

Audited Financial Statements
And Other Supplementary Information

Town of Rockport, Maine

June 30, 2018



Proven Expertise and Integrity

TOWN OF ROCKPORT, MAINE

CONTENTS

JUNE 30, 2018

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12 - 13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT G - BALANCE SHEET - PROPRIETARY FUNDS	20
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	21
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	22
NOTES TO FINANCIAL STATEMENTS	23 - 65
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	66

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	67
SCHEDULE 2 - SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	68
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	69
SCHEDULE 4 - SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	70
SCHEDULE 5 - SCHEDULE OF CONTRIBUTIONS - OPEB	71
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	72
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	73
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	74 - 75
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	76
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	77
SPECIAL REVENUE FUNDS DESCRIPTION	78
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	79 - 82
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	83 - 86
CAPITAL PROJECTS FUNDS DESCRIPTION	87
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	88 - 91
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	92 - 95

PERMANENT FUNDS DESCRIPTION	96
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	97
SCHEDULE J - COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	98
GENERAL CAPITAL ASSETS DESCRIPTION	99
SCHEDULE K - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	100
SCHEDULE L - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	101

FEDERAL COMPLIANCE

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 <i>GOVERNMENT AUDITING STANDARDS</i>	102 - 103
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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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Rockport, Maine as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and pension and OPEB information on pages 4 through 11 and 67 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rockport, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2019, on our consideration of the Town of Rockport, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rockport, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
April 22, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

(UNAUDITED)

The following management's discussion and analysis of Town of Rockport, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Rockport, Maine's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Rockport are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, human services, education, culture and recreation, program expenses and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Rockport include the sewer department.

Fund Financial Statements

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

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues,

expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Rockport, Maine presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and the Rockport Library fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Rockport, Maine maintains one proprietary fund, the sewer department. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule of Proportionate Share of the Net OPEB Liability and a Schedule of Contributions - OPEB.

Other Supplementary Information

Other supplementary information follows the required supplementary information. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and

other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$442,637 from \$13,015,044 to \$13,457,681. The Town's total net position for business-type activities decreased by \$599,577 from \$4,612,778 to \$4,013,201.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017 (Restated)</u>	<u>2018</u>	<u>2017</u>
Assets				
Current Assets	\$ 8,136,047	\$ 7,499,964	\$ (211,767)	\$ 134,145
Capital Assets	8,303,590	8,382,136	4,897,155	5,125,371
Total Assets	<u>16,439,637</u>	<u>15,882,100</u>	<u>4,685,388</u>	<u>5,259,516</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	132,865	182,128	-	-
Total Deferred Outflows of Resources	<u>132,865</u>	<u>182,128</u>	<u>-</u>	<u>-</u>
Liabilities				
Current Liabilities	622,280	677,613	193,434	106,701
Long-term Debt Outstanding	2,053,763	2,266,383	478,753	540,037
Total Liabilities	<u>2,676,043</u>	<u>2,943,996</u>	<u>672,187</u>	<u>646,738</u>
Deferred Inflows of Resources				
Prepaid Taxes	338,352	44,530	-	-
Deferred Inflows Related to OPEB	10,026	-	-	-
Deferred Inflows Related to Pensions	90,400	60,658	-	-
Total Deferred Inflows of Resources	<u>438,778</u>	<u>105,188</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	6,282,209	6,138,127	4,357,118	4,524,168
Restricted	2,932,377	2,784,937	-	-
Unrestricted	4,243,095	4,091,980	(343,917)	88,610
Total Net Position	<u>\$ 13,457,681</u>	<u>\$ 13,015,044</u>	<u>\$ 4,013,201</u>	<u>\$ 4,612,778</u>

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – an increased for governmental activities to a balance of \$4,243,095 at the end of this year. Unrestricted net position for business-type activities decreased to a deficit balance of \$343,917.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 341,837	\$ 367,273	\$ 818,408	\$ 785,124
Operating grants and contributions	106,755	6,489	-	-
<i>General revenues:</i>				
Taxes	14,819,925	14,527,619	-	-
Grants and contributions not restricted to specific programs	346,929	407,683	-	-
Miscellaneous	690,544	510,624	34,671	80,642
Transfers from other funds	504,329	1,724,069	29,592	71,691
Total Revenues	<u>16,810,319</u>	<u>17,543,757</u>	<u>882,671</u>	<u>937,457</u>
Expenses				
General government	1,202,976	1,249,154	-	-
Public safety	1,415,692	1,335,967	-	-
Public works	1,823,528	1,613,516	-	-
Human services	16,265	16,786	-	-
Culture and recreation	537,175	500,402	-	-
Education	9,132,629	8,895,585	-	-
Interest on long-term debt	44,396	43,046	-	-
County fees	1,059,031	1,082,307	-	-
Capital outlay	84,910	943,964	-	-
Sewer department	-	-	1,482,248	1,031,391
Program expenses	289,702	286,107	-	-
Unclassified	227,457	320,885	-	-
Transfers to other funds	533,921	1,331,056	-	464,704
Total Expenses	<u>16,367,682</u>	<u>17,618,775</u>	<u>1,482,248</u>	<u>1,496,095</u>
Change in Net Position	442,637	(75,018)	(599,577)	(558,638)
Net Position - July 1, Restated	<u>13,015,044</u>	<u>13,090,062</u>	<u>4,612,778</u>	<u>5,171,416</u>
Net Position - June 30	<u>\$ 13,457,681</u>	<u>\$ 13,015,044</u>	<u>\$ 4,013,201</u>	<u>\$ 4,612,778</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 4.18%, while total expenses decreased by 7.10%. For the business-type activities revenues decreased by 5.84% mainly due to a transfer from other funds in fiscal year 2017, while total expenses decreased by 0.93%.

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Town of Rockport, Maine
Fund Balances - Governmental Funds
June 30,

	2018	2017
General Fund:		
Nonspendable	\$ -	\$ 3,000
Assigned	611,507	355,653
Unassigned	2,643,885	2,637,001
Total General Fund	\$ 3,255,392	\$ 2,995,654
Rockport Library:		
Nonspendable	\$ 305,969	\$ 305,969
Restricted	643,484	501,968
	\$ 949,453	\$ 807,937
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 815,275	\$ 867,462
Assigned	8,174	9,322
Capital Projects Funds:		
Committed	1,165,797	1,270,857
Unassigned	-	-
Permanent Funds:		
Nonspendable	540,447	42,293
Restricted	627,202	1,067,245
Unassigned	(455)	(917)
Total Nonmajor Funds	\$ 3,211,079	\$ 3,256,262

The general fund total fund balance increased by \$259,738 from the prior fiscal year. The Rockport Library Fund total fund balance increased by \$141,516 from the prior fiscal year. The nonmajor fund total fund balances decreased by \$45,183 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 (\$599,577) for the year ended June 30, 2018.

Budgetary Highlights

The significant difference between the original and final budget for the general fund was from applied receipts and utilization of unassigned fund balance.

The general fund actual revenues exceeded budget by \$137,447. This was mainly the result of excess receipts in all categories except other intergovernmental revenues and charges for services.

The general fund actual expenditures were under budget by \$364,291. All expenditure categories were within or under budget except for unclassified.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town decreased by \$306,762 from the prior year. The decrease is the result of current year additions of \$369,766 less net disposals of \$13,226 and current year depreciation expense of \$663,302.

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

	2018	2017 (Restated)
Land and non-depreciable assets	\$ 4,489,762	\$ 4,294,826
Buildings, building improvements and land improvements	1,913,696	1,910,503
Machinery, equipment and vehicles	1,196,954	1,296,356
Infrastructure	5,600,333	6,005,822
Total	\$ 13,200,745	\$ 13,507,507

Debt

At June 30, 2018, the Town had \$2,185,559 in bonds outstanding versus \$2,316,695 last year. Other obligations include capital leases payable, accrued compensated absences, net OPEB liability and net pension liability. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town continues to work toward maintaining a sufficient unassigned fund balance to sustain government operations for a period of approximately two months. However, the Town also maintains significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, the Treasurer for the Town of Rockport can be reached at 101 Main Street, Rockport, Maine 04856.

TOWN OF ROCKPORT, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,128,667	\$ 82,380	\$ 5,211,047
Investments	1,696,318	138,893	1,835,211
Accounts receivable (net of allowance for uncollectibles):			
Taxes	583,139	-	583,139
Liens	51,808	-	51,808
Other	12,884	216,471	229,355
Internal balances	649,511	(649,511)	-
Total current assets	<u>8,136,047</u>	<u>(211,767)</u>	<u>7,924,280</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	4,073,830	415,932	4,489,762
Buildings and vehicles net of accumulated depreciation	4,229,760	4,481,223	8,710,983
Total noncurrent assets	<u>8,303,590</u>	<u>4,897,155</u>	<u>13,200,745</u>
TOTAL ASSETS	<u>16,439,637</u>	<u>4,685,388</u>	<u>21,125,025</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	132,865	-	132,865
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>132,865</u>	<u>-</u>	<u>132,865</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 16,572,502</u>	<u>\$ 4,685,388</u>	<u>\$ 21,257,890</u>

STATEMENT A (CONTINUED)

TOWN OF ROCKPORT, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 134,180	\$ 131,094	\$ 265,274
Accrued liabilities	15,844	1,056	16,900
Due to other governments	4,296	-	4,296
Current portion of long-term obligations	467,960	61,284	529,244
Total current liabilities	<u>622,280</u>	<u>193,434</u>	<u>815,714</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,574,565	478,753	2,053,318
Capital leases payable	249,381	-	249,381
Net OPEB liability	19,108	-	19,108
Net pension liability	210,709	-	210,709
Total noncurrent liabilities	<u>2,053,763</u>	<u>478,753</u>	<u>2,532,516</u>
TOTAL LIABILITIES	<u>2,676,043</u>	<u>672,187</u>	<u>3,348,230</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	338,352	-	338,352
Deferred inflows related to OPEB	10,026	-	10,026
Deferred inflows related to pensions	90,400	-	90,400
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>438,778</u>	<u>-</u>	<u>438,778</u>
NET POSITION			
Net investment in capital assets	6,282,209	4,357,118	10,639,327
Restricted - nonexpendable	846,416	-	846,416
Restricted for: Rockport Library	643,484	-	643,484
Special revenue funds	815,275	-	815,275
Permanent funds	627,202	-	627,202
Unrestricted (deficit)	4,243,095	(343,917)	3,899,178
TOTAL NET POSITION	<u>13,457,681</u>	<u>4,013,201</u>	<u>17,470,882</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 16,572,502</u>	<u>\$ 4,685,388</u>	<u>\$ 21,257,890</u>

