

TOWN OF ROCKPORT, MAINE

*FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2014*

**TOWN OF ROCKPORT
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

February 2, 2015

Members of the Board of Selectmen
Town of Rockport
101 Main Street
Rockport, Me 04856

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, 2014, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Rockport, Maine, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 36 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rockport, Maine's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA

TOWN OF ROCKPORT, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Management of the Town of Rockport, Maine provides this *Management's Discussion and Analysis* of the Town's financial performance for readers of the Town's financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of the Town of Rockport, Maine (the Town) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2014 by \$16,311,935 (presented as “net position”). Of this amount, \$4,098,137 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position increased by \$600,728 (a 3.8% increase) for the fiscal year ended June 30, 2014. Net position of governmental activities increased by \$610,872 (a 5.9% increase), while net position of business-type activities showed a decrease of \$10,144 (a 1.9% decrease).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2014, the Town's governmental funds reported a combined ending fund balance of \$4,464,120 with \$1,959,775 being general unassigned fund balance. This unassigned fund balance represents approximately 13.7% of the total general fund expenditures for the year.

Long-term Debt:

The Town's general long-term debt obligations decreased by \$94,211 (39.7%) during the current fiscal year. Business-type long-term debt obligations decreased by \$35,000 (12.59%) during the current fiscal year. Existing debt obligations were retired according to schedule. At the special town meeting on 11/8/13, financing up to \$889,667 was approved for the sewer extension project. A bond anticipation note in the amount of \$885,000 was issued and was outstanding at 6/30/14 in the wastewater fund but was refinanced on 8/18/14 permanently.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The government-wide financial statements can be found on pages 8-9 of this report.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town’s own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach.

The basic governmental fund financial statements can be found on pages 10-13 of this report.
The basic proprietary fund financial statements can be found on pages 14-16 of this report.

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 the financial statements can be found on pages 17-35 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). Required supplementary information can be found on page 36 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

61.4% of the Town’s net position reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets), less any related debt used to acquire those assets that are still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

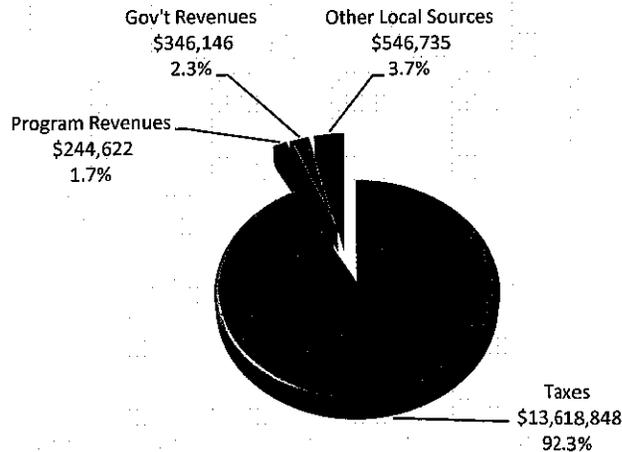
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total 2014</i>	<i>Total 2013</i>
Current Assets	5,169,133	1,613,536	6,782,669	5,462,829
Capital Assets	6,586,150	4,708,460	11,294,610	11,262,066
Total Assets	11,755,283	6,321,996	18,077,279	16,724,895
Current Liabilities	689,675	761,110	1,450,785	605,248
Other Liabilities	76,234	210,000	286,234	388,056
Total Liabilities	765,909	971,110	1,737,019	993,304
Prepaid Taxes	28,325		28,325	20,384
Total Deferred Inflows of Resources	28,325		28,325	28,325
Net Position:				
Net Investment in Capital Assets	6,443,094	3,578,460	10,021,554	10,744,799
Restricted	1,905,175	287,069	2,192,244	1,889,110
Unrestricted	2,612,780	1,485,357	4,098,137	3,077,298
Total Net Position	10,961,049	5,350,886	16,311,935	15,711,207
Total Liabilities, Deferred Inflows of Resources and Net Position	11,755,283	6,321,996	18,077,279	16,732,836

