,350	93,331
TOTAL REVENUES	<u>195,395</u>	<u>16,995</u>	<u>97,594</u>	<u>309,984</u>
EXPENDITURES				
Capital outlay	-	943,964	-	943,964
Program expenses	269,333	3,599	7,250	280,182
TOTAL EXPENDITURES	<u>269,333</u>	<u>947,563</u>	<u>7,250</u>	<u>1,224,146</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(73,938)</u>	<u>(930,568)</u>	<u>90,344</u>	<u>(914,162)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	436,546	1,093,411	-	1,529,957
Transfers (out)	(241,222)	(541,465)	(6,946)	(789,633)
TOTAL OTHER FINANCING SOURCES (USES)	<u>195,324</u>	<u>551,946</u>	<u>(6,946)</u>	<u>740,324</u>
NET CHANGE IN FUND BALANCES	121,386	(378,622)	83,398	(173,838)
FUND BALANCES - JULY 1, RESTATED	<u>755,398</u>	<u>1,649,479</u>	<u>1,025,223</u>	<u>3,430,100</u>
FUND BALANCES - JUNE 30	<u>\$ 876,784</u>	<u>\$ 1,270,857</u>	<u>\$ 1,108,621</u>	<u>\$ 3,256,262</u>

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.

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	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	1,970	1,780	200	865	2,606
TOTAL ASSETS	\$ 2,719	\$ 2,000	\$ 1,000	\$ 225	\$ 1,970	\$ 1,780	\$ 200	\$ 865	\$ 2,606
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	2,719	2,000	1,000	225	1,970	1,780	200	865	2,606
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	2,719	2,000	1,000	225	1,970	1,780	200	865	2,606
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,719	\$ 2,000	\$ 1,000	\$ 225	\$ 1,970	\$ 1,780	\$ 200	\$ 865	\$ 2,606

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,770	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Due from other funds	1,551	20,219	9,322	1,553	4,802	-	26,186	58,113	2,500
TOTAL ASSETS	\$ 1,551	\$ 20,219	\$ 9,322	\$ 1,553	\$ 4,802	\$ 26,770	\$ 26,186	\$ 58,113	\$ 2,500
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,223	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	11,223	-	-	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	1,551	20,219	-	1,553	4,802	15,547	26,186	58,113	2,500
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	9,322	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	1,551	20,219	9,322	1,553	4,802	15,547	26,186	58,113	2,500
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,551	\$ 20,219	\$ 9,322	\$ 1,553	\$ 4,802	\$ 26,770	\$ 26,186	\$ 58,113	\$ 2,500

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	<u>Cascade Fire Dept Equipment</u>	<u>Cascade Town Office Vestibule</u>	<u>Fire Department Miscellaneous</u>	<u>Library Building</u>	<u>Rohroubh Library Fund</u>	<u>Boyd Library Fund</u>	<u>Ellis Library Fund</u>	<u>CDBG Avena Botanicals Pass- Through Grant</u>
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 80,257	\$ 1,062	\$ 438	\$ 1,055	\$ -
Investments	-	-	-	-	40,581	16,736	40,301	-
Due from other funds	-	-	5,090	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,090</u>	<u>\$ 80,257</u>	<u>\$ 41,643</u>	<u>\$ 17,174</u>	<u>\$ 41,356</u>	<u>\$ -</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	5,090	80,257	41,643	17,174	41,356	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>5,090</u>	<u>80,257</u>	<u>41,643</u>	<u>17,174</u>	<u>41,356</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,090</u>	<u>\$ 80,257</u>	<u>\$ 41,643</u>	<u>\$ 17,174</u>	<u>\$ 41,356</u>	<u>\$ -</u>

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Library Operational	Commercial St. Waste Water TIF	Downtown TIF	Total
ASSETS				
Cash and cash equivalents	\$ 38,450	\$ -	\$ -	\$ 148,032
Investments	-	-	-	97,618
Due from other funds	-	468,100	41,254	652,055
TOTAL ASSETS	<u>\$ 38,450</u>	<u>\$ 468,100</u>	<u>\$ 41,254</u>	<u>\$ 897,705</u>
LIABILITIES				
Due to other funds	\$ 9,698	\$ -	\$ -	\$ 20,921
TOTAL LIABILITIES	<u>9,698</u>	<u>-</u>	<u>-</u>	<u>20,921</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	28,752	468,100	41,254	867,462
Committed	-	-	-	-
Assigned	-	-	-	9,322
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>28,752</u>	<u>468,100</u>	<u>41,254</u>	<u>876,784</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 38,450</u>	<u>\$ 468,100</u>	<u>\$ 41,254</u>	<u>\$ 897,705</u>