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

TOWN OF ROCKPORT, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 1,202,976	\$ 152,916	\$ -	\$ -	\$ (1,050,060)	\$ -	\$ (1,050,060)
Public safety	1,415,692	8,568	-	-	(1,407,124)	-	(1,407,124)
Public works	1,823,528	139,356	53,316	-	(1,630,856)	-	(1,630,856)
Human services	16,265	-	8,016	-	(8,249)	-	(8,249)
Culture and recreation	537,175	38,419	-	-	(498,756)	-	(498,756)
Education	9,132,629	-	-	-	(9,132,629)	-	(9,132,629)
County fees	1,059,031	-	-	-	(1,059,031)	-	(1,059,031)
Capital outlay	84,910	-	-	-	(84,910)	-	(84,910)
Interest on long-term debt	44,396	-	-	-	(44,396)	-	(44,396)
Program expenses	289,702	-	-	45,423	(244,279)	-	(244,279)
Unclassified	227,457	2,578	-	-	(224,879)	-	(224,879)
Total governmental activities	<u>15,833,761</u>	<u>341,837</u>	<u>61,332</u>	<u>45,423</u>	<u>(15,385,169)</u>	<u>-</u>	<u>(15,385,169)</u>
Business-type activities:							
Sewer department	1,482,248	818,408	-	-	-	(663,840)	(663,840)
Total business-type activities	<u>1,482,248</u>	<u>818,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(663,840)</u>	<u>(663,840)</u>
Total government	<u>\$ 17,316,009</u>	<u>\$ 1,160,245</u>	<u>\$ 61,332</u>	<u>\$ 45,423</u>	<u>(15,385,169)</u>	<u>(663,840)</u>	<u>(16,049,009)</u>

STATEMENT B (CONTINUED)

TOWN OF ROCKPORT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(15,385,169)</u>	<u>(663,840)</u>	<u>(16,049,009)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	13,959,690	-	13,959,690
Excise taxes	860,235	-	860,235
Grants and contributions not restricted to specific programs	346,929	-	346,929
Miscellaneous	690,544	34,671	725,215
Transfers	<u>(29,592)</u>	<u>29,592</u>	<u>-</u>
Total general revenues and transfers	<u>15,827,806</u>	<u>64,263</u>	<u>15,892,069</u>
Change in net position	442,637	(599,577)	(156,940)
NET POSITION - JULY 1, RESTATED	<u>13,015,044</u>	<u>4,612,778</u>	<u>17,627,822</u>
NET POSITION - JUNE 30	<u><u>\$ 13,457,681</u></u>	<u><u>\$ 4,013,201</u></u>	<u><u>\$ 17,470,882</u></u>

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

STATEMENT C

TOWN OF ROCKPORT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Rockport Library	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,083,179	\$ 169,280	\$ 876,208	\$ 5,128,667
Investments	-	780,173	916,145	1,696,318
Accounts receivable (net of allowance for uncollectibles):				
Taxes	583,139	-	-	583,139
Liens	51,808	-	-	51,808
Other	12,884	-	-	12,884
Due from other governments	13,720	-	-	13,720
Due from other funds	981,026	-	1,750,241	2,731,267
TOTAL ASSETS	\$ 5,725,756	\$ 949,453	\$ 3,542,594	\$ 10,217,803
LIABILITIES				
Accounts payable	\$ 134,180	\$ -	\$ -	\$ 134,180
Accrued liabilities	15,844	-	-	15,844
Due to other governments	4,296	-	-	4,296
Due to other funds	1,750,241	-	331,515	2,081,756
TOTAL LIABILITIES	1,904,561	-	331,515	2,236,076
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	338,352	-	-	338,352
Deferred tax revenues	225,751	-	-	225,751
Deferred other revenues	1,700	-	-	1,700
TOTAL DEFERRED INFLOWS OF RESOURCES	565,803	-	-	565,803
FUND BALANCES				
Nonspendable	-	305,969	540,447	846,416
Restricted	-	643,484	1,442,477	2,085,961
Committed	-	-	1,165,797	1,165,797
Assigned	611,507	-	8,174	619,681
Unassigned	2,643,885	-	54,184	2,698,069
TOTAL FUND BALANCES	3,255,392	949,453	3,211,079	7,415,924
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,725,756	\$ 949,453	\$ 3,542,594	\$ 10,217,803

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

TOWN OF ROCKPORT, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 7,415,924
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	8,303,590
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	132,865
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	225,751
Other deferred revenues	1,700
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,645,522)
Capital leases payable	(375,859)
Accrued compensated absences	(270,525)
Net OPEB liability	(19,108)
Net pension liability	(210,709)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(10,026)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(90,400)</u>
Net position of governmental activities	<u><u>\$ 13,457,681</u></u>

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, 2018

	General Fund	Rockport Library	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	\$ 13,972,664	\$ -	\$ -	\$ 13,972,664
Excise taxes	860,235	-	-	860,235
Intergovernmental	407,761	-	45,923	453,684
Investment income, net of unrealized gains/(losses)	49,386	74,422	70,455	194,263
Charges for services	341,837	-	-	341,837
Miscellaneous revenues	230,390	95,000	170,891	496,281
TOTAL REVENUES	15,862,273	169,422	287,269	16,318,964
EXPENDITURES				
Current:				
General government	1,199,327	-	-	1,199,327
Public safety	1,342,267	-	-	1,342,267
Public works	1,833,926	-	-	1,833,926
Human services	16,265	-	-	16,265
Culture and recreation	517,557	-	-	517,557
Education	9,132,629	-	-	9,132,629
County fees	1,059,031	-	-	1,059,031
Program expenses	-	-	289,702	289,702
Unclassified	227,457	-	-	227,457
Debt service:				
Principal	104,998	-	-	104,998
Interest	44,396	-	-	44,396
Capital outlay	-	-	279,846	279,846
TOTAL EXPENDITURES	15,477,853	-	569,548	16,047,401
EXCESS REVENUES OVER (UNDER) EXPENDITURES	384,420	169,422	(282,279)	271,563
OTHER FINANCING SOURCES				
Lease proceeds	114,100	-	-	114,100
Transfers in	86,649	-	417,680	504,329
Transfers (out)	(325,431)	(27,906)	(180,584)	(533,921)
TOTAL OTHER FINANCING SOURCES (USES)	(124,682)	(27,906)	237,096	84,508
NET CHANGE IN FUND BALANCES	259,738	141,516	(45,183)	356,071
FUND BALANCES - JULY 1	2,995,654	\$ 807,937	3,256,262	7,059,853
FUND BALANCES - JUNE 30	\$ 3,255,392	\$ 949,453	\$ 3,211,079	\$ 7,415,924

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, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 356,071</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	369,766
Capital asset disposals	(13,226)
Depreciation expense	<u>(435,086)</u>
	<u>(78,546)</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>(49,263)</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	(13,174)
Other deferred revenue	200
	<u>(12,974)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(82,100)</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>274,342</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>(39,768)</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	(2,624)
Net OPEB liability	11,278
Net pension liability	<u>66,221</u>
	<u>74,875</u>
Change in net position of governmental activities (Statement B)	<u>\$ 442,637</u>

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

TOWN OF ROCKPORT, MAINE

BALANCE SHEET - PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Enterprise Fund</u> <u>Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 82,380
Investments	138,893
Accounts receivable (net of allowance for uncollectibles)	<u>216,471</u>
Total current assets	<u>437,744</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	415,932
Buildings and equipment, net of accumulated depreciation	<u>4,481,223</u>
Total noncurrent assets	<u>4,897,155</u>
TOTAL ASSETS	<u><u>\$ 5,334,899</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 131,094
Accrued interest	1,056
Due to other funds	649,511
Current portion of long-term obligations	<u>61,284</u>
Total current liabilities	<u>842,945</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	<u>478,753</u>
Total noncurrent liabilities	<u>478,753</u>
TOTAL LIABILITIES	<u>1,321,698</u>
NET POSITION	
Net investment in capital assets	4,357,118
Unrestricted (deficit)	<u>(343,917)</u>
TOTAL NET POSITION	<u>4,013,201</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 5,334,899</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, 2018

	<u>Enterprise Fund</u> <u>Sewer</u>
OPERATING REVENUES	
Charges for services	\$ 818,408
Miscellaneous income	17,220
TOTAL OPERATING REVENUES	<u>835,628</u>
OPERATING EXPENSES	
Wages and benefits	57,743
Professional services	8,000
Insurance	2,500
Materials, supplies, maintenance and chemicals	449,565
Camden treatment	261,742
Rockland treatment	136,148
Samoset treatment	73,899
Contracted services	211,464
Equipment	32,000
Depreciation and amortization	228,216
Miscellaneous expenses	17,545
TOTAL OPERATING EXPENSES	<u>1,478,822</u>
OPERATING INCOME (LOSS)	<u>(643,194)</u>
NONOPERATING REVENUES (EXPENSES)	
Transfers in	29,592
Interest income	17,451
Interest expense	(3,426)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>43,617</u>
CHANGE IN NET POSITION	(599,577)
NET POSITION - JULY 1	<u>\$ 4,612,778</u>
NET POSITION - JUNE 30	<u>\$ 4,013,201</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, 2018

	<u>Enterprise Funds</u> <u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 819,188
Other receipts	17,220
Payments to suppliers	<u>(1,163,991)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(327,583)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers from other funds	(29,592)
Principal paid on capital debt	(61,166)
Interest paid on capital debt	<u>(3,426)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(94,184)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	17,451
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>17,451</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(374,724)
CASH AND CASH EQUIVALENTS - JULY 1	<u>\$ 457,104</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ 82,380</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (643,194)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	228,216
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	780
Increase (decrease) in accounts payable	86,615
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (327,583)</u></u>

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

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Rockport was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government services, protection, public works, human services, community and social agencies, education and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, “*Omnibus 2017.*” The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, “*Certain Debt Extinguishment Issues.*” The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town’s sewer and water departments are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town’s net position is reported in three parts - net investment in capital assets;

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Rockport Library Fund is used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

Nonmajor Funds

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- e. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles except for the following:

- Encumbrances are treated as expenditures.
- Appropriations of prior year fund balances are treated as revenue.
- Interdepartmental and inter-fund transfers are treated as revenues and/or expenditures.
- Insurance claims, compensated absences and investment income are recorded on the cash basis.
- Capital leases are not budgeted.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed, executory contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) may be carried into the next fiscal year.