Changes in Net Position

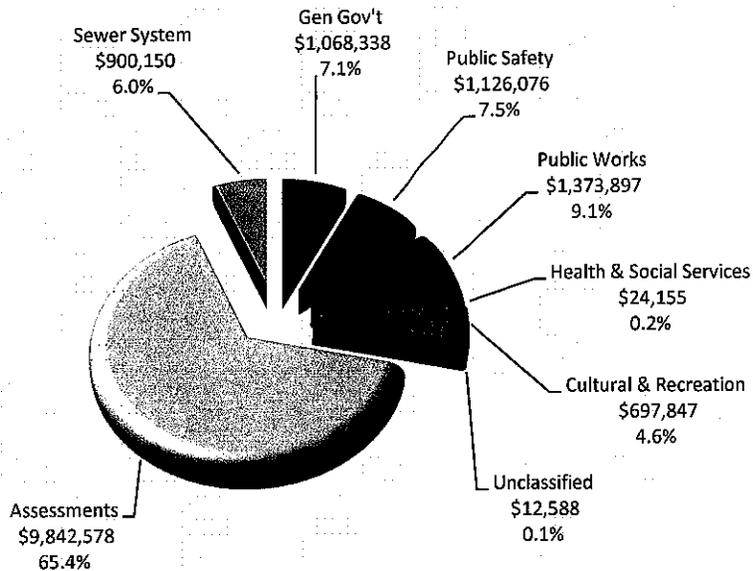
Approximately 87.1 percent of the Town's total revenue came from property and excise taxes, approximately 2.2 percent came from State subsidies and grants, and approximately 10.7 percent came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-type activity assets represents \$538,760 of the total expenses for the fiscal year.

	Governmental Activities	Business-type Activities	Total 2014	Total 2013
Revenues:				
Taxes	13,618,848		13,618,848	13,033,098
Program Revenues	244,622	732,577	977,199	958,829
Intergovernmental Revenues	346,146		346,146	423,905
Other Local Sources	546,735	157,429	704,164	571,753
Total	14,756,351	890,006	15,646,357	14,987,585
Expenses:				
General Government	1,068,338		1,068,338	1,048,559
Public Safety	1,126,076		1,126,076	972,124
Public Works	1,373,897		1,373,897	1,420,704
Health and Social Services	24,155		24,155	24,028
Cultural and Recreation	697,847		697,847	700,771
Unclassified	12,588		12,588	133,950
Assessments	9,842,578		9,842,578	9,639,233
(Gain)/Loss on Disposal of Assets	-		-	960,105
Sewer System		900,150	900,150	887,185
Total	14,145,479	900,150	15,045,629	15,786,659
Changes in Net Position	610,872	(10,144)	600,728	(799,074)

Revenues by Source - Governmental and Business-Type Activities



Expenditures by Source - Governmental and Business-Type



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

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

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$4,464,120, an increase of \$370,378 in comparison with the prior year. Approximately 43.9 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$68,788 positive variance in excise tax revenue due conservative budgeting and an economic turnaround.
- \$14,740 negative variance in library reimbursements and \$39,812 positive variance in library expenditures due to fewer supplies and contractual expenditures. The library revenue comes from library reimbursements and is directly related to the expenditures.

- \$33,896 positive variance in Harbor Operations due to part time personnel not working as much as budgeted, the loss of the deputy harbor master and various other expenditures coming in under budget.
- (\$97,884) negative variance in Public Works due to overspending the road construction budget early in the year. This led to the public works and other departments limiting the expenditures for the rest of the year and coming in under budget.
- \$14,739 positive variance in Assessing due to not contracting for outside assessing services as had been planned.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities amounts to \$19,333,587, net of accumulated depreciation of \$8,038,977 leaving a net book value of \$11,294,610. Current year additions include \$23,604 for fire department equipment, \$6,097 for a pressure washer, and \$495,092 for paving.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Rockport, P.O. Box 10, Rockport, ME 04856.