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, 2017

	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	22	2	9	30
Other	-	-	-	-	-	-	-	400	1,000
TOTAL REVENUES	-	-	-	-	25	22	2	409	1,030
EXPENDITURES									
Program expenses	-	-	-	-	-	-	-	-	213
TOTAL EXPENDITURES	-	-	-	-	-	-	-	-	213
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	25	22	2	409	817
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	25	22	2	409	817
FUND BALANCES - JULY 1, RESTATED	2,719	2,000	1,000	225	1,945	1,758	198	456	1,789
FUND BALANCES - JUNE 30	<u>\$ 2,719</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 225</u>	<u>\$ 1,970</u>	<u>\$ 1,780</u>	<u>\$ 200</u>	<u>\$ 865</u>	<u>\$ 2,606</u>

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500
Interest income	1	55	-	20	61	326	753	296	-
Other	2,000	250	-	-	-	28,930	4,507	-	-
TOTAL REVENUES	2,001	305	-	20	61	29,256	5,260	296	2,500
EXPENDITURES									
Program expenses	500	50	3,257	-	-	31,546	-	48,857	-
TOTAL EXPENDITURES	500	50	3,257	-	-	31,546	-	48,857	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,501	255	(3,257)	20	61	(2,290)	5,260	(48,561)	2,500
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	12,579	1,533	4,741	17,837	20,926	106,674	-
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	12,579	1,533	4,741	17,837	20,926	106,674	-
NET CHANGE IN FUND BALANCES	1,501	255	9,322	1,553	4,802	15,547	26,186	58,113	2,500
FUND BALANCES - JULY 1, RESTATED	50	19,964	-	-	-	-	-	-	-
FUND BALANCES - JUNE 30	\$ 1,551	\$ 20,219	\$ 9,322	\$ 1,553	\$ 4,802	\$ 15,547	\$ 26,186	\$ 58,113	\$ 2,500

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, 2017

	Cascade Fire Dept Equipment	Cascade Town Office Vestibule	Fire Department Miscellaneous	Library Building	Rohroubh Library Fund	Boyd Library Fund	Ellis Library Fund	CDBG Avena Botanicals Pass- Through Grant
REVENUES								
Intergovernmental	\$ 30,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,768
Interest income	-	-	-	912	3,953	1,656	3,947	-
Other	-	-	20,200	9,393	-	-	-	-
TOTAL REVENUES	<u>30,000</u>	<u>20,000</u>	<u>20,200</u>	<u>10,305</u>	<u>3,953</u>	<u>1,656</u>	<u>3,947</u>	<u>42,768</u>
EXPENDITURES								
Program expenses	30,000	36,777	15,110	700	344	143	343	42,768
TOTAL EXPENDITURES	<u>30,000</u>	<u>36,777</u>	<u>15,110</u>	<u>700</u>	<u>344</u>	<u>143</u>	<u>343</u>	<u>42,768</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(16,777)</u>	<u>5,090</u>	<u>9,605</u>	<u>3,609</u>	<u>1,513</u>	<u>3,604</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	16,777	-	70,652	-	-	-	-
Transfers (out)	-	-	-	-	(1,607)	(670)	(1,602)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>16,777</u>	<u>-</u>	<u>70,652</u>	<u>(1,607)</u>	<u>(670)</u>	<u>(1,602)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	5,090	80,257	2,002	843	2,002	-
FUND BALANCES - JULY 1, RESTATED	-	-	-	-	39,641	16,331	39,354	-
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,090</u>	<u>\$ 80,257</u>	<u>\$ 41,643</u>	<u>\$ 17,174</u>	<u>\$ 41,356</u>	<u>\$ -</u>

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Library Operational	Commercial St. Waste Water TIF	Downtown TIF	Total
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 95,268
Interest income	78	-	-	12,146
Other	21,301	-	-	87,981
TOTAL REVENUES	<u>21,379</u>	<u>-</u>	<u>-</u>	<u>195,395</u>
EXPENDITURES				
Program expenses	58,725	-	-	269,333
TOTAL EXPENDITURES	<u>58,725</u>	<u>-</u>	<u>-</u>	<u>269,333</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(37,346)</u>	<u>-</u>	<u>-</u>	<u>(73,938)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	33,540	150,155	1,132	436,546
Transfers (out)	(165,652)	(71,691)	-	(241,222)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(132,112)</u>	<u>78,464</u>	<u>1,132</u>	<u>195,324</u>
NET CHANGE IN FUND BALANCES	(169,458)	78,464	1,132	121,386
FUND BALANCES - JULY 1, RESTATED	<u>198,210</u>	<u>389,636</u>	<u>40,122</u>	<u>755,398</u>
FUND BALANCES - JUNE 30	<u>\$ 28,752</u>	<u>\$ 468,100</u>	<u>\$ 41,254</u>	<u>\$ 876,784</u>

