

Audited Financial Statements  
and Other Financial Information

**Town of Rockport, Maine**

June 30, 2019



*Proven Expertise & Integrity*

TOWN OF ROCKPORT, MAINE

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JUNE 30, 2019

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## INDEPENDENT AUDITORS' REPORT

Selectboard  
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, 2019 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, 2019 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 74 through 81 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 June 11, 2020, 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  
June 11, 2020

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**(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, 2019. 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 pension and OPEB information 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 activity 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 - Pension, a Schedule of Proportionate Share of the Net OPEB Liability - PLD, a Schedule of Changes in Net OPEB Liability-MMEHT, a Schedule of Changes in Net OPEB Liability and Related Ratios-MMEHT, a Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

### **Other Supplementary Information**

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

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

### Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$1,043,686 from \$13,183,034 to \$14,226,720. The Town's total net position for business-type activities decreased by \$104,510 from \$4,013,201 to \$3,908,691.

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

	Governmental Activities		Business-type Activities	
	2019	2018 (Restated)	2019	2018
<b>Assets</b>				
Current Assets	\$ 9,797,541	\$ 8,136,047	\$ 435,765	\$ 437,744
Noncurrent Assets	9,128,697	8,228,888	4,757,933	4,897,155
Total Assets	18,926,238	16,364,935	5,193,698	5,334,899
<b>Deferred Outflows of Resources</b>				
Deferred Outflows Related to Pensions	85,538	132,865	-	-
Deferred Outflows Related to OPEB	28,879	1,821	-	-
Total Deferred Outflows of Resources	114,417	134,686	-	-
<b>Liabilities</b>				
Current Liabilities	492,529	622,280	867,188	842,945
Noncurrent Liabilities	4,194,715	2,255,529	417,819	478,753
Total Liabilities	4,687,244	2,877,809	1,285,007	1,321,698
<b>Deferred Inflows of Resources</b>				
Prepaid Taxes	49,785	338,352	-	-
Deferred Inflows Related to Pensions	40,608	90,400	-	-
Deferred Inflows Related to OPEB	36,298	10,026	-	-
Total Deferred Inflows of Resources	126,691	438,778	-	-
<b>Net Position</b>				
Net Investment in Capital Assets	6,615,964	6,207,507	4,278,712	4,357,118
Restricted	1,387,091	1,489,900	48,223	-
Unrestricted	6,223,665	5,485,627	(418,244)	(343,917)
Total Net Position	\$ 14,226,720	\$ 13,183,034	\$ 3,908,691	\$ 4,013,201

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 - increased for governmental activities to a balance of \$6,223,665 at the end of this year. Unrestricted net position for business-type activities decreased to a deficit balance of \$418,244.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>				
<i>Program revenues:</i>				
Charges for services	\$ 436,013	\$ 341,837	\$ 1,022,463	\$ 818,408
Operating grants and contributions	77,638	106,755	-	-
<i>General revenues:</i>				
Taxes	15,980,253	14,819,925	-	-
Grants and contributions not restricted to specific programs	970,735	346,929	-	-
Miscellaneous	511,945	690,544	6,864	34,671
Transfers from other funds	738,853	504,329	64,684	29,592
<b>Total Revenues</b>	<b>18,715,437</b>	<b>16,810,319</b>	<b>1,094,011</b>	<b>882,671</b>
<b>Expenses</b>				
General government	1,221,784	1,202,976	-	-
Public safety	1,404,585	1,415,692	-	-
Public works	1,724,979	1,823,528	-	-
Human services	14,686	16,265	-	-
Culture and recreation	550,014	537,175	-	-
Education	10,219,894	9,132,629	-	-
Interest on long-term debt	45,431	44,396	-	-
County fees	1,116,753	1,059,031	-	-
Capital outlay	-	84,910	-	-
Sewer department	-	-	1,198,521	1,482,248
Program expenses	455,612	289,702	-	-
Unclassified	114,476	227,457	-	-
Transfers to other funds	803,537	533,921	-	-
<b>Total Expenses</b>	<b>17,671,751</b>	<b>16,367,682</b>	<b>1,198,521</b>	<b>1,482,248</b>
<b>Change in Net Position</b>	<b>1,043,686</b>	<b>442,637</b>	<b>(104,510)</b>	<b>(599,577)</b>
<b>Net Position - July 1, Restated</b>	<b>13,183,034</b>	<b>12,740,397</b>	<b>4,013,201</b>	<b>4,612,778</b>
<b>Net Position - June 30</b>	<b>\$ 14,226,720</b>	<b>\$ 13,183,034</b>	<b>\$ 3,908,691</b>	<b>\$ 4,013,201</b>

### **Revenues and Expenses**

Revenues for the Town's governmental activities increased by 11.33%, while total expenses increased by 7.97%. The largest increase in revenues was in taxes, while the largest increase in expenses was in education. For the business-type activities revenues increased by 23.94% while total expenses decreased by 19.14%.

## 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,**

	<b>2019</b>	<b>2018 (Restated)</b>
General Fund:		
Nonspendable	\$ 1,731	\$ -
Assigned	160,000	611,507
Unassigned	3,225,213	2,632,533
Total General Fund	\$ 3,386,944	\$ 3,244,040
Rockport Library:		
Nonspendable	\$ 305,969	\$ 305,969
Restricted	426,220	643,484
Total Rockport Library	\$ 732,189	\$ 949,453
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 2,647,988	\$ 815,275
Assigned	15,674	8,174
Unassigned	-	54,639
Capital Projects Funds:		
Committed	1,175,228	1,177,149
Assigned	38,275	-
Unassigned	(20)	-
Permanent Funds:		
Nonspendable	540,447	540,447
Restricted	654,902	627,202
Unassigned	(114)	(455)
Total Nonmajor Funds	\$ 5,072,380	\$ 3,222,431

The general fund total fund balance increased by \$142,904 from the prior fiscal year due to revenues exceeding expenditures and other financing sources. The Rockport Library total fund balance decreased by \$217,264 from the prior fiscal year

primarily due to expenditures. The nonmajor fund total fund balances increased by \$1,849,949 from the prior fiscal year primarily due to bond proceeds in the special revenue funds.

*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 (\$104,510) for the year ended June 30, 2019.

### **Budgetary Highlights**

There was no variance between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted amounts by \$59,092 due to all revenue categories being within or exceeding budgeted amounts with the exception of taxes and charges for services.

The general fund actual expenditures were expended under budgeted amounts by \$468,022. All expenditure categories were within or under budgeted amounts except for unclassified.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of June 30, 2019, the net book value of capital assets recorded by the Town increased by \$760,587 from the prior year. The increase is the result of current year additions of \$1,477,344, less current year depreciation expense of \$716,757.

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

	<b>2019</b>	<b>2018 (Restated)</b>
Land and non-depreciable assets	\$ 3,964,816	\$ 4,489,762
Buildings, building improvements and land improvements	1,772,566	1,913,696
Machinery, equipment and vehicles	1,778,252	1,196,954
Infrastructure	6,370,996	5,525,631
Total	\$ 13,886,630	\$ 13,126,043

## **Debt**

At June 30, 2019, the Town had \$3,864,974 in bonds and notes from direct borrowings outstanding versus \$2,021,381 last year. 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, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,904,629	\$ 56,935	\$ 6,961,564
Investments	1,451,917	129,843	1,581,760
Accounts receivable (net of allowance for uncollectibles):			
Taxes	603,875	-	603,875
Liens	86,654	-	86,654
Other	12,270	248,987	261,257
Due from other governments	80,466	-	80,466
Prepaid items	1,731	-	1,731
Internal balances	655,999	(655,999)	-
Total current assets	<u>9,797,541</u>	<u>(220,234)</u>	<u>9,577,307</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	3,617,499	347,317	3,964,816
Buildings and	5,511,198	4,410,616	9,921,814
Total noncurrent assets	<u>9,128,697</u>	<u>4,757,933</u>	<u>13,886,630</u>
<b>TOTAL ASSETS</b>	<u>18,926,238</u>	<u>4,537,699</u>	<u>23,463,937</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	85,538	-	85,538
Deferred outflows related to OPEB	28,879	-	28,879
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>114,417</u>	<u>-</u>	<u>114,417</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 19,040,655</u>	<u>\$ 4,537,699</u>	<u>\$ 23,578,354</u>



STATEMENT A (CONTINUED)

TOWN OF ROCKPORT, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 148,768	\$ 149,787	\$ 298,555
Accrued payroll	46,145	-	46,145
Accrued liabilities	2,431	-	2,431
Due to other governments	2,291	-	2,291
Current portion of long-term obligations	292,894	61,402	354,296
Total current liabilities	492,529	211,189	703,718
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	2,927,779	417,819	3,345,598
Notes from direct borrowings payable	669,231	-	669,231
Accrued compensated absences	224,370	-	224,370
Net pension liability	157,159	-	157,159
Net OPEB liability	216,176	-	216,176
Total noncurrent liabilities	4,194,715	417,819	4,612,534
<b>TOTAL LIABILITIES</b>	<b>4,687,244</b>	<b>629,008</b>	<b>5,316,252</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	49,785	-	49,785
Deferred inflows related to pensions	40,608	-	40,608
Deferred inflows related to OPEB	36,298	-	36,298
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>126,691</b>	<b>-</b>	<b>126,691</b>
<b>NET POSITION</b>			
Net investment in capital assets	6,615,964	4,278,712	10,894,676
Restricted for: Rockport Library	732,189	-	732,189
Capital projects funds	-	48,223	48,223
Permanent funds	654,902	-	654,902
Unrestricted (deficit)	6,223,665	(418,244)	5,805,421
<b>TOTAL NET POSITION</b>	<b>14,226,720</b>	<b>3,908,691</b>	<b>18,135,411</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 19,040,655</b>	<b>\$ 4,537,699</b>	<b>\$ 23,578,354</b>

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

TOWN OF ROCKPORT, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,221,784	\$ 158,353	\$ -	\$ -	\$ (1,063,431)	\$ -	\$ (1,063,431)
Public safety	1,404,585	12,477	-	-	(1,392,108)	-	(1,392,108)
Public works	1,724,979	154,963	52,592	-	(1,517,424)	-	(1,517,424)
Human services	14,686	-	4,314	-	(10,372)	-	(10,372)
Culture and recreation	550,014	100,810	-	-	(449,204)	-	(449,204)
Education	10,219,894	-	-	-	(10,219,894)	-	(10,219,894)
County fees	1,116,753	-	-	-	(1,116,753)	-	(1,116,753)
Interest on long-term debt	45,431	-	-	-	(45,431)	-	(45,431)
Program expenses	455,612	-	-	20,732	(434,880)	-	(434,880)
Unclassified	114,476	9,410	-	-	(105,066)	-	(105,066)
Total governmental activities	<u>16,868,214</u>	<u>436,013</u>	<u>56,906</u>	<u>20,732</u>	<u>(16,354,563)</u>	<u>-</u>	<u>(16,354,563)</u>
Business-type activities:							
Sewer department	1,198,521	1,022,463	-	-	-	(176,058)	(176,058)
Total business-type activities	<u>1,198,521</u>	<u>1,022,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,058)</u>	<u>(176,058)</u>
Total government	<u>\$ 18,066,735</u>	<u>\$ 1,458,476</u>	<u>\$ 56,906</u>	<u>\$ 20,732</u>	<u>(16,354,563)</u>	<u>(176,058)</u>	<u>(16,530,621)</u>