TOWN OF ROCKPORT
STATEMENT OF NET POSITION
JUNE 30, 2014

Exhibit A

<i>Assets</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Cash and Equivalents	3,115,961	1,440,641	4,556,602
Investments	1,431,965		1,431,965
Receivables			
Taxes	492,743		492,743
Tax Liens	70,822		70,822
Accounts	13,176	172,895	186,071
Prepaid Expense	89		89
Due from Other Governments	44,377		44,377
Capital Assets:			
Land and Art Work	2,858,786		2,858,786
Other Capital Assets, Net of Depreciation	3,727,364	4,708,460	8,435,824
Total Assets	11,755,283	6,321,996	18,077,279
 <i>Liabilities, Deferred Inflows of Resources and Net Position</i>			
Liabilities			
Accounts Payable	104,928	60,645	165,573
Payroll Taxes/Deductions	27		27
Due to Other Governments	13,517		13,517
Accrued Salaries Payable	41,253		41,253
Accrued Interest Payable		6,329	6,329
Escrow and Security Deposits	11,000		11,000
Compensated Absences Payable	226,264		226,264
Internal Balances	225,864	(225,864)	-
Long-term Liabilities:			
Due Within One Year	66,822	920,000	986,822
Due in More Than One Year	76,234	210,000	286,234
Total Liabilities	765,909	971,110	1,737,019
 Deferred Inflows of Resources			
Prepaid Taxes	28,325		28,325
 Net Position			
Net Investment in Capital Assets	6,443,094	3,578,460	10,021,554
Restricted Net Position	1,905,175	287,069	2,192,244
Unrestricted Net Position	2,612,780	1,485,357	4,098,137
Total Net Position	10,961,049	5,350,886	16,311,935
Total Liabilities, Deferred Inflows of Resources and Net Position	11,755,283	6,321,996	18,077,279

The notes to financial statements are an integral part of this statement.

**TOWN OF ROCKPORT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Exhibit B

<i>Functions/Programs</i>	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Changes in Net Position</i>		
	<i>Expenses</i>	<i>Fees, Fines, and Charges for Services</i>	<i>Operating Grants</i>	<i>Governmental Activities</i>	<i>Business-like Activities</i>	<i>Total</i>
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	1,068,338	169,072	200	(899,066)		(899,066)
Public Safety	1,126,076	17,659	58,000	(1,050,417)		(1,050,417)
Public Works	1,373,897	13,961	16	(1,359,920)		(1,359,920)
Health and Social Services	24,155		850	(23,305)		(23,305)
Cultural and Recreation	697,847	186,168	-	(511,679)		(511,679)
Unclassified	12,588			(12,588)		(12,588)
Assessments	9,842,578			(9,842,578)		(9,842,578)
Total Governmental Activities	14,145,479	386,860	59,066	(13,699,553)		(13,699,553)
<u>Business-type Activities</u>						
Wastewater Enterprise	900,150	732,577	138,489		(29,084)	(29,084)
Total Business-type Activities	900,150	732,577	138,489		(29,084)	(29,084)
Total Primary Government	15,045,629	1,119,437	197,555	(13,699,553)	(29,084)	(13,728,637)
<u>General Revenues:</u>						
Taxes						
Property				12,826,840		12,826,840
Auto Excise				718,788		718,788
Boat Excise				13,651		13,651
Intergovernmental Revenues				346,130		346,130
Other Local Sources				405,016	18,940	423,956
Total Revenues, Special Items and Transfers		14,310,425		14,310,425	18,940	14,329,365
<u>Changes in Net Position</u>						
Net Position - Beginning				610,872	(10,144)	600,728
Net Position - Ending				10,350,177	5,361,030	15,711,207
Net Position - Ending				10,961,049	5,350,886	16,311,935

The notes to financial statements are an integral part of this statement.