The following is a reconciliation of the GAAP and budgetary fund balances for the Town's General Fund:

Sources/Inflows of resources

Actual amounts (budgetary basis) "available for appropriation" budgetary comparison schedule (Schedule 1)	\$ 19,058,676
Differences-budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(2,995,654)
Debt proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(114,100)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(86,649)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 15,862,273</u></u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule (Schedule 1)	\$ 15,814,636
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>(11,352)</u>
Transfers to other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(325,431)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 15,477,853</u></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.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. For purposes of the Statement of Cash Flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$229,355 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2018.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, compensated absences, net OPEB liability and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Other Postemployment Benefits (OPEB)

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Compensated Absences

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2018, the Town's liability for compensated absences is \$270,525.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectmen.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount. The level of the unassigned fund balance shall be an amount equal to at least 12% of the total annual budget comprising the proposed operating budget to be voted on at Town Meeting, the County assessment, the school assessment, the annual TIF payment, and the estimated Overlay.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has deferred outflows related to OPEB and deferred outflows related to pensions. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to OPEB and deferred inflows related to pensions qualifies for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as inflows of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 24, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due on in two installments on October 16, 2017 and April 17, 2018. Interest on unpaid taxes commenced on October 17, 2017 and April 18, 2018, at 7% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$96,700 for the year ended June 30, 2018.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided, operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2018, the Town's cash balances amounting to \$5,211,047 were comprised of bank deposits of \$5,272,124. Of these bank deposits, \$1,031,974 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk and \$4,240,150 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 5,029,029
Savings accounts	143,439
Cash equivalents	99,656
	<u>\$ 5,272,124</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, 2018, the Town's investment balances amounting to \$1,835,211 were comprised of debt securities and mutual funds. Of the Town's investments of \$1,835,211, \$900,344 were fully covered by the Securities Investor Protection Corporation (SIPC). The remaining \$934,867 were uninsured and uncollateralized.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>			<u>N/A</u>
		<u><1 Year</u>	<u>1 - 5 Years</u>	<u>> 5 Years</u>	
Debt securities	\$ 204,685	\$ 75,103	\$ 114,504	\$ 15,078	\$ -
Equity securities	1,630,526	-	-		1,630,526
	<u>\$ 1,835,211</u>	<u>\$ 75,103</u>	<u>\$ 114,504</u>	<u>\$ 15,078</u>	<u>\$ 1,630,526</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2018:

	June 30, 2018 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	\$ 45,398	\$ -	\$ 45,398	\$ -
Corporate bonds	159,287	-	159,287	-
Total debt securities	<u>204,685</u>	<u>-</u>	<u>204,685</u>	<u>-</u>
Equity securities:				
Common stock - domestic	1,426,225	1,426,225	-	-
Mutual funds - domestic and foreign	59,345	59,345	-	-
Real estate investment trusts	144,956	144,956	-	-
Total equity securities	<u>1,630,526</u>	<u>1,630,526</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>1,835,211</u>	<u>\$ 1,630,526</u>	<u>\$ 204,685</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	<u>99,656</u>			
Total cash equivalents measured at the NAV	<u>99,656</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 1,934,867</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2018 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables.

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
General Fund	\$ 981,026	\$ 1,750,241
Nonmajor Special Revenue Funds	689,952	82,073
Nonmajor Capital Projects Funds	1,024,539	243,632
Nonmajor Permanent Funds	35,750	5,810
Enterprise Funds	-	649,511
	<u>\$ 2,731,267</u>	<u>\$ 2,731,267</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance, 7/1/17 (Restated)	Additions	Disposals	Balance, 6/30/18
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 2,850,286	\$ -	\$ -	\$ 2,850,286
Art work	8,500	-	-	8,500
Construction in progress	1,020,108	194,936	-	1,215,044
	<u>3,878,894</u>	<u>194,936</u>	<u>-</u>	<u>4,073,830</u>
Depreciated assets:				
Buildings	2,910,397	69,131	-	2,979,528
Machinery & equipment	3,553,728	105,699	(26,451)	3,632,976
Infrastructure	2,362,296	-	-	2,362,296
	<u>8,826,421</u>	<u>174,830</u>	<u>(26,451)</u>	<u>8,974,800</u>
Less: accumulated depreciation	<u>(4,323,179)</u>	<u>(435,086)</u>	<u>13,225</u>	<u>(4,745,040)</u>
	<u>4,503,242</u>	<u>(260,256)</u>	<u>(13,226)</u>	<u>4,229,760</u>
Net governmental capital assets	<u>\$ 8,382,136</u>	<u>\$ (65,320)</u>	<u>\$ (13,226)</u>	<u>\$ 8,303,590</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Construction in progress	\$ 415,932	\$ -	\$ -	\$ 415,932
	<u>415,932</u>	<u>-</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>(5,287,234)</u>	<u>(228,216)</u>	<u>-</u>	<u>(5,515,450)</u>
	<u>4,709,439</u>	<u>(228,216)</u>	<u>-</u>	<u>4,481,223</u>
Net business-type capital assets	<u>\$ 5,125,371</u>	<u>\$ (228,216)</u>	<u>\$ -</u>	<u>\$ 4,897,155</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

General government	\$ 12,696
Public safety	83,798
Public works	318,974
Culture and recreation	19,618
Total governmental activities	<u>435,086</u>
Sewer department	<u>228,216</u>
Total business-type activities	<u>228,216</u>
Total depreciation expense	<u>\$ 663,302</u>

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2018:

	Balance, 7/1/17 (Restated)	Additions	Deletions	Balance, 6/30/18	Current Portion
<i>Governmental activities:</i>					
Bonds payable	\$ 1,715,492	\$ -	\$ (69,970)	\$ 1,645,522	\$ 70,957
Capital leases payable	498,131	82,100	(204,372)	375,859	126,478
Accrued compensated absences	267,901	2,624	-	270,525	270,525
Net OPEB liability	30,386	-	(11,278)	19,108	-
Net pension liability	276,930	-	(66,221)	210,709	-
Total	<u>\$ 2,788,840</u>	<u>\$ 84,724</u>	<u>\$ (351,841)</u>	<u>\$ 2,521,723</u>	<u>\$ 467,960</u>
<i>Business-type activities:</i>					
Bonds payable	\$ 601,203	\$ -	\$ (61,166)	\$ 540,037	\$ 61,284
Total	<u>\$ 601,203</u>	<u>\$ -</u>	<u>\$ (61,166)</u>	<u>\$ 540,037</u>	<u>\$ 61,284</u>

TOWN OF ROCKPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

Bonds payable

Governmental activities:

\$350,000, 2015 General Obligation Bonds due in annual principal and interest payments of \$23,353, through November of 2034. Interest is charged at a rate of 3.150% per annum.	\$ 305,469
\$1,397,750, 2016 General Obligation Bonds due in varying annual principal and interest payments of \$74,952 to \$91,445, through November of 2036. Interest is charged at a rate of 6.0% per annum.	<u>1,340,053</u>
Total governmental bonds payable	<u><u>1,645,522</u></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.	105,000
\$539,000, 2014 Sewer Bond due in annual principal payments varying from \$25,816 to \$28,115, through 2033. Interest is charged at a rate of 0.450% per annum.	<u>435,037</u>
Total business-type bonds payable	<u><u>540,037</u></u>
Total bonds payable	<u><u>\$ 2,185,559</u></u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bond principal and interest requirements for the next five fiscal years ending June 30 and in five year increments thereafter:

	<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>
2019	\$ 70,957	\$ 43,438	\$ 61,284	\$ 3,307	\$ 178,986
2020	72,019	42,376	61,402	3,190	178,987
2021	73,169	41,226	61,521	3,070	178,986
2022	74,484	39,910	26,640	2,950	143,984
2023	75,900	38,495	26,760	2,830	143,985
2024-2028	405,274	166,701	135,618	12,330	719,922
2029-2033	464,066	107,909	138,697	9,243	719,915
2034-2038	409,653	27,771	28,115	1,472	467,010
	<u>\$ 1,645,522</u>	<u>\$ 507,825</u>	<u>\$ 540,037</u>	<u>\$ 38,392</u>	<u>\$ 2,731,776</u>

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town. No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended June 30, 2018 was \$3,426.