STATEMENT B (CONTINUED)

TOWN OF ROCKPORT, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(16,354,563)</u>	<u>(176,058)</u>	<u>(16,530,621)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	15,070,261	-	15,070,261
Excise taxes	909,992	-	909,992
Grants and contributions not restricted to specific programs	970,735	-	970,735
Miscellaneous	511,945	6,864	518,809
Transfers	<u>(64,684)</u>	<u>64,684</u>	<u>-</u>
Total general revenues and transfers	<u>17,398,249</u>	<u>71,548</u>	<u>17,469,797</u>
Change in net position	1,043,686	(104,510)	939,176
NET POSITION - JULY 1, RESTATED	<u>13,183,034</u>	<u>4,013,201</u>	<u>17,196,235</u>
NET POSITION - JUNE 30	<u>\$ 14,226,720</u>	<u>\$ 3,908,691</u>	<u>\$ 18,135,411</u>

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

## STATEMENT C

## TOWN OF ROCKPORT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Rockport Library	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,367,681	\$ 42,953	\$ 2,493,995	\$ 6,904,629
Investments	-	654,467	797,450	1,451,917
Accounts receivable (net of allowance for uncollectibles):				
Taxes	603,875	-	-	603,875
Liens	86,654	-	-	86,654
Other	12,270	-	-	12,270
Due from other governments	80,466	-	-	80,466
Prepaid items	1,731	-	-	1,731
Due from other funds	1,156,161	34,769	2,281,097	3,472,027
<b>TOTAL ASSETS</b>	<b>\$ 6,308,838</b>	<b>\$ 732,189</b>	<b>\$ 5,572,542</b>	<b>\$ 12,613,569</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 148,768	\$ -	\$ -	\$ 148,768
Accrued payroll	46,145	-	-	46,145
Accrued liabilities	2,431	-	-	2,431
Due to other governments	2,291	-	-	2,291
Due to other funds	2,315,866	-	500,162	2,816,028
<b>TOTAL LIABILITIES</b>	<b>2,515,501</b>	<b>-</b>	<b>500,162</b>	<b>3,015,663</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	49,785	-	-	49,785
Deferred tax revenues	356,608	-	-	356,608
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>406,393</b>	<b>-</b>	<b>-</b>	<b>406,393</b>
<b>FUND BALANCES</b>				
Nonspendable	1,731	305,969	540,447	848,147
Restricted	-	426,220	3,302,890	3,729,110
Committed	-	-	1,175,228	1,175,228
Assigned	160,000	-	53,949	213,949
Unassigned	3,225,213	-	(134)	3,225,079
<b>TOTAL FUND BALANCES</b>	<b>3,386,944</b>	<b>732,189</b>	<b>5,072,380</b>	<b>9,191,513</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,308,838</b>	<b>\$ 732,189</b>	<b>\$ 5,572,542</b>	<b>\$ 12,613,569</b>

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, 2019

	Total Governmental Funds
Total Fund Balances	\$ 9,191,513
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	9,128,697
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	85,538
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	28,879
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	356,608
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(3,074,798)
Notes from direct borrowings payable	(790,176)
Accrued compensated absences	(249,300)
Net pension liability	(157,159)
Net OPEB liability	(216,176)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(40,608)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(36,298)
	\$ 14,226,720
Net position of governmental activities	

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, 2019

	General Fund	Rockport Library	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 14,941,104	\$ -	\$ -	\$ 14,941,104
Excise taxes	909,992	-	-	909,992
Intergovernmental	559,031	-	489,342	1,048,373
Investment income, net of unrealized gains/(losses)	47,785	(12,341)	29,872	65,316
Charges for services	436,013	-	-	436,013
Miscellaneous revenues	190,337	-	256,292	446,629
<b>TOTAL REVENUES</b>	<u>17,084,262</u>	<u>(12,341)</u>	<u>775,506</u>	<u>17,847,427</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,293,302	-	-	1,293,302
Public safety	1,447,321	-	-	1,447,321
Public works	1,617,371	-	-	1,617,371
Human services	14,686	-	-	14,686
Culture and recreation	530,350	-	-	530,350
Education	10,219,894	-	-	10,219,894
County fees	1,116,753	-	-	1,116,753
Program expenses	-	206,156	249,456	455,612
Unclassified	114,476	-	-	114,476
Debt service:				
Principal	70,724	-	-	70,724
Interest	45,431	-	-	45,431
Capital outlay	-	-	581,234	581,234
<b>TOTAL EXPENDITURES</b>	<u>16,470,308</u>	<u>206,156</u>	<u>830,690</u>	<u>17,507,154</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<u>613,954</u>	<u>(218,497)</u>	<u>(55,184)</u>	<u>340,273</u>
<b>OTHER FINANCING SOURCES</b>				
Bond proceeds	-	-	1,500,000	1,500,000
Transfers in	133,285	1,233	604,335	738,853
Transfers (out)	(604,335)	-	(199,202)	(803,537)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(471,050)</u>	<u>1,233</u>	<u>1,905,133</u>	<u>1,435,316</u>
<b>NET CHANGE IN FUND BALANCES</b>	142,904	(217,264)	1,849,949	1,775,589
<b>FUND BALANCES - JULY 1, RESTATED</b>	<u>3,244,040</u>	<u>\$ 949,453</u>	<u>3,222,431</u>	<u>7,415,924</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 3,386,944</u>	<u>\$ 732,189</u>	<u>\$ 5,072,380</u>	<u>\$ 9,191,513</u>

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, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,775,589</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:</p>	
Capital asset acquisitions	1,366,649
Depreciation expense	<u>(466,840)</u>
	<u>899,809</u>
<p>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:</p>	
Pension	(47,327)
OPEB	<u>27,058</u>
	<u>(20,269)</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
Taxes and liens receivable	130,857
Other deferred revenue	<u>(1,700)</u>
	<u>129,157</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(2,100,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>256,407</u>
<p>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:</p>	
Pension	49,792
OPEB	<u>(26,272)</u>
	<u>23,520</u>
<p>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:</p>	
Accrued compensated absences	21,225
Net pension liability	53,550
Net OPEB liability	<u>4,698</u>
	<u>79,473</u>
Change in net position of governmental activities (Statement B)	<u>\$ 1,043,686</u>

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

## TOWN OF ROCKPORT, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2019

	<u>Enterprise Fund</u> <u>Sewer</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 56,935
Investments	129,843
Accounts receivable (net of allowance for uncollectibles)	248,987
Total current assets	<u>435,765</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	347,317
Buildings and equipment, net of accumulated depreciation	4,410,616
Total noncurrent assets	<u>4,757,933</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,193,698</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 149,787
Due to other funds	655,999
Current portion of long-term obligations	61,402
Total current liabilities	<u>867,188</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	417,819
Total noncurrent liabilities	<u>417,819</u>
<b>TOTAL LIABILITIES</b>	<u>1,285,007</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,278,712
Restricted	48,223
Unrestricted (deficit)	(418,244)
<b>TOTAL NET POSITION</b>	<u>3,908,691</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 5,193,698</u></u>

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



## TOWN OF ROCKPORT, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Enterprise Fund</u> <u>Sewer</u>
OPERATING REVENUES	
Charges for services	\$ 1,022,463
TOTAL OPERATING REVENUES	<u>1,022,463</u>
OPERATING EXPENSES	
Wages and benefits	47,653
Professional services	10,467
Insurance	3,135
Materials, supplies, maintenance and chemicals	164,997
Camden treatment	306,599
Rockland treatment	141,993
Samoset treatment	85,815
Contracted services	179,464
Depreciation and amortization	249,917
Miscellaneous expenses	5,761
TOTAL OPERATING EXPENSES	<u>1,195,801</u>
OPERATING INCOME (LOSS)	<u>(173,338)</u>
NONOPERATING REVENUES (EXPENSES)	
Transfers in	64,684
Interest income	6,864
Interest expense	(2,720)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>68,828</u>
CHANGE IN NET POSITION	(104,510)
NET POSITION - JULY 1	<u>\$ 4,013,201</u>
NET POSITION - JUNE 30	<u><u>\$ 3,908,691</u></u>

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

## TOWN OF ROCKPORT, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Enterprise Funds</u>
	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 989,947
Payments to suppliers	(921,759)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>68,188</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(110,695)
Transfers from other funds	64,684
Principal paid on capital debt	(60,816)
Interest paid on capital debt	(2,720)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(109,547)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase (decrease) in investments	9,050
Interest income	6,864
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>15,914</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(25,445)
CASH AND CASH EQUIVALENTS - JULY 1	<u>\$ 82,380</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 56,935</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (173,338)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	249,917
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(32,516)
Increase (decrease) in accounts payable	18,693
Increase (decrease) in accrued interest	(1,056)
Increase (decrease) in due to other funds	6,488
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 68,188</u>

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

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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, public safety, public works, human services, cultural and recreation, education, program expenses 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, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) 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-

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

**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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- 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

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**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.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.

TOWN OF ROCKPORT, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- 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 \$341,723 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2019.

**Prepaid Items**

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

**Interfund Receivables and Payables**

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



TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences, net pension liability and net OPEB liability.

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

**Pensions**

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

**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.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are

TOWN OF ROCKPORT, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

recognized when due and payable in accordance with the benefit terms.

**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 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 Selectboard.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**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 pensions and deferred outflows related to OPEB. 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 pensions and deferred inflows related to OPEB qualify 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.

TOWN OF ROCKPORT, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 21, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due on in two installments on October 15, 2018 and June 11, 2019. Interest on unpaid taxes commenced on October 16, 2018 and June 11, 2019, 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 \$21,678 for the year ended June 30, 2019.

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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

**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, 2019, the Town's cash and cash equivalent balances amounting to \$6,961,564 were comprised of bank deposits of \$6,852,018. Of these bank deposits and cash equivalents, \$6,634,387 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk and \$217,631 were fully covered by the Securities Investor Protection Corporation (SIPC).