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.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	Sand/Salt Shed	Mill Street Bridge	Pascal Avenue High Sidewalk	School Street	Mt. Pleasant Street	Summer Street	Public Works Roof
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 3,801	\$ -	\$ 191,197	\$ -	\$ 109,472
Due from other funds	1,611	-	-	-	18,745	-	10,722
TOTAL ASSETS	<u>\$ 1,611</u>	<u>\$ -</u>	<u>\$ 3,801</u>	<u>\$ -</u>	<u>\$ 209,942</u>	<u>\$ -</u>	<u>\$ 120,194</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ 1,324	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	1,611	-	2,477	-	209,942	-	120,194
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,611</u>	<u>-</u>	<u>2,477</u>	<u>-</u>	<u>209,942</u>	<u>-</u>	<u>120,194</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,611</u>	<u>\$ -</u>	<u>\$ 3,801</u>	<u>\$ -</u>	<u>\$ 209,942</u>	<u>\$ -</u>	<u>\$ 120,194</u>

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	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	20,476	386	5	4,331	21,368	49,257	2,550
TOTAL ASSETS	<u>\$ 20,476</u>	<u>\$ 386</u>	<u>\$ 5</u>	<u>\$ 4,331</u>	<u>\$ 21,368</u>	<u>\$ 49,257</u>	<u>\$ 2,550</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	20,476	386	5	4,331	21,368	49,257	2,550
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>20,476</u>	<u>386</u>	<u>5</u>	<u>4,331</u>	<u>21,368</u>	<u>49,257</u>	<u>2,550</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 20,476</u>	<u>\$ 386</u>	<u>\$ 5</u>	<u>\$ 4,331</u>	<u>\$ 21,368</u>	<u>\$ 49,257</u>	<u>\$ 2,550</u>

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	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	14,134	2,500	383,590	15,000	606	48,837	269,601
TOTAL ASSETS	<u>\$ 14,134</u>	<u>\$ 2,500</u>	<u>\$ 383,590</u>	<u>\$ 15,000</u>	<u>\$ 606</u>	<u>\$ 48,837</u>	<u>\$ 269,601</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	14,134	2,500	383,590	15,000	606	48,837	269,601
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>14,134</u>	<u>2,500</u>	<u>383,590</u>	<u>15,000</u>	<u>606</u>	<u>48,837</u>	<u>269,601</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,134</u>	<u>\$ 2,500</u>	<u>\$ 383,590</u>	<u>\$ 15,000</u>	<u>\$ 606</u>	<u>\$ 48,837</u>	<u>\$ 269,601</u>

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	W. Rockport Fire Station	Opera House Repairs	Computer Reserve	Town Office Building Reserve	Harbor Boat Reserve	Total
ASSETS						
Cash and cash equivalents	\$ 75,642	\$ 27	\$ -	\$ -	\$ -	\$ 380,139
Due from other funds	9,001	46	5,111	5,574	8,591	892,042
TOTAL ASSETS	\$ 84,643	\$ 73	\$ 5,111	\$ 5,574	\$ 8,591	\$ 1,272,181
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,324
TOTAL LIABILITIES	-	-	-	-	-	1,324
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	84,643	73	5,111	5,574	8,591	1,270,857
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	84,643	73	5,111	5,574	8,591	1,270,857
TOTAL LIABILITIES AND FUND BALANCES	\$ 84,643	\$ 73	\$ 5,111	\$ 5,574	\$ 8,591	\$ 1,272,181