TOWN OF ROCKPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

Exhibit C
Page 1 of 2

<i>Assets</i>	<i>General Fund</i>	<i>Library Permanent Fund</i>	<i>Other Governmental Funds</i>	<i>Total</i>
Cash and Equivalents	2,774,139	31,990	309,832	3,115,961
Investments		727,781	704,184	1,431,965
Receivables				
Taxes	492,743			492,743
Tax Liens	70,822			70,822
Accounts	13,176			13,176
Prepaid Expense	89			89
Due from Other Governments	44,377			44,377
Due from Other Funds	-		550,277	550,277
Total Assets	3,395,346	759,771	1,564,293	5,719,410
 <i>Liabilities, Deferred Inflows of Resources and Fund Balances</i>				
<i>Liabilities</i>				
Accounts Payable	104,817		111	104,928
Due to Other Governments	13,517			13,517
Payroll Taxes/Deductions	27			27
Accrued Salaries Payable	41,253			41,253
Due to Other Funds	776,141			776,141
Escrow and Security Deposits	11,000			11,000
Total Liabilities	946,755		111	946,866
 <i>Deferred Inflows of Resources:</i>				
Prepaid Taxes	28,325			28,325
Unearned Property Tax	275,592			275,592
Unearned Other Revenue	4,507			4,507
Total Deferred Inflows of Resources	308,424	-	-	308,424
 <i>Fund Balances</i>				
Non-Spendable		333,262	467,754	801,016
Restricted	24,541	426,509	653,109	1,104,159
Committed	76,015		443,319	519,334
Assigned	79,836			79,836
Unassigned	1,959,775			1,959,775
Total Fund Balances	2,140,167	759,771	1,564,182	4,464,120
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	3,395,346	759,771	1,564,293	5,719,410

(Continued)

The notes to financial statements are an integral part of this statement.

TOWN OF ROCKPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

Exhibit C
Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance	4,464,120
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$3,436,394	<u>6,586,150</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unearned Taxes	275,592
Unearned Revenue	<u>4,507</u>
	<u>280,099</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(112,500)
Accrued Compensated Absences	(226,264)
Capital Leases Payable	<u>(30,556)</u>
	<u>(369,320)</u>
Net Position of Governmental Activities	<u><u>10,961,049</u></u>

The notes to financial statements are an integral part of this statement.

TOWN OF ROCKPORT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit D
Page 1 of 2

	<i>General Fund</i>	<i>Library Permanent Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues				
Taxes	13,615,264			13,615,264
Intergovernmental Revenues	346,146		-	346,146
Departmental Revenues	248,122			248,122
Other Local Sources	250,700	110,925	185,110	546,735
Total Revenues	14,460,232	110,925	185,110	14,756,267
Expenditures				
General Government	1,032,303		12,173	1,044,476
Public Safety	1,017,721		73,636	1,091,357
Public Works	1,665,828		-	1,665,828
Health and Social Services	21,768		2,387	24,155
Cultural and Recreation	655,599		11,808	667,407
Unclassified	48,735		1,353	50,088
Assessments	9,842,578			9,842,578
Total Expenditures	14,284,532	-	101,357	14,385,889
Excess of Revenues Over (Under)				
Expenditures	175,700	110,925	83,753	370,378
Other Financing Sources (Uses)				
Transfers from Other Funds	271,679	20,000	134,443	426,122
Transfers to Other Funds	(362,582)	(29,880)	(33,660)	(426,122)
Total Other Financing Sources (Uses)	(90,903)	(9,880)	100,783	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	84,797	101,045	184,536	370,378
Fund Balance - July 1	2,055,370	658,726	1,379,646	4,093,742
Fund Balance - June 30	2,140,167	759,771	1,564,182	4,464,120

(Continued)

The notes to financial statements are an integral part of this statement.

**TOWN OF ROCKPORT
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, 2014**

Net change in fund balances - total governmental funds	370,378
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	524,793
Gain/(Loss) on Disposal of Assets	-
Depreciation expense	(356,545)
	<u>168,248</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unearned Revenues	(3,500)
Unearned Taxes	3,584
	<u>84</u>
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Capital lease obligation principal payments	56,711
General obligation bond principal payments	37,500
	<u>94,211</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Accrued compensated absences	(22,049)
Change in net position of governmental activities	<u>610,872</u>

The notes to financial statements are an integral part of this statement.