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 16,161
ICS accounts	6,572,421
Savings accounts	35,118
Cash equivalents	228,318
	<u>\$ 6,852,018</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**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, 2019, the Town's investment balances amounting to \$1,581,760 were comprised of debt securities and equities. Of the Town's investments of \$1,581,760, \$782,368 were fully covered by the Securities Investor Protection Corporation (SIPC). The remaining investments of \$799,392 were uninsured and uncollateralized.

Investment Type	Fair Value	Maturity			N/A
		<1 Year	1 - 5 Years	> 5 Years	
Debt securities	\$ 132,821	\$ 30,330	\$ 102,491	\$ -	\$ -
Equity securities	1,448,939	-	-	-	1,448,939
	<u>\$ 1,581,760</u>	<u>\$ 30,330</u>	<u>\$ 102,491</u>	<u>\$ -</u>	<u>\$ 1,448,939</u>

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2019:

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2019 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	\$ 30,330	\$ -	\$ 30,330	\$ -
Corporate bonds	102,491	-	102,491	-
Total debt securities	<u>132,821</u>	<u>-</u>	<u>132,821</u>	<u>-</u>
Equity securities:				
Common stock - domestic	1,223,028	1,223,028	-	-
Mutual funds and exchange traded funds	205,785	205,785	-	-
Real estate investment trusts	20,126	20,126	-	-
Total equity securities	<u>1,448,939</u>	<u>1,448,939</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>1,581,760</u>	<u>\$ 1,448,939</u>	<u>\$ 132,821</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	217,631			
Total cash equivalents measured at the NAV	<u>217,631</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 1,799,391</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 II 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 III 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, 2019 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. As of June 30, 2019, the Town's investments in corporate bonds were rated A+ (\$15,445), A- (\$25,499), BBB+ (\$30,692) and BBB (\$30,855). 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.



TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 1,156,161	\$ 2,315,866
Rockport Library	34,769	-
Nonmajor Special Revenue Funds	1,182,906	261,485
Nonmajor Capital Projects Funds	1,062,442	238,677
Nonmajor Permanent Funds	35,749	-
Enterprise Funds	-	655,999
	<u>\$ 3,472,027</u>	<u>\$ 3,472,027</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18 (Restated)	Additions	Disposals/ Transfers	Balance, 6/30/19
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 2,850,286	\$ -	\$ -	\$ 2,850,286
Art work	8,500	-	-	8,500
Construction in progress	242,453	516,260	-	758,713
	<u>3,101,239</u>	<u>516,260</u>	<u>-</u>	<u>3,617,499</u>
Depreciated assets:				
Buildings/improvements	2,979,528	73,654	-	3,053,182
Machinery and equipment	950,639	58,798	-	1,009,437
Vehicles	2,682,337	600,000	-	3,282,337
Infrastructure	3,341,026	117,937	-	3,458,963
	<u>9,953,530</u>	<u>850,389</u>	<u>-</u>	<u>10,803,919</u>
Less: accumulated depreciation	<u>(4,825,881)</u>	<u>(466,840)</u>	<u>-</u>	<u>(5,292,721)</u>
	<u>5,127,649</u>	<u>383,549</u>	<u>-</u>	<u>5,511,198</u>
Net governmental capital assets	<u>\$ 8,228,888</u>	<u>\$ 899,809</u>	<u>\$ -</u>	<u>\$ 9,128,697</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/18	Additions	Disposals/ Transfers	Balance, 6/30/19
<u>Business-type activities</u>				
Non-depreciated assets:				
Construction in progress	\$ 415,932	\$ -	\$ (68,615)	\$ 347,317
	<u>415,932</u>	<u>-</u>	<u>(68,615)</u>	<u>347,317</u>
Depreciated assets:				
Buildings/improvements	-	105,011	-	105,011
Infrastructure	9,996,673	-	-	9,996,673
Machinery and equipment	-	68,615	-	68,615
Vehicles	-	5,684	-	5,684
	<u>9,996,673</u>	<u>179,310</u>	<u>-</u>	<u>10,175,983</u>
Less: accumulated depreciation	<u>(5,515,450)</u>	<u>(249,917)</u>	<u>-</u>	<u>(5,765,367)</u>
	<u>4,481,223</u>	<u>(70,607)</u>	<u>-</u>	<u>4,410,616</u>
Net business-type capital assets	<u>\$ 4,897,155</u>	<u>\$ (70,607)</u>	<u>\$ (68,615)</u>	<u>\$ 4,757,933</u>
Current year depreciation:				
General government				\$ 16,829
Public safety				58,229
Public works				372,118
Culture and recreation				19,664
Total governmental activities				<u>466,840</u>
Sewer department				<u>249,917</u>
Total business-type activities				<u>249,917</u>
Total depreciation expense				<u>\$ 716,757</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
<i>Governmental activities:</i>					
Bonds payable	\$ 1,645,522	\$ 1,500,000	\$ (70,724)	\$ 3,074,798	\$ 147,019
Notes from direct borrowings payable	375,859	600,000	(185,683)	790,176	120,945
Total	<u>\$ 2,021,381</u>	<u>\$ 2,100,000</u>	<u>\$ (256,407)</u>	<u>\$ 3,864,974</u>	<u>\$ 267,964</u>
<i>Business-type activities:</i>					
Bonds payable	\$ 540,037	\$ -	\$ (60,816)	\$ 479,221	\$ 61,402
Total	<u>\$ 540,037</u>	<u>\$ -</u>	<u>\$ (60,816)</u>	<u>\$ 479,221</u>	<u>\$ 61,402</u>

The following is a summary of outstanding bonds and notes from direct borrowings 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 fixed rate of 3.150% per annum.	\$ 293,008
\$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 fixed rate of 6.0% per annum.	1,281,790
\$1,500,000, 2019 General Obligation Bonds due in annual principal payments of \$75,000 through November of 2039. Interest is charged at a fixed rate varying from 1.720% to 3.667% per annum.	<u>1,500,000</u>
Total governmental bonds payable	<u>3,074,798</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 fixed rate varying from 4.676% to 5.751% per annum.	70,000
\$539,000, 2014 Sewer Bond due in annual principal payments varying from \$25,816 to \$28,115, through 2033. Interest is charged at a fixed rate of 0.450% per annum.	<u>409,221</u>
Total business-type bonds payable	<u>479,221</u>
Total bonds payable	<u>\$ 3,554,019</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - LONG TERM DEBT (CONTINUED)

Notes from direct borrowings 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 fixed rate of 3.30% per annum.	\$ 212,056
\$9,624, 2015 capital lease for a copier due in monthly payments of \$179 through November of 2019. Interest is charged at a fixed rate of 6.121% per annum.	757
\$102,586, 2017 capital lease for a truck due in annual payments of \$26,673 through December of 2020. Interest is charged at a fixed rate of 2.68% per annum.	26,514
\$19,100, 2017 capital lease for a copier due in monthly payments of \$329 through January 2023. Interest is charged at a fixed rate of 3.15% per annum.	13,373
\$600,000, 2018 capital lease for a fire truck due in annual principal and interest payments of \$72,924 through October 2027. Interest is charged at a fixed rate of 4.19% per annum.	<u>537,476</u>
Total notes from direct borrowings payable	<u>\$ 790,176</u>

The following is a summary of outstanding bonds and notes from direct borrowings principal and interest requirements for the next five fiscal years ending June 30 and in five-year increments thereafter:

**BONDS PAYABLE**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 147,019	\$ 80,295	\$ 61,402	\$ 5,996	\$ 294,712
2021	148,169	80,931	61,521	3,650	294,271
2022	149,484	78,239	26,640	2,950	257,313
2023	150,900	75,420	26,760	2,830	255,910
2024	152,443	72,437	26,881	2,710	254,471
2025-2029	790,152	311,072	136,228	11,718	1,249,170
2030-2034	853,664	201,662	139,789	8,618	1,203,733
2035-2039	682,967	63,940	-	-	746,907
	<u>\$ 3,074,798</u>	<u>\$ 963,996</u>	<u>\$ 479,221</u>	<u>\$ 38,472</u>	<u>\$ 4,556,487</u>

TOWN OF ROCKPORT, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - LONG TERM DEBT (CONTINUED)

**NOTES FROM DIRECT  
BORROWINGS PAYABLE**

	Governmental Activities		Total
	Principal	Interest	
2020	\$ 120,945	\$ 30,743	\$ 151,688
2021	97,175	26,408	123,583
2022	100,900	22,682	123,582
2023	103,056	18,878	121,934
2024	104,603	15,025	119,628
2025-2029	263,497	28,200	291,697
	\$ 790,176	\$ 141,936	\$ 932,112

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, 2019 was \$2,720.

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2019:

	Balance, 7/1/18 (Restated)	Additions	Deletions	Balance, 6/30/19	Current Portion
<i>Governmental activities:</i>					
Accrued compensated absences	\$ 270,525	\$ -	\$ (21,225)	\$ 249,300	\$ 24,930
Net pension liability	210,709	49,792	(103,342)	157,159	-
Net OPEB liability	220,874	19,013	(23,711)	216,176	-
Total	\$ 702,108	\$ 68,805	\$ (148,278)	\$ 622,635	\$ 24,930

Please see Notes 7, 13, 15 and 16 for detailed information on each of the other long-term obligations.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 7 - ACCRUED 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 a long-term obligation 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, 2019, the Town's liability for compensated absences is \$249,300.

NOTE 8 - NONSPENDABLE FUND BALANCES

At June 30, 2019, the Town had the following nonspendable fund balances:

General Fund:	
Prepaid items	\$ 1,731
Rockport Library	305,969
Nonmajor Permanent Funds (Schedule I)	540,447
	<u>\$ 848,147</u>

NOTE 9 - RESTRICTED FUND BALANCES

At June 30, 2019, the Town had the following restricted fund balances:

Rockport Library Fund	\$ 426,220
Nonmajor Special Revenue Funds (Schedule E)	2,647,988
Nonmajor Permanent Funds (Schedule I)	654,902
	<u>\$ 3,729,110</u>

NOTE 10 - COMMITTED FUND BALANCES

At June 30, 2019, the Town had the following committed fund balances:

Nonmajor Capital Projects Funds (Schedule G)	<u>\$ 1,175,228</u>
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TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2019, the Town had the following assigned fund balances:

General fund:	
FY20 budget - tax reduction	\$ 160,000
Nonmajor Special Revenue Funds (Schedule E)	15,674
	<u>\$ 213,949</u>

NOTE 12 - DEFICIT FUND BALANCES

At June 30, 2019, the Town had the following deficit fund balances:

Nonmajor Capital Projects Funds:	
Mill Street Bridge	\$ 20
Nonmajor Permanent Funds:	
Dodge Fund for Library	114
	<u>\$ 134</u>

NOTE 13 - 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](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2018 there were 304 employers in the plan.