TOWN OF ROCKPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - LONG TERM DEBT (CONTINUED)

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

Capital leases payable:

\$399,500, 2015 capital lease for a fire truck due in annual payments of \$46,706 through April of 2024. Interest is charged at a rate of 3.30% per annum.	\$ 250,498
\$9,624, 2015 capital lease for a copier due in monthly payments of \$179 through November of 2019. Interest is charged at a rate of 6.121% per annum.	2,908
\$91,724, 2016 capital lease for a dump truck due in annual payments of \$23,848 through November 2019. Interest is charged at a rate of 2.62% per annum.	23,239
\$102,586, 2017 capital lease for a truck due in annual payments of \$26,673 through December of 2020. Interest is charged at a rate of 2.68% per annum.	51,275
\$63,000, 2017 capital lease for a dump truck due in annual payments of \$31,905.78 through August 2018. Interest is charged at a rate of 2.61% per annum.	31,094
\$19,100, 2017 capital lease for a copier due in monthly payments of \$329 through January 2023. Interest is charged at a rate of 3.15% per annum.	<u>16,845</u>
Total capital leases payable	<u><u>\$ 375,859</u></u>

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

2019	\$ 126,478
2020	71,317
2021	44,983
2022	46,323
2023	46,076
2024-2028	<u>45,210</u>
Total minimum lease payments	380,387
Less: Amount representing interest	<u>(4,528)</u>
Present value of future minimum lease payments	<u><u>\$ 375,859</u></u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - NONSPENDABLE FUND BALANCES

At June 30, 2018, the Town had the following nonspendable fund balances:

Rockport Library	\$ 305,969
Nonmajor Permanent Funds (Schedule I)	540,447
	<u>\$ 846,416</u>

NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2018, the Town had the following restricted fund balances:

Rockport Library Fund	\$ 643,484
Nonmajor Special Revenue Funds (Schedule E)	815,275
Nonmajor Permanent Funds (Schedule I)	627,202
	<u>\$ 2,085,961</u>

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2018, the Town had the following committed fund balances:

Nonmajor Capital Projects Funds (Schedule G)	<u>\$ 1,165,797</u>
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NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2018, the Town had the following assigned fund balances:

General fund:	
West Rockport FS building improvement	\$ 3,955
Parks and Rec sidewalk construction	2,053
Conservation commission engineering study	1,506
Lime kiln maintenance	1,713
Opera House web hosting and design	2,125
Overtax fund balance	254,390
FY19 budget - tax reduction	345,765
Nonmajor Special Revenue Funds (Schedule E)	8,174
	<u>\$ 619,681</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - EXPENDITURES OVER APPROPRIATIONS

The Town had the following overspent appropriations at June 30, 2018.

Unclassified	<u>\$ 47,833</u>
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NOTE 11 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. As of June 30, 2018, the Town's share of school debt was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
MSAD # 28	\$ 9,496,846	44.59%	\$ 4,234,644
Knox County	4,060,676	13.08%	531,055
Five Town CSD	3,771,208	35.13%	<u>1,324,825</u>
			<u>\$ 6,090,524</u>

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

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.45% as of June 30, 2017. During the year ended June 30, 2018, the retirement system consisted of 283 participating employers.

Contributions

The contribution requirements of plan members and the Town are established and may be amended by the Maine State Legislature. Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's plan members are part of the PLD's plan "AN" and are required to contribute 8.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 7.0% of covered payroll. The Town's contribution to the MainePERS PLD Consolidated Plan for the fiscal years ended June 30, 2018, 2017 and 2016 were \$31,387, \$27,331 and \$24,457, respectively.

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

At June 30, 2018, the Town reported a liability of \$210,709 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

of all PLDs, actuarially determined. At June 30, 2017, the Town's proportion was 0.0514632%, which was a decrease of 0.000657% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized net pension expense of \$12,784. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,123
Changes of assumptions	17,930	-
Net difference between projected and actual earnings on pension plan investments	72,617	78,409
Changes in proportion and differences between contributions and proportionate share of contributions	10,931	1,868
Contributions subsequent to the measurement date	<u>31,387</u>	<u>-</u>
Total	<u>\$ 132,865</u>	<u>\$ 90,400</u>

\$31,387 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2018	\$ 571
2019	23,437
2020	1,414
2021	(14,346)
2022	-
Thereafter	-

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases – 2.20% for participating local districts.

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

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

TOWN OF ROCKPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2017 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
 Town's proportionate share of the net pension liability	 \$ 422,746	 \$ 210,709	 \$ 51,077

Changes in Net Pension Liability

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2017 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2017, this was 3 years for the PLD Consolidated Plan; prior to 2017, this was 4 years for the PLD Consolidated Plan.

TOWN OF ROCKPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2017 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - DEFERRED COMPENSATION PENSION PLAN

ICMA AND VALIC

Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Management Association Retirement Corporation (ICMA-RC). The plan permits employees to defer a portion of their salary until future years. There is an employer match by the Town of 4.5%. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

Funding Policy

Covered employees contribute 5.0% of their salary to the plan with the Town contributing 4.5%. The Town's contribution for the fiscal years ended June 30, 2018, 2017 and 2016 was \$51,061, \$51,277 and \$39,896 respectively.

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

Plan Description

Town employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS)), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount, or \$2,500.

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. The Town's contribution to the Plan for the year ended June 30, 2018 was \$1,185.

OPEB Liabilities

PLD Consolidated Plan

At June 30, 2018, the Town reported a liability of \$19,108 for its proportionate share of the net OPEB liabilities for the PLD Plan. The net OPEB liabilities were measured as of June 30, 2017, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liabilities were based on a projection of the Town's long-term share of contributions to the PLD Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the Town's proportion was 0.18996%, which was a decrease of 0.01102% from its proportion measured as of June 30, 2016.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

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

For the year ended June 30, 2018, the Town recognized total OPEB revenue of \$1,252 for the PLD plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	<u>PLD Life Insurance</u>	
Plan year ended June 30:		
2018	\$	(2,051)
2019		(2,051)
2020		(2,051)
2021		(2,051)
2022		(1,822)
Thereafter		-

Actuarial Methods and Assumptions

The collective total OPEB liability for the PLD Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

	<u>PLD Life Insurance</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	5,324
Net difference between projected and actual earnings on pension plan investments	-	915
Changes in proportion and differences between contributions and proportionate share of contributions	-	3,787
Contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 10,026</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the Plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

Amortization

The net OPEB liability of the PLD Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2017, there were 13 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

Investment Rate of Return - 6.875% per annum, compounded annually

Inflation Rate - 2.75%

Annual Salary Increases including Inflation - 2.75% to 9.00% per year

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANSS (CONTINUED)

Mortality Rates - For active members and non-disabled retirees of the Plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.

Participation Rate for Future Retirees - 100% of those currently enrolled

Conversion Charges - Apply to the cost of active group life insurance, not retiree group life insurance.

Form of Benefit Payment - Lump sum

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	16.00%	3.00%
US Government securities	9.00%	2.30%
Total	100.00%	

Discount Rate

The discount rate used to measure the collective total OPEB liability was 5.41% for 2017. The projection of cash flows used to determine the discount rate assumed

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

that employer contributions will be made at contractually required rates, actuarially determined.

The following table shows how the collective net OPEB liability/(asset) as of June 30, 2017 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 5.41%.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance:			
Discount rate	4.41%	5.41%	6.41%
Town's proportionate share of the net OPEB liability	\$ 25,644	\$ 19,108	\$ 13,948

Changes in Net OPEB Liability

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2017 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2017 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each Plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Investment Earnings on OPEB Plans Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each Plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period for the Plan was six years for 2017. For the fiscal year ended June 30, 2017, there were no changes in assumptions with the exception of the use of a blended discount rate for both Plans. Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions Plans*, requires the use of a blended discount rate for determining the total OPEB liability when it is projected that Plan assets are not sufficient to meet benefit obligations in the future. In years where assets are projected to be sufficient to pay benefits, the Plan's assumed rate of return is used; in years where assets are not projected to be sufficient to pay benefits, the use of a municipal bond rate is required. The result is a single blended discount rate.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each Plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2017.

OPEB Plans Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2017 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2018.

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a “claims made” form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is also a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies’ reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association – Unemployment Compensation Group Fund (“MMA UC Fund”). The MMA UC Fund was created to assist in meeting members’ obligations under the Employment Security Act in an efficient and cost effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - RISK MANAGEMENT (CONTINUED)

such, the Town makes quarterly payments into their account, based on rates developed by MMA's consulting actuary. Claims, if any, are paid out of the Town's own account. The Maine Department of Labor classifies MMA's UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2018. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 16 - JOINT VENTURE

The Town has entered into a joint venture with a number of other Towns. This joint venture is considered to be a separate reporting entity and has not been included within the financial statements of the Town of Rockport, Maine. A brief description of the joint venture, Mid Coast Solid Waste Corporation follows:

MID COAST SOLID WASTE CORPORATION

The Town has entered into an interlocal agreement with the Towns of Camden, Lincolnville, and Hope to operate a recycling facility. The Corporation is managed by a Board of Directors appointed by the municipal officers of each Member Municipality. Operating costs of the Corporation are allocated among Member Municipalities based on a formula of average valuation and population. The 2018 fiscal year assessment was calculated as follows:

Camden	42.67%
Hope	9.87%
Lincolnville	16.71%
Rockport	30.78%

The Town of Rockport, Maine's cost for the year ended June 30, 2018 was \$172,579.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - CONTINGENCIES AND COMMITMENTS

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

Leasing arrangements where the Town is lessor:

The Town of Rockport leases a facility at 101 Main Street to Mainely Lobster, the lessee, for its business operations in Rockport, Maine. This is a three year lease. Rental income of \$1,900 was received in fiscal year 2018.

Operating leases do not give rise to property rights and therefore the results of the lease agreements are not reflected in the Town's capital assets. The lessees are responsible for paying all executor costs such as maintenance and insurance.

NOTE 18 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS

Tax Increment Financing Districts

The Town has established a tax increment financing district in accordance with Maine statutes to finance economic development programs located in the Town of Rockport, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program, and to finance future expansion.