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Sand/Salt Shed	Mill Street Bridge	Pascal Avenue High Sidewalk	School Street	Mt. Pleasant Street	Summer Street	Public Works Roof
REVENUES							
Interest income	\$ -	\$ 4,476	\$ 1,408	\$ 841	\$ 635	\$ 587	\$ 909
TOTAL REVENUES	<u>-</u>	<u>4,476</u>	<u>1,408</u>	<u>841</u>	<u>635</u>	<u>587</u>	<u>909</u>
EXPENDITURES							
Capital outlay	-	166,278	185,283	217,300	42,851	235,647	-
Program expenses	-	-	-	-	-	-	942
TOTAL EXPENDITURES	<u>-</u>	<u>166,278</u>	<u>185,283</u>	<u>217,300</u>	<u>42,851</u>	<u>235,647</u>	<u>942</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(161,802)</u>	<u>(183,875)</u>	<u>(216,459)</u>	<u>(42,216)</u>	<u>(235,060)</u>	<u>(33)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	105,160	168,074	157,343	-
Transfers (out)	-	(430,576)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(430,576)</u>	<u>-</u>	<u>105,160</u>	<u>168,074</u>	<u>157,343</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(592,378)	(183,875)	(111,299)	125,858	(77,717)	(33)
FUND BALANCES (DEFICITS) - JULY 1	1,611	592,378	186,352	111,299	84,084	77,717	120,227
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,611</u>	<u>\$ -</u>	<u>\$ 2,477</u>	<u>\$ -</u>	<u>\$ 209,942</u>	<u>\$ -</u>	<u>\$ 120,194</u>

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	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	\$ 295	\$ 5	\$ 5	\$ 67	\$ 286	\$ 718	\$ -
TOTAL REVENUES	<u>295</u>	<u>5</u>	<u>5</u>	<u>67</u>	<u>286</u>	<u>718</u>	<u>-</u>
EXPENDITURES							
Capital outlay	-	-	-	-	-	15,060	-
Program expenses	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,060</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>295</u>	<u>5</u>	<u>5</u>	<u>67</u>	<u>286</u>	<u>(14,342)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	6,500	-	1,265	500	21,082	63,599	2,550
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,500</u>	<u>-</u>	<u>1,265</u>	<u>500</u>	<u>21,082</u>	<u>63,599</u>	<u>2,550</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	6,795	5	1,270	567	21,368	49,257	2,550
FUND BALANCES (DEFICITS) - JULY 1	<u>13,681</u>	<u>381</u>	<u>(1,265)</u>	<u>3,764</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 20,476</u>	<u>\$ 386</u>	<u>\$ 5</u>	<u>\$ 4,331</u>	<u>\$ 21,368</u>	<u>\$ 49,257</u>	<u>\$ 2,550</u>

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, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ 265	\$ 657	\$ 4,614
TOTAL REVENUES	-	-	-	-	265	657	4,614
EXPENDITURES							
Capital outlay	-	-	66,114	-	-	6,520	-
Program expenses	-	-	-	-	-	-	1,495
TOTAL EXPENDITURES	-	-	66,114	-	-	6,520	1,495
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(66,114)	-	265	(5,863)	3,119
OTHER FINANCING SOURCES (USES)							
Transfers in	14,134	2,500	449,704	15,000	3,000	-	70,000
Transfers (out)	-	-	-	-	(19,000)	-	(63,112)
TOTAL OTHER FINANCING SOURCES (USES)	14,134	2,500	449,704	15,000	(16,000)	-	6,888
NET CHANGE IN FUND BALANCES (DEFICITS)	14,134	2,500	383,590	15,000	(15,735)	(5,863)	10,007
FUND BALANCES (DEFICITS) - JULY 1	-	-	-	-	16,341	54,700	259,594
FUND BALANCES (DEFICITS) - JUNE 30	\$ 14,134	\$ 2,500	\$ 383,590	\$ 15,000	\$ 606	\$ 48,837	\$ 269,601

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	W. Rockport Fire Station	Opera House Repairs	Computer Reserve	Town Office Building Reserve	Harbor Boat Reserve	Total
REVENUES						
Interest income	\$ 644	\$ -	\$ 65	\$ 412	\$ 106	\$ 16,995
TOTAL REVENUES	<u>644</u>	<u>-</u>	<u>65</u>	<u>412</u>	<u>106</u>	<u>16,995</u>
EXPENDITURES						
Capital outlay	-	-	-	8,911	-	943,964
Program expenses	1,162	-	-	-	-	3,599
TOTAL EXPENDITURES	<u>1,162</u>	<u>-</u>	<u>-</u>	<u>8,911</u>	<u>-</u>	<u>947,563</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(518)</u>	<u>-</u>	<u>65</u>	<u>(8,499)</u>	<u>106</u>	<u>(930,568)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	12,000	1,000	1,093,411
Transfers (out)	-	-	-	(28,777)	-	(541,465)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,777)</u>	<u>1,000</u>	<u>551,946</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(518)	-	65	(25,276)	1,106	(378,622)
FUND BALANCES (DEFICITS) - JULY 1	<u>85,161</u>	<u>73</u>	<u>5,046</u>	<u>30,850</u>	<u>7,485</u>	<u>1,649,479</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 84,643</u>	<u>\$ 73</u>	<u>\$ 5,111</u>	<u>\$ 5,574</u>	<u>\$ 8,591</u>	<u>\$ 1,270,857</u>