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 2.4%.

**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 7.3% of covered payroll. The Town's contribution to the MainePERS PLD Consolidated Plan for the fiscal years ended June 30, 2019 was \$38,555.

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

At June 30, 2019, the Town reported a liability of \$157,159 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



TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2018, the Town's proportion was 0.057425%, which was an increase of 0.00596% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized net pension revenue of \$56,015. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>PLD Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 492	\$ 1,726
Changes of assumptions	25,084	-
Net difference between projected and actual earnings on pension plan investments	-	37,948
Changes in proportion and differences between contributions and proportionate share of contributions	21,407	934
Contributions subsequent to the measurement date	<u>38,555</u>	<u>-</u>
Total	<u>\$ 85,538</u>	<u>\$ 40,608</u>

\$38,555 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
	<hr/>
Plan year ended June 30:	
2019	\$ 33,034
2020	8,964
2021	(25,816)
2022	(9,808)
2023	-
Thereafter	-

**Actuarial Methods and Assumptions**

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2018, 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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

*Investment Rate of Return* - 6.75% per annum for the year ended June 30, 2018; the rate was 6.875% in 2017, compounded annually.

*Salary Increases, Merit and Inflation* - 2.75% to 9.00% per year

*Mortality Rates* - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, 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* - 1.91%; in 2017 the rate was 2.20%

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, 2018 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	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%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2018 for the Plan. 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 as of June 30, 2018 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 6.75% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ (42,166)	\$ 157,159	\$ 370,403

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Changes in Net Pension Liability**

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2018 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2018 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2018, this was three years; prior to 2018, this was four years for the PLD Consolidated Plan.

*Differences between Expected and Actual Investment Earnings*

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

*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, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

NOTE 14 - 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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 14 - DEFERRED COMPENSATION PENSION PLAN (CONTINUED)

**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 year ended June 30, 2019, was \$46,061.

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**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. As of June 30, 2018, there were 138 employers participating in the plan. 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](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**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

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

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, 2019 was \$1,072.

**Proportionate Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2019, the Town reported a liability of \$20,242 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2018, 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 Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2018, the Town's proportion was 0.100205%, which was a decrease of 0.01407% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized net OPEB revenue of \$1,471. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>PLD Life Insurance</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,708	\$ -
Changes of assumptions	1,298	3,735
Net difference between projected and actual earnings on pension plan investments	-	1,062
Changes in proportion and differences between contributions and proportionate share of contributions	-	5,630
	<u>-</u>	<u>5,630</u>
Total	<u>\$ 3,006</u>	<u>\$ 10,427</u>



TOWN OF ROCKPORT, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
 INSURANCE PLAN (CONTINUED)

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:	
2019	\$ (1,925)
2020	(1,925)
2021	(1,925)
2022	(1,725)
2023	81
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2018, 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*

Investments are reported at fair value.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN (CONTINUED)

*Amortization*

The net OPEB liability of the Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2018, there were 12 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2018 and June 30, 2017 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, 2018 are as follows:

*Investment Rate of Return* - For the PLD Plan, 6.75% per annum, compounded annually; the rate for 2017 was 6.875%, compounded annually.

*Inflation Rate* - 2.75%

*Annual Salary Increases including Inflation* - For the PLD Plan, 2.75% to 9.00% per year.

*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

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN (CONTINUED)

estimates of long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	15.00%	3.00%
US Government securities	10.00%	2.30%
Total	100.00%	

*Discount Rate*

The discount rate used to measure the collective total OPEB liability was 5.13% for 2018. The projection of cash flows used to determine the discount rate assumed 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, 2018 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 5.13% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance: Discount rate	4.13%	5.13%	6.13%
Town's proportionate share of the net OPEB benefits liability	\$ 26,743	\$ 20,242	\$ 15,117

**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, 2018 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, 2018 with the following exceptions:

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN (CONTINUED)

*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. There were no differences between expected and actual experience as of June 30, 2018.

*Differences between Projected and Actual Investment Earnings on OPEB Plan 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.

*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, 2018 and June 30, 2017 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 PLD Plan was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the use of a blended discount rate for the PLD Plan. 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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN (CONTINUED)

*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, 2018.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

**Plan Description**

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

**Employees Covered by Benefit Terms**

At January 1, 2019, the following employees were covered by the benefit terms:

Active members	26
Retirees and spouses	<u>1</u>
Total	<u><u>27</u></u>

**Contributions**

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

**Retiree Premium Amounts:**

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$1,044	\$2,342
PPO 2500	\$734	\$1,647
<b><u>Medicare</u></b>		
Medicare-Eligible Retirees	\$528	\$1,055

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

**Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2019, the Town reported a liability of \$195,934 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2019, the Town recognized OPEB revenue of \$4,013. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,640
Changes of assumptions	21,441	15,231
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	4,432	-
Total	<u>\$ 25,873</u>	<u>\$ 25,871</u>

\$4,432 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

	<u>MMEHT</u>
Plan year ended December 31:	
2020	\$ (377)
2021	(377)
2022	(377)
2023	(377)
2024	(377)
Thereafter	(2,545)

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2018. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 4.10% per annum for June 30, 2019 was based upon a measurement date of December 27, 2018. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 223,227	\$ 195,934	\$ 173,408
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 223,227</u>	<u>\$ 195,934</u>	<u>\$ 173,408</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:



TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 171,729	\$ 195,934	\$ 225,832
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 171,729</u>	<u>\$ 195,934</u>	<u>\$ 225,832</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2018, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2017. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

*Amortization*

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

TOWN OF ROCKPORT, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

*Assumptions*

The actuarial assumptions used in the January 1, 2018 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Discount Rate - 4.10% per annum.

Trend Assumptions:

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC \_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected.

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience 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. The difference between expected and actual experience as of January 1, 2019 was \$10,640.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense 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 primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through 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 was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN  
(CONTINUED)

*Differences between Projected and Actual Earnings on OPEB Plan 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.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Town office at 101 Main Street, Rockport, Maine 04856.

NOTE 17 - 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, 2019.

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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - RISK MANAGEMENT (CONTINUED)

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

The Town is also a member of the Maine Municipal Association - Unemployment Compensation Group Fund ("MMA UC Fund"). The MMA UC Fund was created to assist in meeting members' obligations under the Employment Security Act in an efficient and cost-effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA's consulting actuary. Claims, if any, are paid out of the Town's own account. The Maine Department of Labor classifies MMA's UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

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

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2019. 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 18 - 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:

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 18 - JOINT VENTURE (CONTINUED)

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 2019 fiscal year assessment was calculated as follows:

Camden	42.56%
Hope	9.80%
Lincolnville	16.96%
Rockport	30.68%

The Town of Rockport, Maine's cost for the year ended June 30, 2019 was \$158,841.

In accordance with stipulations of the Interlocal Agreement to Establish a Joint Solid Waste Facility for the Municipalities of Camden, Rockport, Lincolnville and Hope (as Amended March, 2002), specifically concerning costs incurred by Mid-Coast Solid Waste Corporation (MCSW), the Town of Rockport established a Landfill Closure and Post Closure Reserve Fund with the authority of the taxpayers to help address the long-term obligation of landfill closure and post closure care costs as estimated and disclosed by MCSW in accordance with State and Federal law. As of June 30, 2019 (the most recent information available), the landfill closure and post closure care costs have been estimated to be as follows:

	MCSW Total 2019	Member Share 30.68% Rockport
	<u>                    </u>	<u>                    </u>
Total estimated future landfill closure and post closure care costs	\$ 4,832,545	\$ 984,372
Landfill closure and post closure care costs reserve	(1,624,030)	(403,914)
Estimated liability for landfill closure and post closure care costs	<u>\$ 3,208,515</u>	<u>\$ 580,458</u>

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 19 - 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.

The Rockport Library Foundation is a nonprofit 501c(3) corporation which was established in 2018 and whose primary purpose is to raise funds to support the construction of the Town of Rockport Library. On April 15, 2019, the Town of Rockport entered into a Memorandum of Understanding (MOU) with the Rockport Library Foundation for the purpose of receiving funds donated for construction costs of the Town of Rockport Library. The MOU will automatically terminate when the Foundation has donated \$2,000,000 for this project as its fundraising goal unless both parties agree to extend it in writing.

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 \$2,100 was received in fiscal year 2019.

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 20 - 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.



TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 20 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS  
(CONTINUED)

Camden National Bank/State of Maine Cheese TIF District

On March 13, 2000, the Rockport Selectboard, 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 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 Selectboard, 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.

TOWN OF ROCKPORT, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 20 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS  
(CONTINUED)

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

*Credit Enhancement Agreements within the First Five Years of Adoption*

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

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

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

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

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

*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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 20 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS  
(CONTINUED)

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

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

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

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

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

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

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

Over the twenty-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.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 20 - TAX INCREMENT FINANCING DISTRICTS & ABATEMENTS  
(CONTINUED)

**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, 2019, had no active tax abatement agreements.

NOTE 21 - 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, 2019, the Town's share of overlapping debt was as follows:

	Outstanding Debt	Town's Percentage	Total Share
MSAD # 28	\$ 33,869,870	47.54%	\$ 16,101,736
Knox County	5,526,348	13.25%	732,081
Five Town CSD	3,005,229	33.91%	1,019,073
			<u>\$ 17,852,890</u>

NOTE 22 - RESTATEMENTS

The net position of the governmental activities has been restated at July 1, 2018 to account for the implementation of GASB Statement No. 75 Accounting and Financial 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). The beginning net position was restated by \$199,945. The resulting restatement decreased net position from \$13,457,681 to \$13,257,736.

In 2019, the Town determined that certain transactions in prior years had been recorded incorrectly, therefore, a restatement to the 2018 government-wide and fund financial statements was required. The beginning governmental activities net position was restated by \$74,702 to correct errors in capital assets and accumulated depreciation. The beginning total fund balances for the general fund and the capital projects funds were both restated by \$11,352 for reclassification of funds. The resulting restatements decreased governmental activities net position from \$13,257,736 to \$13,183,034, decreased the general fund total fund balance from \$3,255,392 to \$3,244,040 and increased the capital projects funds total fund balance from \$1,165,797 to \$1,177,149.