Camden National Bank/State of Maine Cheese TIF District

On March 13, 2000, the Rockport Board of Selectmen, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy. The area of the District is approximately 220.7 acres of land. The projects implemented under this Development Program include: wastewater service installation for users along Route One in two areas and extension of water service in one area. The original assessed value of the property is \$50,324,770. The Town anticipates over the life of the district that new development, rehabilitation, and redevelopment will result

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 18 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS
(CONTINUED)

in approximately \$56,264,095 in new taxable value in the year 2000 and increase at a minimum rate of 1.5% over the life of the TIF District. Tax increment revenues generated from this value over the life of the district will be approximately \$1,675,000. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value for 20 years. The tax increment revenues will be used to retire the \$700,000 bond taken to finance the construction, the excess will be deposited by the Town into the Development Program Fund in reserve to finance future infrastructure projects. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

Downtown Tax Increment Financing District

On November 3, 2009, the Rockport Board of Selectmen, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base and improve its economy. The area of the District is approximately 18.92 acres of land. The projects implemented under this Development Program include: improvements to buildings and structures, machinery and equipment and economic development planning and administrative expenses associated with the development effort. The original assessed value of the property is \$12,027,200. The Town anticipates over the life of the district that new development, rehabilitation, and redevelopment will result in approximately \$12,250,000 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$2,396,000. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value for 20 years. The tax increment revenues will be deposited by the Town into the Development Program Fund for a period of 20 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

The TIF District will remain in place for a period of 20 years from adoption, expiring on March 28, 2030. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period not to exceed 20 years or the remainder of the term of the District designation, whichever is less. Credit Enhancement Agreements available to investors/developers are as follows:

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 18 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS
(CONTINUED)

Credit Enhancement Agreements within the First Five Years of Adoption

Capital investments in properties within the designated Downtown TIF District that have begun within the first five years of the adoption of the TIF policy and meet the statutory criteria for TIF are eligible for the following financing scenario:

Years 1 through 3 – Up to 75 percent benefit to the investor and 25 percent benefit to the Town of Rockport.

Years 4 through 7 – Up to 50 percent benefit to the investor and 50 percent benefit to the Town of Rockport.

Years 8 through 10 – Up to 25 percent benefit to the investor and 75 percent benefit to the Town of Rockport.

Over the ten year life of the credit enhancement agreement 50 percent of the “captured revenue” would return to the property owner/developer, while 50 percent of the “captured revenue” would be dedicated for municipal use of eligible activities within the district.

Credit Enhancement Agreements Beyond Year Five of Adoption

Capital investments in properties within the designated Downtown TIF District that occur beyond the fifth year of the adoption of the TIF policy and meet the statutory criteria for TIF are eligible for the following financing scenario:

Years 1 through 3 – Up to 50 percent benefit to the investor and 50 percent benefit to the Town of Rockport.

Years 4 through 7 – Up to 33 percent benefit to the investor and 67 percent benefit to the Town of Rockport.

Years 8 through 10 – Up to 25 percent benefit to the investor and 75 percent benefit to the Town of Rockport.

Over the ten year life of the credit enhancement agreement 35.7 percent of the “captured revenue” would return to the property owner/developer, while 64.3 percent of the “captured revenue” would be dedicated for municipal use of eligible activities within the district.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 18 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS
(CONTINUED)

*Credit Enhancement Agreements Beyond Year Five of Adoption for Projects
Designated as Significant*

During the twenty year life of the TIF Policy, significant projects may surface that warrant a credit enhancement agreement that provides greater incentive to the investor. The following is the financing scenario for those projects:

Years 1 through 3 – Up to 75 percent benefit to the investor and 25 percent benefit to the Town of Rockport.

Years 4 through 7 – Up to 50 percent benefit to the investor and 50 percent benefit to the Town of Rockport.

Years 8 through 10 – Up to 25 percent benefit to the investor and 75 percent benefit to the Town of Rockport.

Over the ten year life of the credit enhancement agreement 50 percent of the “captured revenue” would return to the property owner/developer, while 50 percent of the “captured revenue” would be dedicated for municipal use of eligible activities within the district.

The Selectmen shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be completed within five years of the approval of the District.

Abatements

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities, and during the year ended June 30, 2018, had no active tax abatement agreements.

NOTE 19 - RESTATEMENTS

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 19 - RESTATEMENTS (CONTINUED)

Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). This restatement amounted to \$30,386. Capital assets were also restated to reflect the construction in progress for various road projects, fire equipment and the Town Hall vestibule acquisitions in fiscal year 2017. This restatement amounted to \$929,247. The beginning net position was restated by \$898,861.

The resulting restatements increased net position from \$12,116,183 to \$13,015,044 for governmental activities.

NOTE 20 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Proportionate Share of Net OPEB Liability
- Schedule of Contributions - OPEB

TOWN OF ROCKPORT, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,995,654	\$ 2,995,654	\$ 2,995,654	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	13,813,444	13,813,444	13,972,664	159,220
Excise taxes	766,000	766,000	860,235	94,235
Intergovernmental revenues:				
State revenue sharing	256,007	256,007	139,539	(116,468)
Homestead exemption	136,097	136,097	102,562	(33,535)
Local road assistance	52,000	52,000	53,316	1,316
Other	106,684	106,684	112,344	5,660
Charges for services	426,393	426,393	341,837	(84,556)
Interest income	20,000	20,000	49,386	29,386
Miscellaneous revenues	161,140	161,140	230,390	69,250
Lease proceeds	32,000	114,100	114,100	-
Transfers from other funds	73,710	73,710	86,649	12,939
Amounts Available for Appropriation	<u>18,839,129</u>	<u>18,921,229</u>	<u>19,058,676</u>	<u>137,447</u>
Charges to Appropriations (Outflows):				
Current:				
General government	1,252,591	1,271,691	1,199,327	72,364
Public safety	1,388,243	1,392,198	1,346,222	45,976
Public works	1,815,885	1,897,825	1,833,926	63,899
Human services	27,335	27,335	16,265	11,070
Culture and recreation	678,395	687,917	524,954	162,963
Education	9,185,000	9,185,000	9,132,629	52,371
County fees	1,059,031	1,059,031	1,059,031	-
TIF	103,681	-	-	-
Unclassified	174,052	179,624	227,457	(47,833)
Debt service:				
Principal	108,455	108,455	104,998	3,457
Interest	44,420	44,420	44,396	24
Transfers to other funds	171,750	325,431	325,431	-
Total Charges to Appropriations	<u>16,008,838</u>	<u>16,178,927</u>	<u>15,814,636</u>	<u>364,291</u>
Budgetary Fund Balance, June 30	<u>\$ 2,830,291</u>	<u>\$ 2,742,302</u>	<u>\$ 3,244,040</u>	<u>\$ 501,738</u>
Utilization of assigned fund balance	\$ 55,363	\$ 143,352	\$ -	\$ (143,352)
Utilization of unassigned fund balance	110,000	110,000	-	(110,000)
	<u>\$ 165,363</u>	<u>\$ 253,352</u>	<u>\$ -</u>	<u>\$ (253,352)</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>2018</u>	<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%	0.05%
Proportionate share of the net pension liability	\$ 210,709	\$ 276,930	\$ 146,612	\$ 69,984
Covered-employee payroll	420,448	436,733	467,938	466,321
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.12%	63.41%	31.33%	15.01%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

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

TOWN OF ROCKPORT, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 31,387	\$ 27,331	\$ 24,457	\$ 15,766
Contributions in relation to the contractually required contribution	<u>(31,387)</u>	<u>(27,331)</u>	<u>(24,457)</u>	<u>(15,766)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	448,386	420,448	436,733	467,938
Contributions as a percentage of covered-employee payroll	7.00%	6.50%	5.60%	3.37%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

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

TOWN OF ROCKPORT, MAINE

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

	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>		
Proportion of the net OPEB liability	0.11%	0.13%
District's proportionate share of the net OPEB liability	<u>\$ 19,108</u>	<u>\$ 30,386</u>
Covered-employee payroll	\$ 420,448	\$ 436,733
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	4.54%	6.96%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

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

TOWN OF ROCKPORT, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>		
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 448,386	\$ 420,448
Contributions as a percentage of covered- employee payroll	0.00%	0.00%

* The amounts presented for each fiscal year are for those years for which information is available.

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

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF ROCKPORT, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 13,813,444	\$ 13,813,444	\$ 13,972,664	\$ 159,220
Motor vehicle excise	750,000	750,000	845,374	95,374
Boat excise	16,000	16,000	14,861	(1,139)
Intergovernmental revenues:				
State revenue sharing	256,007	256,007	139,539	(116,468)
Homestead exemption	136,097	136,097	102,562	(33,535)
Tree growth reimbursement	-	-	5,720	5,720
Local roads	52,000	52,000	53,316	1,316
BETE	93,804	93,804	93,948	144
General assistance	12,880	12,880	8,016	(4,864)
Other state/federal funds	-	-	4,660	4,660
Charges for services:				
Town manager	40	40	1,034	994
Town clerk	38,400	38,400	37,605	(795)
Planning	47,900	47,900	45,257	(2,643)
Assessing	69,098	69,098	69,020	(78)
Police department income	4,200	4,200	5,312	1,112
Animal control fees	900	900	2,031	1,131
Public works income	2,000	2,000	10,140	8,140
Fire department income	-	-	1,225	1,225
Harbormaster	124,500	124,500	129,216	4,716
Library	92,387	92,387	-	(92,387)
Snowmobile	400	400	497	97
Opera house	27,440	27,440	22,347	(5,093)
Cemeteries	15,250	15,250	15,575	325
Publicly funded utilities	3,878	3,878	2,578	(1,300)
Investment income:				
Regular investment income	20,000	20,000	44,787	24,787
Insurance dividend	-	-	4,599	4,599
Other revenues:				
Fees/interest on taxes	53,100	53,100	47,062	(6,038)
WW wages, benefits and other	58,080	58,080	62,267	4,187
Insurance reimbursements	2,850	2,850	10,908	8,058
Payment in lieu of taxes	14,100	14,100	40,058	25,958
Cable t.v. franchise	32,000	32,000	35,993	3,993
Sale of tax acquired property	-	-	1	1
Misc. other	1,010	1,010	34,101	33,091
Lease proceeds	32,000	114,100	114,100	-
Transfers from other funds	73,710	73,710	86,649	12,939
Amounts Available for Appropriation	<u>\$ 15,843,475</u>	<u>\$ 15,925,575</u>	<u>\$ 16,063,022</u>	<u>\$ 137,447</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, 2018