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, 2017

	Chatfield Fund for Library	Dodge Fund for Library	Gardner Fund for Library	Public Assistance Welfare	Cemetery	Total
ASSETS						
Cash and cash equivalents	\$ 326	\$ 213	\$ 739	\$ 140,098	\$ 185,400	\$ 326,776
Investments	12,446	8,150	28,279	304,997	392,223	746,095
Due from other funds	-	-	-	-	35,750	35,750
TOTAL ASSETS	<u>\$ 12,772</u>	<u>\$ 8,363</u>	<u>\$ 29,018</u>	<u>\$ 445,095</u>	<u>\$ 613,373</u>	<u>\$ 1,108,621</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	10,076	9,280	22,937	-	-	42,293
Restricted	2,696	-	6,081	445,095	613,373	1,067,245
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(917)	-	-	-	(917)
TOTAL FUND BALANCES	<u>12,772</u>	<u>8,363</u>	<u>29,018</u>	<u>445,095</u>	<u>613,373</u>	<u>1,108,621</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,772</u>	<u>\$ 8,363</u>	<u>\$ 29,018</u>	<u>\$ 445,095</u>	<u>\$ 613,373</u>	<u>\$ 1,108,621</u>

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, 2017

	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)	\$ 1,224	\$ 838	\$ 2,736	\$ 37,993	\$ 49,453	\$ 92,244
Other	-	-	-	-	5,350	5,350
TOTAL REVENUES	<u>1,224</u>	<u>838</u>	<u>2,736</u>	<u>37,993</u>	<u>54,803</u>	<u>97,594</u>
EXPENDITURES						
Other	106	71	239	2,970	3,864	7,250
TOTAL EXPENDITURES	<u>106</u>	<u>71</u>	<u>239</u>	<u>2,970</u>	<u>3,864</u>	<u>7,250</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,118</u>	<u>767</u>	<u>2,497</u>	<u>35,023</u>	<u>50,939</u>	<u>90,344</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	(496)	(335)	(1,115)	-	(5,000)	(6,946)
TOTAL OTHER FINANCING (USES)	<u>(496)</u>	<u>(335)</u>	<u>(1,115)</u>	<u>-</u>	<u>(5,000)</u>	<u>(6,946)</u>
NET CHANGE IN FUND BALANCES	622	432	1,382	35,023	45,939	83,398
FUND BALANCES - JULY 1	<u>12,150</u>	<u>7,931</u>	<u>27,636</u>	<u>410,072</u>	<u>567,434</u>	<u>1,025,223</u>
FUND BALANCES - JUNE 30	<u>\$ 12,772</u>	<u>\$ 8,363</u>	<u>\$ 29,018</u>	<u>\$ 445,095</u>	<u>\$ 613,373</u>	<u>\$ 1,108,621</u>

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, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 2,850,286	\$ 463,871	\$ 43,542	\$ -	\$ 3,357,699
Public safety	-	368,776	1,198,560	-	1,567,336
Public works	172,748	1,466,963	2,266,515	2,362,296	6,268,522
Culture and recreation	8,500	574,011	-	-	582,511
Sewer department	415,932	-	-	9,996,673	10,412,605
Total General Capital Assets	3,447,466	2,873,621	3,508,617	12,358,969	22,188,673
Less: Accumulated Depreciation	-	(999,895)	(2,257,371)	(6,353,147)	(9,610,413)
Net General Capital Assets	\$ 3,447,466	\$ 1,873,726	\$ 1,251,246	\$ 6,005,822	\$ 12,578,260

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, 2017

	General Capital Assets 7/1/16	Additions	Deletions	General Capital Assets 6/30/17
General government	\$ 3,357,699	\$ -	\$ -	\$ 3,357,699
Public safety	1,540,018	27,318	-	1,567,336
Public works	6,165,936	102,586	-	6,268,522
Culture and recreation	582,511	-	-	582,511
Sewer department	10,198,867	213,738	-	10,412,605
Total General Capital Assets	21,845,031	343,642	-	22,188,673
Less: Accumulated Depreciation	(8,967,666)	(642,747)	-	(9,610,413)
Net General Capital Assets	<u>\$ 12,877,365</u>	<u>\$ (299,105)</u>	<u>\$ -</u>	<u>\$ 12,578,260</u>

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise and Integrity

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, 2017, 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 March 8, 2018.

Internal Control Over Financial Reporting

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.

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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.

RHR Smith & Company

Buxton, Maine
March 8, 2018