TOWN OF ROCKPORT, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 23 - 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 Governmental 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 - PLD
- Schedule of Changes in Net OPEB Liability - MMEHT
- Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

## TOWN OF ROCKPORT, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 3,244,040	\$ 3,244,040	\$ 3,244,040	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	15,053,053	15,053,053	14,941,104	(111,949)
Excise taxes	815,200	815,200	909,992	94,792
Intergovernmental revenues:				
State revenue sharing	138,293	138,293	153,991	15,698
Homestead exemption	188,627	188,627	222,161	33,534
Local road assistance	52,000	52,000	52,592	592
Other	126,418	126,418	130,287	3,869
Charges for services	431,743	431,743	436,013	4,270
Interest income	25,000	25,000	47,785	22,785
Miscellaneous revenues	139,374	139,374	190,337	50,963
Transfers from other funds	133,285	133,285	133,285	-
Amounts Available for Appropriation	<u>20,347,033</u>	<u>20,347,033</u>	<u>20,461,587</u>	<u>114,554</u>
Charges to Appropriations (Outflows):				
Current:				
General government	1,414,803	1,326,303	1,293,302	33,001
Public safety	1,673,301	1,522,801	1,447,321	75,480
Public works	1,900,372	1,771,302	1,617,371	153,931
Human services	27,145	27,145	14,686	12,459
Culture and recreation	674,829	638,079	530,350	107,729
Education	10,219,894	10,219,894	10,219,894	-
County fees	1,116,753	1,116,753	1,116,753	-
TIF	179,515	-	-	-
Unclassified	107,686	87,686	114,476	(26,790)
Debt service:				
Principal	71,000	71,000	70,724	276
Interest	101,905	101,905	45,431	56,474
Transfers to other funds	-	604,335	604,335	-
Total Charges to Appropriations	<u>17,487,203</u>	<u>17,487,203</u>	<u>17,074,643</u>	<u>412,560</u>
Budgetary Fund Balance, June 30	<u>\$ 2,859,830</u>	<u>\$ 2,859,830</u>	<u>\$ 3,386,944</u>	<u>\$ 527,114</u>
Utilization of assigned fund balance	\$ 254,390	\$ 254,390	\$ -	\$ (254,390)
Utilization of unassigned fund balance	91,375	91,375	-	(91,375)
	<u>\$ 345,765</u>	<u>\$ 345,765</u>	<u>\$ -</u>	<u>\$ (345,765)</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\*

	2019	2018	2017	2016	2015
<u>PLD Plan:</u>					
Proportion of the net pension liability	0.06%	0.05%	0.05%	0.05%	0.05%
Proportionate share of the net pension liability	\$ 157,159	\$ 210,709	\$ 276,930	\$ 146,612	\$ 69,984
Covered payroll	448,386	420,448	436,733	467,938	466,321
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.05%	50.12%	63.41%	31.33%	15.01%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>					
Contractually required contribution	\$ 38,555	\$ 31,387	\$ 27,331	\$ 24,457	\$ 15,766
Contributions in relation to the contractually required contribution	<u>(38,555)</u>	<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>	<u>\$ -</u>
Covered payroll	528,211	448,386	420,448	436,733	467,938
Contributions as a percentage of covered payroll	7.30%	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 THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PLD  
LAST 10 FISCAL YEARS\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>			
Proportion of the net OPEB liability	0.10%	0.11%	0.13%
Town's proportionate share of the net OPEB liability	<u>\$ 20,242</u>	<u>\$ 19,108</u>	<u>\$ 30,386</u>
Covered payroll	\$ 448,386	\$ 420,448	\$ 436,733
Proportionate share of the net OPEB liability as a percentage of its covered payroll	4.51%	4.54%	6.96%
Plan fiduciary net position as a percentage of the total OPEB liability	43.92%	47.42%	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 CHANGES IN THE NET OPEB LIABILITY - MMEHT  
FOR THE YEAR ENDED JUNE 30, 2019

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>          </u>	<u>          </u>	<u>          </u>
Balances at 1/1/18 (Reporting December 31, 2018)	\$ 201,766	\$ -	\$ 201,766
Changes for the year:			
Service cost	8,838	-	8,838
Interest	7,169	-	7,169
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(17,407)	-	(17,407)
Contributions - employer	-	4,432	(4,432)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(4,432)	(4,432)	-
Administrative expense	-	-	-
Net changes	<u>(5,832)</u>	<u>-</u>	<u>(5,832)</u>
Balances at 1/1/19 (Reporting December 31, 2019)	<u>\$ 195,934</u>	<u>\$ -</u>	<u>\$ 195,934</u>

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

## TOWN OF ROCKPORT, MAINE

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
MMEHT  
LAST 10 FISCAL YEARS\*

	2019	2018
<u>Total OPEB liability</u>		
Service cost (BOY)	8,838	7,425
Interest (includes interest on service cost)	7,169	6,858
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(14,188)
Changes of assumptions	(17,407)	28,587
Benefit payments, including refunds of member contributions	(4,432)	(1,821)
Net change in total OPEB liability	\$ (5,832)	\$ 26,861
Total OPEB liability - beginning	\$ 201,766	\$ 174,905
Total OPEB liability - ending	\$ 195,934	\$ 201,766
<u>Plan fiduciary net position</u>		
Contributions - employer	4,432	1,821
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(4,432)	(1,821)
Administrative expense	-	-
Net change in fiduciary net position	-	-
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -
Net OPEB liability - ending	\$ 195,934	\$ 201,766
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered payroll	\$ 1,227,667	\$ 1,227,667
Net OPEB liability as a percentage of covered payroll	16.0%	16.4%

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

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

TOWN OF ROCKPORT, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	<u>2019</u>	<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>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 528,211	\$ 448,386	\$ 420,448
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%
	<u>2019</u>	<u>2018</u>	
<u>MMEHT:</u>			
Employer contributions	\$ 4,432	\$ 1,821	
Benefit payments	<u>(4,432)</u>	<u>(1,821)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 1,227,667	\$ 1,227,667	
Contributions as a percentage of covered payroll	0.00%	0.00%	

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

TOWN OF ROCKPORT, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019

**Changes of Assumptions**

For the PLD Consolidated Plan, the discount rate was reduced from 6.875% to 6.75%. In addition, the cost of living benefit increases for the PLD Plan decreased from 2.20% to 1.91%.

The discount rate for the OPEB PLD Plan was reduced from 6.875% to 6.75%; a blended discount rate was used for the PLD Consolidated Plan.

For the MMEHT OPEB Plan there was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection.

## Other Supplementary Information

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

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

SCHEDULE A

TOWN OF ROCKPORT, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 15,053,053	\$ 15,053,053	\$ 14,941,104	\$ (111,949)
Motor vehicle excise	800,000	800,000	894,544	94,544
Boat excise	15,200	15,200	15,448	248
Intergovernmental revenues:				
State revenue sharing	138,293	138,293	153,991	15,698
Homestead exemption	188,627	188,627	222,161	33,534
Tree growth reimbursement	-	-	5,933	5,933
Local roads	52,000	52,000	52,592	592
BETE	113,538	113,538	115,832	2,294
General assistance	12,880	12,880	4,314	(8,566)
Other state/federal funds	-	-	4,208	4,208
Charges for services:				
Town manager	40	40	626	586
Town clerk	37,010	37,010	40,191	3,181
Planning	43,110	43,110	48,288	5,178
Assessing	69,104	69,104	69,248	144
Police department income	4,200	4,200	3,369	(831)
Animal control fees	1,500	1,500	2,338	838
Public works income	23,450	23,450	15,396	(8,054)
Fire department income	150	150	6,770	6,620
Harbormaster	129,000	129,000	139,567	10,567
Library	85,249	85,249	55,462	(29,787)
Snowmobile	-	-	523	523
Opera house	29,610	29,610	30,450	840
Cemeteries	5,350	5,350	14,375	9,025
Publicly funded utilities	3,970	3,970	9,410	5,440
Investment income:				
Regular investment income	25,000	25,000	42,573	17,573
Insurance dividend	-	-	5,212	5,212
Other revenues:				
Fees/interest on taxes	51,500	51,500	51,372	(128)
WW wages, benefits and other	36,739	36,739	30,866	(5,873)
Insurance reimbursements	3,135	3,135	3,135	-
Payment in lieu of taxes	16,000	16,000	39,608	23,608
Cable tv franchise	32,000	32,000	38,607	6,607
Misc. other	-	-	26,749	26,749
Transfers from other funds	133,285	133,285	133,285	-
Amounts Available for Appropriation	<u>\$ 17,102,993</u>	<u>\$ 17,102,993</u>	<u>\$ 17,217,547</u>	<u>\$ 114,554</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, 2019

	Original Budget	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>					
General government:					
Administration	\$ 40,725	\$ -	\$ 40,725	\$ 43,341	\$ (2,616)
Town manager	321,760	(55,000)	266,760	262,827	3,933
Town clerk	232,980	-	232,980	236,028	(3,048)
Planning and community development	213,710	-	213,710	181,718	31,992
Finance	146,096	-	146,096	137,100	8,996
Assessing	228,102	-	228,102	223,107	4,995
Town office building	159,302	(33,500)	125,802	147,384	(21,582)
Insurance	72,128	-	72,128	61,797	10,331
	<u>1,414,803</u>	<u>(88,500)</u>	<u>1,326,303</u>	<u>1,293,302</u>	<u>33,001</u>
Public safety:					
Police department	631,563	(35,000)	596,563	542,723	53,840
Fire department	500,728	(96,250)	404,478	395,723	8,755
West Rockport fire station	5,519	-	5,519	5,871	(352)
Publicly funded utilities	318,567	-	318,567	309,510	9,057
Animal control	5,349	-	5,349	4,463	886
Harbor master	173,760	(19,250)	154,510	151,150	3,360
Public safety building	34,755	-	34,755	34,660	95
Emergency management	3,060	-	3,060	3,221	(161)
	<u>1,673,301</u>	<u>(150,500)</u>	<u>1,522,801</u>	<u>1,447,321</u>	<u>75,480</u>
Public works:					
Public works department	1,739,231	(129,070)	1,610,161	1,453,632	156,529
Sanitation	161,141	-	161,141	163,739	(2,598)
	<u>1,900,372</u>	<u>(129,070)</u>	<u>1,771,302</u>	<u>1,617,371</u>	<u>153,931</u>