	Original Budget	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 36,430	\$ -	\$ 36,430	\$ 39,277	\$ (2,847)
Town manager	268,260	-	268,260	253,498	14,762
Town clerk	230,546	-	230,546	212,496	18,050
Planning and community development	268,410	-	268,410	201,948	66,462
Finance	134,710	-	134,710	129,175	5,535
Assessing	188,848	-	188,848	180,961	7,887
Town office building	59,589	19,100	78,689	125,427	(46,738)
Insurance	65,798	-	65,798	56,545	9,253
	<u>1,252,591</u>	<u>19,100</u>	<u>1,271,691</u>	<u>1,199,327</u>	<u>72,364</u>
Public safety:					
Police department	607,330	-	607,330	570,073	37,257
Fire department	304,271	-	304,271	320,090	(15,819)
West Rockport fire station	5,749	3,955	9,704	8,356	1,348
Publicly funded utilities	257,216	-	257,216	245,999	11,217
Animal control	5,349	-	5,349	5,005	344
Harbor master	173,162	-	173,162	158,954	14,208
Public safety building	32,156	-	32,156	35,534	(3,378)
Emergency management	3,010	-	3,010	2,211	799
	<u>1,388,243</u>	<u>3,955</u>	<u>1,392,198</u>	<u>1,346,222</u>	<u>45,976</u>
Public works:					
Public works department	1,639,006	81,940	1,720,946	1,671,336	49,610
Sanitation	176,879	-	176,879	162,590	14,289
	<u>1,815,885</u>	<u>81,940</u>	<u>1,897,825</u>	<u>1,833,926</u>	<u>63,899</u>
Human services:					
General assistance	27,335	-	27,335	16,265	11,070
	<u>27,335</u>	<u>-</u>	<u>27,335</u>	<u>16,265</u>	<u>11,070</u>

TOWN OF ROCKPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Culture and recreation:					
Library	479,806	-	479,806	354,624	125,182
Conservation commission	8,410	1,506	9,916	8,638	1,278
Parks and recreation	64,487	3,766	68,253	61,786	6,467
Opera House	122,862	4,250	127,112	99,179	27,933
Library building (1 Limerock)	2,830	-	2,830	727	2,103
	<u>678,395</u>	<u>9,522</u>	<u>687,917</u>	<u>524,954</u>	<u>162,963</u>
Debt service:					
Principal	108,455	-	108,455	104,998	3,457
Interest	44,420	-	44,420	44,396	24
	<u>152,875</u>	<u>-</u>	<u>152,875</u>	<u>149,394</u>	<u>3,481</u>
TIF	<u>103,681</u>	<u>(103,681)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Education	<u>9,185,000</u>	<u>-</u>	<u>9,185,000</u>	<u>9,132,629</u>	<u>52,371</u>
County fees:					
County tax	968,701	-	968,701	968,701	-
E-911	60,514	-	60,514	60,514	-
Dispatch	29,816	-	29,816	29,816	-
	<u>1,059,031</u>	<u>-</u>	<u>1,059,031</u>	<u>1,059,031</u>	<u>-</u>
Unclassified:					
Cemeteries	55,075	1,938	57,013	52,029	4,984
RES East	6,132	3,634	9,766	2,433	7,333
Special assessments	6,800	-	6,800	4,693	2,107
Miscellaneous	9,556	-	9,556	9,556	-
Overlay	96,489	-	96,489	158,746	(62,257)
	<u>174,052</u>	<u>5,572</u>	<u>179,624</u>	<u>227,457</u>	<u>(47,833)</u>
Transfers to other funds:					
Special revenue funds	10,000	103,681	113,681	113,681	-
Capital projects funds	161,750	50,000	211,750	211,750	-
	<u>171,750</u>	<u>153,681</u>	<u>325,431</u>	<u>325,431</u>	<u>-</u>
Total Departmental Operations	<u>\$ 16,008,838</u>	<u>\$ 170,089</u>	<u>\$ 16,178,927</u>	<u>\$ 15,814,636</u>	<u>\$ 364,291</u>

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

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 161,183	\$ 384,890	\$ 330,135	\$ 876,208
Investments	109,026	-	807,119	916,145
Due from other funds	689,952	1,024,539	35,750	1,750,241
TOTAL ASSETS	<u><u>\$ 960,161</u></u>	<u><u>\$ 1,409,429</u></u>	<u><u>\$ 1,173,004</u></u>	<u><u>\$ 3,542,594</u></u>
LIABILITIES				
Due to other funds	\$ 82,073	\$ 243,632	\$ 5,810	\$ 331,515
TOTAL LIABILITIES	<u><u>82,073</u></u>	<u><u>243,632</u></u>	<u><u>5,810</u></u>	<u><u>331,515</u></u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	540,447	540,447
Restricted	815,275	-	627,202	1,442,477
Committed	-	1,165,797	-	1,165,797
Assigned	8,174	-	-	8,174
Unassigned	54,639	-	(455)	54,184
TOTAL FUND BALANCES (DEFICITS)	<u><u>878,088</u></u>	<u><u>1,165,797</u></u>	<u><u>1,167,194</u></u>	<u><u>3,211,079</u></u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u><u>\$ 960,161</u></u>	<u><u>\$ 1,409,429</u></u>	<u><u>\$ 1,173,004</u></u>	<u><u>\$ 3,542,594</u></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, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 45,923	\$ -	\$ -	\$ 45,923
Interest income	12,254	12,157	-	24,411
Investment income, net of unrealized gains/(losses)	-	-	70,455	70,455
Other	146,480	-	-	146,480
TOTAL REVENUES	<u>204,657</u>	<u>12,157</u>	<u>70,455</u>	<u>287,269</u>
EXPENDITURES				
Capital outlay	-	279,846	-	279,846
Program expenses	277,291	2,411	10,000	289,702
TOTAL EXPENDITURES	<u>277,291</u>	<u>282,257</u>	<u>10,000</u>	<u>569,548</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(72,634)</u>	<u>(270,100)</u>	<u>60,455</u>	<u>(282,279)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	147,221	270,459	-	417,680
Transfers (out)	(73,283)	(105,419)	(1,882)	(180,584)
TOTAL OTHER FINANCING SOURCES (USES)	<u>73,938</u>	<u>165,040</u>	<u>(1,882)</u>	<u>237,096</u>
NET CHANGE IN FUND BALANCES	1,304	(105,060)	58,573	(45,183)
FUND BALANCES - JULY 1	<u>876,784</u>	<u>1,270,857</u>	<u>1,108,621</u>	<u>3,256,262</u>
FUND BALANCES - JUNE 30	<u>\$ 878,088</u>	<u>\$ 1,165,797</u>	<u>\$ 1,167,194</u>	<u>\$ 3,211,079</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, 2018

	Comprehensive Plan	Energy Grant	State Planning Grant	S&T King Fire Dept Grant	Cascade Foundation PD Video	Cascade Foundation FD Thermal	Rotary Club of West Bay	General Assistance Heating	General Assistance Stewart Fund
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Due from other funds	2,719	2,000	1,000	225	1,995	1,803	35	876	2,641
TOTAL ASSETS	<u>\$ 2,719</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 225</u>	<u>\$ 1,995</u>	<u>\$ 1,803</u>	<u>\$ 35</u>	<u>\$ 876</u>	<u>\$ 2,641</u>
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	2,719	2,000	1,000	225	1,995	1,803	35	876	2,641
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,719</u>	<u>2,000</u>	<u>1,000</u>	<u>225</u>	<u>1,995</u>	<u>1,803</u>	<u>35</u>	<u>876</u>	<u>2,641</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,719</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 225</u>	<u>\$ 1,995</u>	<u>\$ 1,803</u>	<u>\$ 35</u>	<u>\$ 876</u>	<u>\$ 2,641</u>

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	General Assistance Donations	Legacy Rockport	Police Dept Federal Forfeiture	Opera House Chair Donations	Miscellaneous	125th Anniversary Celebration	Police Dept Training Reserve	Employee Accrued Benefits	Library Grants
ASSETS									
Cash and cash equivalents	\$ -	\$ 4,939	\$ -	\$ -	\$ -	\$ 27,107	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Due from other funds	3,759	3,707	8,174	1,573	4,843	-	22,022	60,140	390
TOTAL ASSETS	<u>\$ 3,759</u>	<u>\$ 8,646</u>	<u>\$ 8,174</u>	<u>\$ 1,573</u>	<u>\$ 4,843</u>	<u>\$ 27,107</u>	<u>\$ 22,022</u>	<u>\$ 60,140</u>	<u>\$ 390</u>
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,788	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,788</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	3,759	8,646	-	1,573	4,843	12,319	22,022	60,140	390
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	8,174	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>3,759</u>	<u>8,646</u>	<u>8,174</u>	<u>1,573</u>	<u>4,843</u>	<u>12,319</u>	<u>22,022</u>	<u>60,140</u>	<u>390</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,759</u>	<u>\$ 8,646</u>	<u>\$ 8,174</u>	<u>\$ 1,573</u>	<u>\$ 4,843</u>	<u>\$ 27,107</u>	<u>\$ 22,022</u>	<u>\$ 60,140</u>	<u>\$ 390</u>