TOWN OF ROCKPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Human services:					
General assistance	27,145	-	27,145	14,686	12,459
	<u>27,145</u>	<u>-</u>	<u>27,145</u>	<u>14,686</u>	<u>12,459</u>
Culture and recreation:					
Library	436,852	-	436,852	362,484	74,368
Conservation commission	9,041	-	9,041	5,365	3,676
Parks and recreation	110,760	(11,750)	99,010	82,610	16,400
Opera House	115,325	(25,000)	90,325	79,133	11,192
Library building (1 Limerock)	2,851	-	2,851	758	2,093
	<u>674,829</u>	<u>(36,750)</u>	<u>638,079</u>	<u>530,350</u>	<u>107,729</u>
Debt service:					
Principal	71,000	-	71,000	70,724	276
Interest	101,905	-	101,905	45,431	56,474
	<u>172,905</u>	<u>-</u>	<u>172,905</u>	<u>116,155</u>	<u>56,750</u>
TIF	<u>179,515</u>	<u>(179,515)</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWN OF ROCKPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Education	10,219,894	-	10,219,894	10,219,894	-
County fees:					
County tax	1,018,257	-	1,018,257	1,018,257	-
E-911	65,984	-	65,984	65,984	-
Dispatch	32,512	-	32,512	32,512	-
	<u>1,116,753</u>	<u>-</u>	<u>1,116,753</u>	<u>1,116,753</u>	<u>-</u>
Unclassified:					
Cemeteries	75,708	(20,000)	55,708	55,746	(38)
Special assessments	6,800	-	6,800	6,163	637
Provider AGC	3,500	-	3,500	3,436	64
Abatements	-	-	-	22,553	(22,553)
Tax refunds	-	-	-	5,907	(5,907)
Overlay	21,678	-	21,678	20,671	1,007
	<u>107,686</u>	<u>(20,000)</u>	<u>87,686</u>	<u>114,476</u>	<u>(26,790)</u>
Transfers to other funds:					
Special revenue funds	-	269,515	269,515	269,515	-
Capital projects funds	-	334,820	334,820	334,820	-
	<u>-</u>	<u>604,335</u>	<u>604,335</u>	<u>604,335</u>	<u>-</u>
Total Departmental Operations	<u>\$ 17,487,203</u>	<u>\$ -</u>	<u>\$ 17,487,203</u>	<u>\$ 17,074,643</u>	<u>\$ 412,560</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, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,639,600	\$ 389,718	\$ 464,677	\$ 2,493,995
Investments	102,641	-	694,809	797,450
Due from other funds	1,182,906	1,062,442	35,749	2,281,097
<b>TOTAL ASSETS</b>	<u>\$ 2,925,147</u>	<u>\$ 1,452,160</u>	<u>\$ 1,195,235</u>	<u>\$ 5,572,542</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 261,485	\$ 238,677	\$ -	\$ 500,162
<b>TOTAL LIABILITIES</b>	<u>261,485</u>	<u>238,677</u>	<u>-</u>	<u>500,162</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	540,447	540,447
Restricted	2,647,988	-	654,902	3,302,890
Committed	-	1,175,228	-	1,175,228
Assigned	15,674	38,275	-	53,949
Unassigned	-	(20)	(114)	(134)
<b>TOTAL FUND BALANCES</b>	<u>2,663,662</u>	<u>1,213,483</u>	<u>1,195,235</u>	<u>5,072,380</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,925,147</u>	<u>\$ 1,452,160</u>	<u>\$ 1,195,235</u>	<u>\$ 5,572,542</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, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 489,342	\$ -	\$ -	\$ 489,342
Interest income	1,972	13,906	-	15,878
Investment income, net of unrealized gains/(losses)	-	-	29,872	29,872
Other	213,579	26,835	-	240,414
TOTAL REVENUES	<u>704,893</u>	<u>40,741</u>	<u>29,872</u>	<u>775,506</u>
EXPENDITURES				
Capital outlay	384,421	196,813	-	581,234
Program expenses	238,496	9,129	1,831	249,456
TOTAL EXPENDITURES	<u>622,917</u>	<u>205,942</u>	<u>1,831</u>	<u>830,690</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>81,976</u>	<u>(165,201)</u>	<u>28,041</u>	<u>(55,184)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	1,500,000	-	-	1,500,000
Transfers in	269,515	334,820	-	604,335
Transfers (out)	(65,917)	(133,285)	-	(199,202)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,703,598</u>	<u>201,535</u>	<u>-</u>	<u>1,905,133</u>
NET CHANGE IN FUND BALANCES	1,785,574	36,334	28,041	1,849,949
FUND BALANCES - JULY 1, RESTATED	<u>878,088</u>	<u>1,177,149</u>	<u>1,167,194</u>	<u>3,222,431</u>
FUND BALANCES - JUNE 30	<u>\$ 2,663,662</u>	<u>\$ 1,213,483</u>	<u>\$ 1,195,235</u>	<u>\$ 5,072,380</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, 2019

	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
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Due from other funds	2,719	2,000	1,000	225	2,020	1,826	35	1,037	2,675
<b>TOTAL ASSETS</b>	<u>\$ 2,719</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 225</u>	<u>\$ 2,020</u>	<u>\$ 1,826</u>	<u>\$ 35</u>	<u>\$ 1,037</u>	<u>\$ 2,675</u>
<b>LIABILITIES</b>									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	2,719	2,000	1,000	225	2,020	1,826	35	1,037	2,675
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>2,719</u>	<u>2,000</u>	<u>1,000</u>	<u>225</u>	<u>2,020</u>	<u>1,826</u>	<u>35</u>	<u>1,037</u>	<u>2,675</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,719</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 225</u>	<u>\$ 2,020</u>	<u>\$ 1,826</u>	<u>\$ 35</u>	<u>\$ 1,037</u>	<u>\$ 2,675</u>

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	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
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ 5,171	\$ -	\$ -	\$ -	\$ 27,447	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Due from other funds	7,539	5,638	8,174	1,593	4,906	-	33,747	87,482	470
<b>TOTAL ASSETS</b>	<u>\$ 7,539</u>	<u>\$ 10,809</u>	<u>\$ 8,174</u>	<u>\$ 1,593</u>	<u>\$ 4,906</u>	<u>\$ 27,447</u>	<u>\$ 33,747</u>	<u>\$ 87,482</u>	<u>\$ 470</u>
<b>LIABILITIES</b>									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,788	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,788</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	7,539	10,809	-	1,593	4,906	12,659	33,747	87,482	470
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	8,174	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>7,539</u>	<u>10,809</u>	<u>8,174</u>	<u>1,593</u>	<u>4,906</u>	<u>12,659</u>	<u>33,747</u>	<u>87,482</u>	<u>470</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 7,539</u>	<u>\$ 10,809</u>	<u>\$ 8,174</u>	<u>\$ 1,593</u>	<u>\$ 4,906</u>	<u>\$ 27,447</u>	<u>\$ 33,747</u>	<u>\$ 87,482</u>	<u>\$ 470</u>



TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	CDBG Aveno Botanicals	Landfill Closure and Post-Closure Reserve Fund	Fire Department Miscellaneous	Library Building	Rohroubh Library Fund	Boyd Library Fund	Ellis Library Fund	FEMA Reimbursement
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,584,085	\$ 2,799	\$ 1,156	\$ 2,781	\$ -
Investments	-	-	-	-	42,654	17,611	42,376	-
Due from other funds	-	403,914	7,962	-	-	-	-	3,455
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 403,914</b>	<b>\$ 7,962</b>	<b>\$ 1,584,085</b>	<b>\$ 45,453</b>	<b>\$ 18,767</b>	<b>\$ 45,157</b>	<b>\$ 3,455</b>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ 231,844	\$ 5,088	\$ 1,503	\$ 4,664	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>231,844</b>	<b>5,088</b>	<b>1,503</b>	<b>4,664</b>	<b>-</b>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	403,914	7,962	1,352,241	40,365	17,264	40,493	3,455
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>403,914</b>	<b>7,962</b>	<b>1,352,241</b>	<b>40,365</b>	<b>17,264</b>	<b>40,493</b>	<b>3,455</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 403,914</b>	<b>\$ 7,962</b>	<b>\$ 1,584,085</b>	<b>\$ 45,453</b>	<b>\$ 18,767</b>	<b>\$ 45,157</b>	<b>\$ 3,455</b>

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	Library Operational	Commercial St. Waste Water TIF	Downtown TIF	Conservation Committee Grant	Broadband	Holiday on Harbor Donations	Ridge at Rockport Escrow	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 16,161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,639,600
Investments	-	-	-	-	-	-	-	102,641
Due from other funds	-	494,763	81,767	500	7,500	4,959	15,000	1,182,906
<b>TOTAL ASSETS</b>	<u>\$ 16,161</u>	<u>\$ 494,763</u>	<u>\$ 81,767</u>	<u>\$ 500</u>	<u>\$ 7,500</u>	<u>\$ 4,959</u>	<u>\$ 15,000</u>	<u>\$ 2,925,147</u>
<b>LIABILITIES</b>								
Due to other funds	\$ 3,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 261,485
<b>TOTAL LIABILITIES</b>	<u>3,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,485</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	12,563	494,763	81,767	500	-	4,959	15,000	2,647,988
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	7,500	-	-	15,674
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>12,563</u>	<u>494,763</u>	<u>81,767</u>	<u>500</u>	<u>7,500</u>	<u>4,959</u>	<u>15,000</u>	<u>2,663,662</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 16,161</u>	<u>\$ 494,763</u>	<u>\$ 81,767</u>	<u>\$ 500</u>	<u>\$ 7,500</u>	<u>\$ 4,959</u>	<u>\$ 15,000</u>	<u>\$ 2,925,147</u>

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

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	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
<b>REVENUES</b>									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	25	23	-	11	34
Other	-	-	-	-	-	-	-	150	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>23</b>	<b>-</b>	<b>161</b>	<b>34</b>
<b>EXPENDITURES</b>									
Capital outlay	-	-	-	-	-	-	-	-	-
Program expenses	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>23</b>	<b>-</b>	<b>161</b>	<b>34</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Bond proceeds	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>23</b>	<b>-</b>	<b>161</b>	<b>34</b>
<b>FUND BALANCES - JULY 1</b>	<b>2,719</b>	<b>2,000</b>	<b>1,000</b>	<b>225</b>	<b>1,995</b>	<b>1,803</b>	<b>35</b>	<b>876</b>	<b>2,641</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 2,719</b>	<b>\$ 2,000</b>	<b>\$ 1,000</b>	<b>\$ 225</b>	<b>\$ 2,020</b>	<b>\$ 1,826</b>	<b>\$ 35</b>	<b>\$ 1,037</b>	<b>\$ 2,675</b>