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Fire Department Miscellaneous	Library Building	Rohroubh Library Fund	Boyd Library Fund	Ellis Library Fund	CDBG Avena Botanicals Pass-Through Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ 81,267	\$ 3,309	\$ 1,385	\$ 3,302	\$ -
Investments	-	-	45,120	18,879	45,027	-
Due from other funds	5,490	-	-	-	-	-
TOTAL ASSETS	\$ 5,490	\$ 81,267	\$ 48,429	\$ 20,264	\$ 48,329	\$ -
LIABILITIES						
Due to other funds	\$ -	\$ 50,701	\$ 4,457	\$ 2,133	\$ 4,663	\$ -
TOTAL LIABILITIES	-	50,701	4,457	2,133	4,663	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	5,490	30,566	43,972	18,131	43,666	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	5,490	30,566	43,972	18,131	43,666	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,490	\$ 81,267	\$ 48,429	\$ 20,264	\$ 48,329	\$ -

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Library Operational	Commercial St. Waste Water TIF	Downtown TIF	Conservation Committee Grant	Hurricane Harvey Donations	Holiday on Harbor Donations	Ridge at Rockport Escrow	Total
ASSETS								
Cash and cash equivalents	\$ 39,874	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,183
Investments	-	-	-	-	-	-	-	109,026
Due from other funds	-	491,304	54,639	500	-	5,117	15,000	689,952
TOTAL ASSETS	\$ 39,874	\$ 491,304	\$ 54,639	\$ 500	\$ -	\$ 5,117	\$ 15,000	\$ 960,161
LIABILITIES								
Due to other funds	\$ 5,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,073
TOTAL LIABILITIES	5,331	-	-	-	-	-	-	82,073
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	34,543	491,304	-	500	-	5,117	15,000	815,275
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	8,174
Unassigned	-	-	54,639	-	-	-	-	54,639
TOTAL FUND BALANCES	34,543	491,304	54,639	500	-	5,117	15,000	878,088
TOTAL LIABILITIES AND FUND BALANCES	\$ 39,874	\$ 491,304	\$ 54,639	\$ 500	\$ -	\$ 5,117	\$ 15,000	\$ 960,161

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

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Comprehensive Plan	Energy Grant	State Planning Grant	S&T King Fire Dept Grant	Cascade Foundation PD Video	Cascade Foundation FD Thermal	Rotary Club of West Bay	General Assistance Heating	General Assistance Stewart Fund
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	25	23	2	11	35
Other	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	25	23	2	11	35
EXPENDITURES									
Program expenses	-	-	-	-	-	-	167	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-	167	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	25	23	(165)	11	35
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	25	23	(165)	11	35
FUND BALANCES - JULY 1	2,719	2,000	1,000	225	1,970	1,780	200	865	2,606
FUND BALANCES - JUNE 30	\$ 2,719	\$ 2,000	\$ 1,000	\$ 225	\$ 1,995	\$ 1,803	\$ 35	\$ 876	\$ 2,641

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	General Assistance Donations	Legacy Rockport	Police Dept Federal Forfeiture	Opera House Chair Donations	Miscellaneous	125th Anniversary Celebration	Police Dept Training Reserve	Employee Accrued Benefits	Library Grants
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	8	125	-	20	41	337	775	426	-
Other	2,200	5,973	-	-	-	715	-	-	-
TOTAL REVENUES	2,208	6,098	-	20	41	1,052	775	426	-
EXPENDITURES									
Program expenses	-	17,671	1,148	-	-	4,280	-	8,399	2,110
TOTAL EXPENDITURES	-	17,671	1,148	-	-	4,280	-	8,399	2,110
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,208	(11,573)	(1,148)	20	41	(3,228)	775	(7,973)	(2,110)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	10,000	-
Transfers (out)	-	-	-	-	-	-	(4,939)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	(4,939)	10,000	-
NET CHANGE IN FUND BALANCES	2,208	(11,573)	(1,148)	20	41	(3,228)	(4,164)	2,027	(2,110)
FUND BALANCES - JULY 1	1,551	20,219	9,322	1,553	4,802	15,547	26,186	58,113	2,500
FUND BALANCES - JUNE 30	\$ 3,759	\$ 8,646	\$ 8,174	\$ 1,573	\$ 4,843	\$ 12,319	\$ 22,022	\$ 60,140	\$ 390

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Fire Department Miscellaneous	Library Building	Rohroubh Library Fund	Boyd Library Fund	Ellis Library Fund	CDBG Avena Botanicals Pass- Through Grant
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,423
Interest income	-	1,009	3,884	1,605	3,859	-
Other	400	-	-	-	-	-
TOTAL REVENUES	400	1,009	3,884	1,605	3,859	45,423
EXPENDITURES						
Program expenses	-	50,700	-	-	-	45,423
TOTAL EXPENDITURES	-	50,700	-	-	-	45,423
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	400	(49,691)	3,884	1,605	3,859	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	(1,555)	(648)	(1,549)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,555)	(648)	(1,549)	-
NET CHANGE IN FUND BALANCES	400	(49,691)	2,329	957	2,310	-
FUND BALANCES - JULY 1	5,090	80,257	41,643	17,174	41,356	-
FUND BALANCES - JUNE 30	\$ 5,490	\$ 30,566	\$ 43,972	\$ 18,131	\$ 43,666	\$ -

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Library Operational	Commercial St. Waste Water TIF	Downtown TIF	Conservation Committee Grant	Hurricane Harvey Donations	Holiday on Harbor Donations	Ridge at Rockport Escrow	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 45,923
Interest income	69	-	-	-	-	-	-	12,254
Other	92,083	-	-	-	22,737	7,372	15,000	146,480
TOTAL REVENUES	<u>92,152</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>22,737</u>	<u>7,372</u>	<u>15,000</u>	<u>204,657</u>
EXPENDITURES								
Program expenses	119,901	-	2,500	-	22,737	2,255	-	277,291
TOTAL EXPENDITURES	<u>119,901</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>22,737</u>	<u>2,255</u>	<u>-</u>	<u>277,291</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(27,749)</u>	<u>-</u>	<u>(2,500)</u>	<u>500</u>	<u>-</u>	<u>5,117</u>	<u>15,000</u>	<u>(72,634)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	33,540	87,796	15,885	-	-	-	-	147,221
Transfers (out)	-	(64,592)	-	-	-	-	-	(73,283)
TOTAL OTHER FINANCING SOURCES (USES)	<u>33,540</u>	<u>23,204</u>	<u>15,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,938</u>
NET CHANGE IN FUND BALANCES	5,791	23,204	13,385	500	-	5,117	15,000	1,304
FUND BALANCES - JULY 1	<u>28,752</u>	<u>468,100</u>	<u>41,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>876,784</u>
FUND BALANCES - JUNE 30	<u>\$ 34,543</u>	<u>\$ 491,304</u>	<u>\$ 54,639</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 5,117</u>	<u>\$ 15,000</u>	<u>\$ 878,088</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.

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

	Sand/Salt Shed	Mill Street Bridge	Pascal Avenue High Sidewalk	Mt. Pleasant Street	Summer Street	Public Works Roof
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 19,245	\$ 192,445	\$ -	\$ 111,618
Due from other funds	1,611	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,611</u>	<u>\$ -</u>	<u>\$ 19,245</u>	<u>\$ 192,445</u>	<u>\$ -</u>	<u>\$ 111,618</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 19,245	\$ 172,348	\$ -	\$ 52,039
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>19,245</u>	<u>172,348</u>	<u>-</u>	<u>52,039</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	1,611	-	-	20,097	-	59,579
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,611</u>	<u>-</u>	<u>-</u>	<u>20,097</u>	<u>-</u>	<u>59,579</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,611</u>	<u>\$ -</u>	<u>\$ 19,245</u>	<u>\$ 192,445</u>	<u>\$ -</u>	<u>\$ 111,618</u>

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

	Public Works Equipment Reserve	Video Equipment Reserve	Harbor Float Reserve	Harbor Boat Engine Reserve	Pathways Reserve	Recreation Department Reserve	Harbor Land Acquisition Kononen
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	77,506	399	19,086	4,385	29,683	37,885	2,550
TOTAL ASSETS	<u>\$ 77,506</u>	<u>\$ 399</u>	<u>\$ 19,086</u>	<u>\$ 4,385</u>	<u>\$ 29,683</u>	<u>\$ 37,885</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	77,506	399	19,086	4,385	29,683	37,885	2,550
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>77,506</u>	<u>399</u>	<u>19,086</u>	<u>4,385</u>	<u>29,683</u>	<u>37,885</u>	<u>2,550</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 77,506</u>	<u>\$ 399</u>	<u>\$ 19,086</u>	<u>\$ 4,385</u>	<u>\$ 29,683</u>	<u>\$ 37,885</u>	<u>\$ 2,550</u>

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Walker Park Playground Reserve	Cemetery Reserve	Waste Water Capital Reserve	Waste Water Camden Upgrade Reserve	Police Department Vehicle Reserve	Opera House Building Reserve	Fire Department Equipment Reserve
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	13,634	3,564	383,590	15,000	764	67,956	306,906
TOTAL ASSETS	<u>\$ 13,634</u>	<u>\$ 3,564</u>	<u>\$ 383,590</u>	<u>\$ 15,000</u>	<u>\$ 764</u>	<u>\$ 67,956</u>	<u>\$ 306,906</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	13,634	3,564	383,590	15,000	764	67,956	306,906
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>13,634</u>	<u>3,564</u>	<u>383,590</u>	<u>15,000</u>	<u>764</u>	<u>67,956</u>	<u>306,906</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,634</u>	<u>\$ 3,564</u>	<u>\$ 383,590</u>	<u>\$ 15,000</u>	<u>\$ 764</u>	<u>\$ 67,956</u>	<u>\$ 306,906</u>

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

	W. Rockport Fire Station	Opera House Repairs	Computer Reserve	Town Office Building Reserve	Harbor Boat Reserve	Total
ASSETS						
Cash and cash equivalents	\$ 61,582	\$ -	\$ -	\$ -	\$ -	\$ 384,890
Due from other funds	23,841	73	22,263	5,142	8,701	1,024,539
TOTAL ASSETS	\$ 85,423	\$ 73	\$ 22,263	\$ 5,142	\$ 8,701	\$ 1,409,429
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,632
TOTAL LIABILITIES	-	-	-	-	-	243,632
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	85,423	73	22,263	5,142	8,701	1,165,797
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	85,423	73	22,263	5,142	8,701	1,165,797
TOTAL LIABILITIES AND FUND BALANCES	\$ 85,423	\$ 73	\$ 22,263	\$ 5,142	\$ 8,701	\$ 1,409,429