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	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
<b>REVENUES</b>									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	20	320	-	20	62	340	725	1,464	-
Other	4,000	4,870	-	-	1	-	-	-	500
<b>TOTAL REVENUES</b>	<b>4,020</b>	<b>5,190</b>	<b>-</b>	<b>20</b>	<b>63</b>	<b>340</b>	<b>725</b>	<b>1,464</b>	<b>500</b>
<b>EXPENDITURES</b>									
Capital outlay	-	-	-	-	-	-	-	-	-
Program expenses	240	3,027	-	-	-	-	24,000	29,122	420
<b>TOTAL EXPENDITURES</b>	<b>240</b>	<b>3,027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,000</b>	<b>29,122</b>	<b>420</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,780</b>	<b>2,163</b>	<b>-</b>	<b>20</b>	<b>63</b>	<b>340</b>	<b>(23,275)</b>	<b>(27,658)</b>	<b>80</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Bond proceeds	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	35,000	55,000	-
Transfers (out)	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	<b>55,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,780</b>	<b>2,163</b>	<b>-</b>	<b>20</b>	<b>63</b>	<b>340</b>	<b>11,725</b>	<b>27,342</b>	<b>80</b>
<b>FUND BALANCES - JULY 1</b>	<b>3,759</b>	<b>8,646</b>	<b>8,174</b>	<b>1,573</b>	<b>4,843</b>	<b>12,319</b>	<b>22,022</b>	<b>60,140</b>	<b>390</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 7,539</b>	<b>\$ 10,809</b>	<b>\$ 8,174</b>	<b>\$ 1,593</b>	<b>\$ 4,906</b>	<b>\$ 12,659</b>	<b>\$ 33,747</b>	<b>\$ 87,482</b>	<b>\$ 470</b>

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	CDBG Aveno Botanicals	Landfill Closure and Post-Closure Reserve Fund	Fire Department Miscellaneous	Library Building	Rohroubh Library Fund	Boyd Library Fund	Ellis Library Fund	FEMA Reimbursement
REVENUES								
Intergovernmental	\$ 31,809	\$ 403,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,732
Interest income	-	-	70	2,819	(1,464)	(867)	(1,665)	-
Other	-	-	3,897	186,000	-	-	-	-
TOTAL REVENUES	<u>31,809</u>	<u>403,914</u>	<u>3,967</u>	<u>188,819</u>	<u>(1,464)</u>	<u>(867)</u>	<u>(1,665)</u>	<u>20,732</u>
EXPENDITURES								
Capital outlay	-	-	-	367,144	-	-	-	17,277
Program expenses	31,809	-	1,495	-	2,143	-	1,508	-
TOTAL EXPENDITURES	<u>31,809</u>	<u>-</u>	<u>1,495</u>	<u>367,144</u>	<u>2,143</u>	<u>-</u>	<u>1,508</u>	<u>17,277</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>403,914</u>	<u>2,472</u>	<u>(178,325)</u>	<u>(3,607)</u>	<u>(867)</u>	<u>(3,173)</u>	<u>3,455</u>
OTHER FINANCING SOURCES (USES)								
Bond proceeds	-	-	-	1,500,000	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	403,914	2,472	1,321,675	(3,607)	(867)	(3,173)	3,455
FUND BALANCES - JULY 1	-	-	5,490	30,566	43,972	18,131	43,666	-
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 403,914</u>	<u>\$ 7,962</u>	<u>\$ 1,352,241</u>	<u>\$ 40,365</u>	<u>\$ 17,264</u>	<u>\$ 40,493</u>	<u>\$ 3,455</u>

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Library Operational	Commercial St. Waste Water TIF	Downtown TIF	Conservation Committee Grant	Broadband	Holiday on Harbor Donations	Ridge at Rockport Escrow	Total
<b>REVENUES</b>								
Intergovernmental	\$ 32,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 489,342
Interest income	35	-	-	-	-	-	-	1,972
Other	-	-	-	-	7,500	6,661	-	213,579
<b>TOTAL REVENUES</b>	<b>32,922</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,500</b>	<b>6,661</b>	<b>-</b>	<b>704,893</b>
<b>EXPENDITURES</b>								
Capital outlay	-	-	-	-	-	-	-	384,421
Program expenses	53,669	84,244	-	-	-	6,819	-	238,496
<b>TOTAL EXPENDITURES</b>	<b>53,669</b>	<b>84,244</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,819</b>	<b>-</b>	<b>622,917</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(20,747)</b>	<b>(84,244)</b>	<b>-</b>	<b>-</b>	<b>7,500</b>	<b>(158)</b>	<b>-</b>	<b>81,976</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Bond proceeds	-	-	-	-	-	-	-	1,500,000
Transfers in	-	152,387	27,128	-	-	-	-	269,515
Transfers (out)	(1,233)	(64,684)	-	-	-	-	-	(65,917)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,233)</b>	<b>87,703</b>	<b>27,128</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,703,598</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(21,980)</b>	<b>3,459</b>	<b>27,128</b>	<b>-</b>	<b>7,500</b>	<b>(158)</b>	<b>-</b>	<b>1,785,574</b>
<b>FUND BALANCES - JULY 1</b>	<b>34,543</b>	<b>491,304</b>	<b>54,639</b>	<b>500</b>	<b>-</b>	<b>5,117</b>	<b>15,000</b>	<b>878,088</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 12,563</b>	<b>\$ 494,763</b>	<b>\$ 81,767</b>	<b>\$ 500</b>	<b>\$ 7,500</b>	<b>\$ 4,959</b>	<b>\$ 15,000</b>	<b>\$ 2,663,662</b>

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, 2019

	Sand/Salt Shed	Harbor Building Reserve	Pascal Avenue High Sidewalk	Public Safety Radio Reserve	Mt. Pleasant Street	Opera House Web Hosting	Mill Street Bridge	Public Works Roof
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 3,897	\$ -	\$ 196,028	\$ -	\$ -	\$ 112,239
Due from other funds	27,556	2,299	25,273	11,425	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 27,556</b>	<b>\$ 2,299</b>	<b>\$ 29,170</b>	<b>\$ 11,425</b>	<b>\$ 196,028</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 112,239</b>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 174,927	\$ -	\$ 20	\$ 63,730
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,927</b>	<b>-</b>	<b>20</b>	<b>63,730</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	27,556	-	-	11,425	21,101	-	-	48,509
Assigned	-	2,299	29,170	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(20)	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>27,556</b>	<b>2,299</b>	<b>29,170</b>	<b>11,425</b>	<b>21,101</b>	<b>-</b>	<b>(20)</b>	<b>48,509</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 27,556</b>	<b>\$ 2,299</b>	<b>\$ 29,170</b>	<b>\$ 11,425</b>	<b>\$ 196,028</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 112,239</b>



TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2019

	Public Works Equipment Reserve	Video Equipment Reserve	Harbor Float Reserve	Harbor Boat Engine Reserve	P&R Sidewalk Construction	Pathways Reserve	Recreation Department Reserve	Harbor Land Acquisition Kononen
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	28,356	404	31,024	5,453	2,053	10,911	42,164	2,582
<b>TOTAL ASSETS</b>	<u>\$ 28,356</u>	<u>\$ 404</u>	<u>\$ 31,024</u>	<u>\$ 5,453</u>	<u>\$ 2,053</u>	<u>\$ 10,911</u>	<u>\$ 42,164</u>	<u>\$ 2,582</u>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	28,356	404	31,024	5,453	2,053	10,911	42,164	2,582
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>28,356</u>	<u>404</u>	<u>31,024</u>	<u>5,453</u>	<u>2,053</u>	<u>10,911</u>	<u>42,164</u>	<u>2,582</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 28,356</u>	<u>\$ 404</u>	<u>\$ 31,024</u>	<u>\$ 5,453</u>	<u>\$ 2,053</u>	<u>\$ 10,911</u>	<u>\$ 42,164</u>	<u>\$ 2,582</u>

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2019

	Walker Park Playground Reserve	Cemetery Reserve	Waste Water Conservation Engineering	Waste Water Capital Reserve	Waste Water Camden Upgrade Reserve	Police Department Vehicle Reserve	Opera House Building Reserve	Fire Department Equipment Reserve
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	13,808	23,864	1,506	383,590	15,000	774	93,908	269,558
<b>TOTAL ASSETS</b>	<u>\$ 13,808</u>	<u>\$ 23,864</u>	<u>\$ 1,506</u>	<u>\$ 383,590</u>	<u>\$ 15,000</u>	<u>\$ 774</u>	<u>\$ 93,908</u>	<u>\$ 269,558</u>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	13,808	23,864	1,506	383,590	15,000	774	93,908	269,558
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>13,808</u>	<u>23,864</u>	<u>1,506</u>	<u>383,590</u>	<u>15,000</u>	<u>774</u>	<u>93,908</u>	<u>269,558</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 13,808</u>	<u>\$ 23,864</u>	<u>\$ 1,506</u>	<u>\$ 383,590</u>	<u>\$ 15,000</u>	<u>\$ 774</u>	<u>\$ 93,908</u>	<u>\$ 269,558</u>

SCHEDULE G (CONTINUED)

TOWN OF ROCKPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019

	W. Rockport Fire Station	Opera House Repairs	Computer Reserve	Lime Kiln Reserve	Town Office Building Reserve	Harbor Boat Reserve	125th Anniversary	Town Office Solar Reserve	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 77,554	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 389,718
Due from other funds	6,212	823	32,115	1,713	15,340	7,925	140	6,666	1,062,442
<b>TOTAL ASSETS</b>	<b>\$ 83,766</b>	<b>\$ 823</b>	<b>\$ 32,115</b>	<b>\$ 1,713</b>	<b>\$ 15,340</b>	<b>\$ 7,925</b>	<b>\$ 140</b>	<b>\$ 6,666</b>	<b>\$ 1,452,160</b>
<b>LIABILITIES</b>									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,677
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>238,677</b>
<b>FUND BALANCES (DEFICITS)</b>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	83,766	823	32,115	1,713	15,340	7,925	-	-	1,175,228
Assigned	-	-	-	-	-	-	140	6,666	38,275
Unassigned	-	-	-	-	-	-	-	-	(20)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>83,766</b>	<b>823</b>	<b>32,115</b>	<b>1,713</b>	<b>15,340</b>	<b>7,925</b>	<b>140</b>	<b>6,666</b>	<b>1,213,483</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 83,766</b>	<b>\$ 823</b>	<b>\$ 32,115</b>	<b>\$ 1,713</b>	<b>\$ 15,340</b>	<b>\$ 7,925</b>	<b>\$ 140</b>	<b>\$ 6,666</b>	<b>\$ 1,452,160</b>

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, 2019

	Sand/Salt Shed	Harbor Building Reserve	Pascal Avenue High Sidewalk	Public Safety Radio Reserve	Mt. Pleasant Street	Opera House Web Hosting	Mill Street Bridge	Public Works Roof
REVENUES								
Interest income	\$ -	\$ 49	\$ 100	\$ 175	\$ 1,004	\$ -	\$ -	\$ 582
Other	25,945	-	-	-	-	-	-	-
TOTAL REVENUES	<u>25,945</u>	<u>49</u>	<u>100</u>	<u>175</u>	<u>1,004</u>	<u>-</u>	<u>-</u>	<u>582</u>
EXPENDITURES								
Capital outlay	-	-	-	-	-	-	-	11,652
Program expenses	-	1,500	-	-	-	2,125	20	-
TOTAL EXPENDITURES	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,125</u>	<u>20</u>	<u>11,652</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>25,945</u>	<u>(1,451)</u>	<u>100</u>	<u>175</u>	<u>1,004</u>	<u>(2,125)</u>	<u>(20)</u>	<u>(11,070)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	3,750	29,070	11,250	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>3,750</u>	<u>29,070</u>	<u>11,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	25,945	2,299	29,170	11,425	1,004	(2,125)	(20)	(11,070)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>1,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,097</u>	<u>2,125</u>	<u>-</u>	<u>59,579</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 27,556</u>	<u>\$ 2,299</u>	<u>\$ 29,170</u>	<u>\$ 11,425</u>	<u>\$ 21,101</u>	<u>\$ -</u>	<u>\$ (20)</u>	<u>\$ 48,509</u>

SCHEDULE H (CONTINUED)

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Public Works Equipment Reserve	Video Equipment Reserve	Harbor Float Reserve	Harbor Boat Engine Reserve	P&R Sidewalk Construction	Pathways Reserve	Recreation Department Reserve	Harbor Land Acquisition Kononen
REVENUES								
Interest income	\$ 350	\$ 5	\$ 414	\$ 68	\$ -	\$ 137	\$ 529	\$ 32
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>350</u>	<u>5</u>	<u>414</u>	<u>68</u>	<u>-</u>	<u>137</u>	<u>529</u>	<u>32</u>
EXPENDITURES								
Capital outlay	149,500	-	-	-	-	26,909	-	-
Program expenses	-	-	1,976	-	-	-	-	-
TOTAL EXPENDITURES	<u>149,500</u>	<u>-</u>	<u>1,976</u>	<u>-</u>	<u>-</u>	<u>26,909</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(149,150)</u>	<u>5</u>	<u>(1,562)</u>	<u>68</u>	<u>-</u>	<u>(26,772)</u>	<u>529</u>	<u>32</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	100,000	-	13,500	1,000	-	8,000	3,750	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,000</u>	<u>-</u>	<u>13,500</u>	<u>1,000</u>	<u>-</u>	<u>8,000</u>	<u>3,750</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(49,150)</u>	<u>5</u>	<u>11,938</u>	<u>1,068</u>	<u>-</u>	<u>(18,772)</u>	<u>4,279</u>	<u>32</u>
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>77,506</u>	<u>399</u>	<u>19,086</u>	<u>4,385</u>	<u>2,053</u>	<u>29,683</u>	<u>37,885</u>	<u>2,550</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 28,356</u>	<u>\$ 404</u>	<u>\$ 31,024</u>	<u>\$ 5,453</u>	<u>\$ 2,053</u>	<u>\$ 10,911</u>	<u>\$ 42,164</u>	<u>\$ 2,582</u>

SCHEDULE H (CONTINUED)

TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Walker Park Playground Reserve	Cemetery Reserve	Conservation Engineering	Waste Water Capital Reserve	Waste Water Camden Upgrade Reserve	Police Department Vehicle Reserve	Opera House Building Reserve	Fire Department Equipment Reserve
REVENUES								
Interest income	\$ 174	\$ 300	\$ -	\$ -	\$ -	\$ 10	\$ 2,560	\$ 3,385
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>174</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>2,560</u>	<u>3,385</u>
EXPENDITURES								
Capital outlay	-	-	-	-	-	-	-	-
Program expenses	-	-	-	-	-	-	1,608	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,608</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>174</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>952</u>	<u>3,385</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	20,000	-	-	-	-	25,000	85,000
Transfers (out)	-	-	-	-	-	-	-	(125,733)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>(40,733)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	174	20,300	-	-	-	10	25,952	(37,348)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>13,634</u>	<u>3,564</u>	<u>1,506</u>	<u>383,590</u>	<u>15,000</u>	<u>764</u>	<u>67,956</u>	<u>306,906</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 13,808</u>	<u>\$ 23,864</u>	<u>\$ 1,506</u>	<u>\$ 383,590</u>	<u>\$ 15,000</u>	<u>\$ 774</u>	<u>\$ 93,908</u>	<u>\$ 269,558</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, 2019

	W. Rockport Fire Station	Opera House Repairs	Computer Reserve	Lime Kiln Reserve	Town Office Building Reserve	Harbor Boat Reserve	125th Anniversary	Town Office Solar Reserve	Total
REVENUES									
Interest income	\$ 3,140	\$ -	\$ 404	\$ -	\$ 198	\$ 124	\$ -	\$ 166	\$ 13,906
Other	-	750	-	-	-	-	140	-	26,835
TOTAL REVENUES	<u>3,140</u>	<u>750</u>	<u>404</u>	<u>-</u>	<u>198</u>	<u>124</u>	<u>140</u>	<u>166</u>	<u>40,741</u>
EXPENDITURES									
Capital outlay	8,752	-	-	-	-	-	-	-	196,813
Program expenses	-	-	-	-	-	1,900	-	-	9,129
TOTAL EXPENDITURES	<u>8,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,900</u>	<u>-</u>	<u>-</u>	<u>205,942</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,612)</u>	<u>750</u>	<u>404</u>	<u>-</u>	<u>198</u>	<u>(1,776)</u>	<u>140</u>	<u>166</u>	<u>(165,201)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	17,000	-	10,000	1,000	-	6,500	334,820
Transfers (out)	-	-	(7,552)	-	-	-	-	-	(133,285)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>9,448</u>	<u>-</u>	<u>10,000</u>	<u>1,000</u>	<u>-</u>	<u>6,500</u>	<u>201,535</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(5,612)</u>	<u>750</u>	<u>9,852</u>	<u>-</u>	<u>10,198</u>	<u>(776)</u>	<u>140</u>	<u>6,666</u>	<u>36,334</u>
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>89,378</u>	<u>73</u>	<u>22,263</u>	<u>1,713</u>	<u>5,142</u>	<u>8,701</u>	<u>-</u>	<u>-</u>	<u>1,177,149</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 83,766</u>	<u>\$ 823</u>	<u>\$ 32,115</u>	<u>\$ 1,713</u>	<u>\$ 15,340</u>	<u>\$ 7,925</u>	<u>\$ 140</u>	<u>\$ 6,666</u>	<u>\$ 1,213,483</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, 2019

	Chatfield Fund for Library	Dodge Fund for Library	Gardner Fund for Library	Public Assistance Welfare	Cemetery	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 860	\$ 562	\$ 1,947	\$ 200,001	\$ 261,307	\$ 464,677
Investments	13,091	8,604	29,711	285,124	358,279	694,809
Due from other funds	-	-	-	12,424	23,325	35,749
<b>TOTAL ASSETS</b>	<u>\$ 13,951</u>	<u>\$ 9,166</u>	<u>\$ 31,658</u>	<u>\$ 497,549</u>	<u>\$ 642,911</u>	<u>\$ 1,195,235</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	10,076	9,280	22,937	50,780	447,374	540,447
Restricted	3,875	-	8,721	446,769	195,537	654,902
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(114)	-	-	-	(114)
<b>TOTAL FUND BALANCES</b>	<u>13,951</u>	<u>9,166</u>	<u>31,658</u>	<u>497,549</u>	<u>642,911</u>	<u>1,195,235</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 13,951</u>	<u>\$ 9,166</u>	<u>\$ 31,658</u>	<u>\$ 497,549</u>	<u>\$ 642,911</u>	<u>\$ 1,195,235</u>

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

## TOWN OF ROCKPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	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)	\$ 933	\$ 656	\$ 2,063	\$ 23,993	\$ 2,227	\$ 29,872
TOTAL REVENUES	<u>933</u>	<u>656</u>	<u>2,063</u>	<u>23,993</u>	<u>2,227</u>	<u>29,872</u>
EXPENDITURES						
Other	467	315	1,049	-	-	1,831
TOTAL EXPENDITURES	<u>467</u>	<u>315</u>	<u>1,049</u>	<u>-</u>	<u>-</u>	<u>1,831</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>466</u>	<u>341</u>	<u>1,014</u>	<u>23,993</u>	<u>2,227</u>	<u>28,041</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	466	341	1,014	23,993	2,227	28,041
FUND BALANCES - JULY 1	<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>
FUND BALANCES - JUNE 30	<u>\$ 13,951</u>	<u>\$ 9,166</u>	<u>\$ 31,658</u>	<u>\$ 497,549</u>	<u>\$ 642,911</u>	<u>\$ 1,195,235</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, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Machinery, Equipment and Vehicles	Infrastructure	Total
General government	\$ 2,850,286	\$ 507,779	\$ 56,642	\$ -	\$ 3,414,707
Public safety	46,990	417,671	1,861,067	-	2,325,728
Public works	344,579	1,553,720	2,368,065	3,458,963	7,725,327
Culture and recreation	375,644	574,012	6,000	-	955,656
Sewer department	347,317	105,011	74,299	9,996,673	10,523,300
Total General Capital Assets	3,964,816	3,158,193	4,366,073	13,455,636	24,944,718
Less: Accumulated Depreciation	-	(1,385,627)	(2,587,821)	(7,084,640)	(11,058,088)
Net General Capital Assets	<u>\$ 3,964,816</u>	<u>\$ 1,772,566</u>	<u>\$ 1,778,252</u>	<u>\$ 6,370,996</u>	<u>\$ 13,886,630</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, 2019

	General Capital Assets 7/1/18 (Restated)	Additions	Deletions	General Capital Assets 6/30/19
General government	\$ 3,414,707	\$ -	\$ -	\$ 3,414,707
Public safety	1,658,490	667,238	-	2,325,728
Public works	7,393,062	332,265	-	7,725,327
Culture and recreation	588,512	367,144	-	955,656
Sewer department	10,343,990	179,310	-	10,523,300
Total General Capital Assets	23,398,761	1,545,957	-	24,944,718
Less: Accumulated Depreciation	(10,341,331)	(716,757)	-	(11,058,088)
Net General Capital Assets	<u>\$ 13,057,430</u>	<u>\$ 829,200</u>	<u>\$ -</u>	<u>\$ 13,886,630</u>

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



*Proven Expertise & 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

Selectboard  
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, 2019 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 June 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Rockport, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town Rockport, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town Rockport, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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*. We noted certain other matters that we reported to management of the Town of Rockport, Maine in a separate letter dated June 11, 2020.

#### 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  
June 11, 2020