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

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Sand/Salt Shed	Mill Street Bridge	Pascal Avenue High Sidewalk	Mt. Pleasant Street	Summer Street	Public Works Roof
REVENUES						
Interest income	\$ -	\$ -	\$ 223	\$ 2,391	\$ -	\$ 1,385
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>223</u>	<u>2,391</u>	<u>-</u>	<u>1,385</u>
EXPENDITURES						
Capital outlay	-	8,697	34,690	133,527	18,022	62,000
Program expenses	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>8,697</u>	<u>34,690</u>	<u>133,527</u>	<u>18,022</u>	<u>62,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(8,697)</u>	<u>(34,467)</u>	<u>(131,136)</u>	<u>(18,022)</u>	<u>(60,615)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	8,697	31,990	-	18,022	-
Transfers (out)	-	-	-	(58,709)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>8,697</u>	<u>31,990</u>	<u>(58,709)</u>	<u>18,022</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(2,477)	(189,845)	-	(60,615)
FUND BALANCES (DEFICITS) - JULY 1	<u>1,611</u>	<u>-</u>	<u>2,477</u>	<u>209,942</u>	<u>-</u>	<u>120,194</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,097</u>	<u>\$ -</u>	<u>\$ 59,579</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, 2018

	Public Works Equipment Reserve	Video Equipment Reserve	Harbor Float Reserve	Harbor Boat Engine Reserve	Pathways Reserve	Recreation Department Reserve	Harbor Land Acquisition Kononen
REVENUES							
Interest income	\$ 530	\$ 13	\$ 81	\$ 54	\$ 315	\$ 657	\$ -
TOTAL REVENUES	<u>530</u>	<u>13</u>	<u>81</u>	<u>54</u>	<u>315</u>	<u>657</u>	<u>-</u>
EXPENDITURES							
Capital outlay	-	-	-	-	-	15,779	-
Program expenses	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,779</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>530</u>	<u>13</u>	<u>81</u>	<u>54</u>	<u>315</u>	<u>(15,122)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	56,500	-	19,000	-	8,000	3,750	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>56,500</u>	<u>-</u>	<u>19,000</u>	<u>-</u>	<u>8,000</u>	<u>3,750</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	57,030	13	19,081	54	8,315	(11,372)	-
FUND BALANCES (DEFICITS) - JULY 1	<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>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 77,506</u>	<u>\$ 399</u>	<u>\$ 19,086</u>	<u>\$ 4,385</u>	<u>\$ 29,683</u>	<u>\$ 37,885</u>	<u>\$ 2,550</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, 2018

	Walker Park Playground Reserve	Cemetery Reserve	Waste Water Capital Reserve	Waste Water Camden Upgrade Reserve	Police Department Vehicle Reserve	Opera House Building Reserve	Fire Department Equipment Reserve
REVENUES							
Interest income	\$ -	\$ 64	\$ -	\$ -	\$ 158	\$ 1,030	\$ 4,015
TOTAL REVENUES	<u>-</u>	<u>64</u>	<u>-</u>	<u>-</u>	<u>158</u>	<u>1,030</u>	<u>4,015</u>
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
Program expenses	500	-	-	-	-	1,911	-
TOTAL EXPENDITURES	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,911</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(500)</u>	<u>64</u>	<u>-</u>	<u>-</u>	<u>158</u>	<u>(881)</u>	<u>4,015</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	1,000	-	-	-	20,000	80,000
Transfers (out)	-	-	-	-	-	-	(46,710)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>33,290</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(500)	1,064	-	-	158	19,119	37,305
FUND BALANCES (DEFICITS) - JULY 1	<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>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 13,634</u>	<u>\$ 3,564</u>	<u>\$ 383,590</u>	<u>\$ 15,000</u>	<u>\$ 764</u>	<u>\$ 67,956</u>	<u>\$ 306,906</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, 2018

	W. Rockport Fire Station	Opera House Repairs	Computer Reserve	Town Office Building Reserve	Harbor Boat Reserve	Total
REVENUES						
Interest income	\$ 780	\$ -	\$ 152	\$ 199	\$ 110	\$ 12,157
TOTAL REVENUES	<u>780</u>	<u>-</u>	<u>152</u>	<u>199</u>	<u>110</u>	<u>12,157</u>
EXPENDITURES						
Capital outlay	-	-	-	7,131	-	279,846
Program expenses	-	-	-	-	-	2,411
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,131</u>	<u>-</u>	<u>282,257</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>780</u>	<u>-</u>	<u>152</u>	<u>(6,932)</u>	<u>110</u>	<u>(270,100)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	17,000	6,500	-	270,459
Transfers (out)	-	-	-	-	-	(105,419)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>17,000</u>	<u>6,500</u>	<u>-</u>	<u>165,040</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	780	-	17,152	(432)	110	(105,060)
FUND BALANCES (DEFICITS) - JULY 1	<u>84,643</u>	<u>73</u>	<u>5,111</u>	<u>5,574</u>	<u>8,591</u>	<u>1,270,857</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 85,423</u>	<u>\$ 73</u>	<u>\$ 22,263</u>	<u>\$ 5,142</u>	<u>\$ 8,701</u>	<u>\$ 1,165,797</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, 2018

	Chatfield Fund for Library	Dodge Fund for Library	Gardner Fund for Library	Public Assistance Welfare	Cemetery	Total
ASSETS						
Cash and cash equivalents	\$ 1,025	\$ 699	\$ 2,291	\$ 140,144	\$ 185,976	\$ 330,135
Investments	13,970	9,534	31,245	333,412	418,958	807,119
Due from other funds	-	-	-	-	35,750	35,750
TOTAL ASSETS	\$ 14,995	\$ 10,233	\$ 33,536	\$ 473,556	\$ 640,684	\$ 1,173,004
LIABILITIES						
Due to other funds	\$ 1,510	\$ 1,408	\$ 2,892	\$ -	\$ -	\$ 5,810
TOTAL LIABILITIES	1,510	1,408	2,892	-	-	5,810
FUND BALANCES						
Nonspendable	10,076	9,280	22,937	50,780	447,374	540,447
Restricted	3,409	-	7,707	422,776	193,310	627,202
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(455)	-	-	-	(455)
TOTAL FUND BALANCES	13,485	8,825	30,644	473,556	640,684	1,167,194
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,995	\$ 10,233	\$ 33,536	\$ 473,556	\$ 640,684	\$ 1,173,004

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

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Chatfield Fund for Library	Dodge Fund for Library	Gardner Fund for Library	Public Assistance Welfare	Cemetery	Total
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 1,193	\$ 785	\$ 2,705	\$ 38,461	\$ 27,311	\$ 70,455
Other	-	-	-	-	-	-
TOTAL REVENUES	<u>1,193</u>	<u>785</u>	<u>2,705</u>	<u>38,461</u>	<u>27,311</u>	<u>70,455</u>
EXPENDITURES						
Other	-	-	-	10,000	-	10,000
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,193</u>	<u>785</u>	<u>2,705</u>	<u>28,461</u>	<u>27,311</u>	<u>60,455</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	(480)	(323)	(1,079)	-	-	(1,882)
TOTAL OTHER FINANCING (USES)	<u>(480)</u>	<u>(323)</u>	<u>(1,079)</u>	<u>-</u>	<u>-</u>	<u>(1,882)</u>
NET CHANGE IN FUND BALANCES	713	462	1,626	28,461	27,311	58,573
FUND BALANCES - JULY 1	<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>
FUND BALANCES - JUNE 30	<u>\$ 13,485</u>	<u>\$ 8,825</u>	<u>\$ 30,644</u>	<u>\$ 473,556</u>	<u>\$ 640,684</u>	<u>\$ 1,167,194</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, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 2,850,286	\$ 507,779	\$ 62,642	\$ -	\$ 3,420,707
Public safety	-	368,776	1,240,818	-	1,609,594
Public works	1,215,044	1,528,963	2,329,515	2,362,296	7,435,818
Culture and recreation	8,500	574,011	-	-	582,511
Sewer department	415,932	-	-	9,996,673	10,412,605
Total General Capital Assets	4,489,762	2,979,529	3,632,975	12,358,969	23,461,235
Less: Accumulated Depreciation	-	(1,065,833)	(2,436,021)	(6,758,636)	(10,260,490)
Net General Capital Assets	<u>\$ 4,489,762</u>	<u>\$ 1,913,696</u>	<u>\$ 1,196,954</u>	<u>\$ 5,600,333</u>	<u>\$ 13,200,745</u>

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

TOWN OF ROCKPORT, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2018

	General Capital Assets 7/1/17 (Restated)	Additions	Deletions	General Capital Assets 6/30/18
General government	\$ 3,394,476	\$ 26,231	\$ -	\$ 3,420,707
Public safety	1,612,446	23,599	(26,451)	1,609,594
Public works	7,115,882	319,936	-	7,435,818
Culture and recreation	582,511	-	-	582,511
Sewer department	10,412,605	-	-	10,412,605
Total General Capital Assets	23,117,920	369,766	(26,451)	23,461,235
Less: Accumulated Depreciation	(9,610,413)	(663,302)	13,225	(10,260,490)
Net General Capital Assets	<u>\$ 13,507,507</u>	<u>\$ (293,536)</u>	<u>\$ (13,226)</u>	<u>\$ 13,200,745</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, 2018 and the related notes to the financial statements, which collectively comprise the Town of Rockport, Maine's basic financial statements, and have issued our report thereon dated April 22, 2019.

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 of Rockport, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of 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
April 22, 2019