TOWN OF ROCKPORT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014

Exhibit E

	<u>Wastewater Enterprise</u>
Assets	
Current Assets:	
Cash and Equivalents	1,440,641
Investments	-
Receivables	
User Fees, net	172,895
Due from Other Funds	<u>225,864</u>
Total Current Assets	<u>1,839,400</u>
Noncurrent Assets:	
Capital Assets, net	<u>4,708,460</u>
Total Noncurrent Assets	<u>4,708,460</u>
Total Assets	<u><u>6,547,860</u></u>
Liabilities	
Current Liabilities:	
Accounts Payable	60,645
Accrued Interest Payable	6,329
Bonds and Notes Payable	<u>920,000</u>
Total Current Liabilities	<u>986,974</u>
Noncurrent Liabilities:	
Bonds and Notes Payable	<u>210,000</u>
Total Noncurrent Liabilities	<u>210,000</u>
Total Liabilities	<u>1,196,974</u>
Net Position	
Net Investment in Capital Assets	3,578,460
Restricted for:	
Capital Projects	287,069
Unrestricted-Reserved for Pump Station	161,771
Unrestricted	<u>1,323,586</u>
Total Net Position	<u>5,350,886</u>
Total Liabilities and Net Position	<u><u>6,547,860</u></u>

The notes to financial statements are an integral part of this statement.

TOWN OF ROCKPORT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit F

	<u>Wastewater Enterprise</u>
Operating Revenues:	
Charges for Services	729,505
Interest/Fees	<u>3,072</u>
Total Operating Revenues:	<u>732,577</u>
Operating Expenses:	
Administration	65,705
Contract Operations	173,052
General Maintenance/Supplies	30,000
Camden Treatment	154,881
Rockland Treatment	106,646
Samoset Treatment	77,288
Repairs and Maintenance	29,718
Depreciation and Amortization	<u>229,082</u>
Total Operating Expenses	<u>866,372</u>
Net Operating Income	<u>(133,795)</u>
Nonoperating Revenues (Expenses)	
Interest Revenue	6,913
Other Revenues	12,027
Engineering Study	(5,688)
Sewer Extension Project	(9,737)
Interest Expense	<u>(18,353)</u>
Total Nonoperating Revenues (Expenses)	<u>(14,838)</u>
Net Income (Loss) before contributions and transfers	(148,633)
Capital Contributions	<u>138,489</u>
Change in Net Position	(10,144)
Total Net Position - Beginning	<u>5,361,030</u>
Total Net Position - Ending	<u><u>5,350,886</u></u>

The notes to financial statements are an integral part of this statement.

TOWN OF ROCKPORT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit G

	<i>Wastewater Enterprise</i>
<i>Cash Flows from Operating Activities;</i>	
Received from Customers	732,577
Payments to Suppliers	(603,461)
Payments to Employees	(33,829)
Other Receipts (Payments)	12,027
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	107,314
	<hr/>
<i>Cash Flows from Noncapital Financing Activities</i>	
Engineering Study/Sewer Extension Project	(15,425)
	<hr/>
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	(15,425)
	<hr/>
<i>Cash Flows from Capital and Related Financing Activities</i>	
Principal Paid on Capital Debt	(35,000)
BAN Proceeds	885,000
Interest Paid on Capital Debt	(18,353)
	<hr/>
<i>Net Cash Used in Capital and Related Financing Activities</i>	831,647
	<hr/>
<i>Cash Flows from Investing Activities</i>	
Redemption of Investments	(30,600)
Interest and Dividends	6,913
	<hr/>
<i>Net Cash Provided by (Used in) Investing Activities</i>	(23,687)
	<hr/>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	899,849
	<hr/>
<i>Balances - beginning of the year</i>	540,792
	<hr/>
<i>Balances - end of the year</i>	1,440,641
	<hr/> <hr/>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>	
Net Operating Income (Loss)	(133,795)
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	229,082
(Increase) Decrease in Accounts Receivable	(1,479)
(Increase) Decrease in Due from Other Funds	1,844
Increase (Decrease) in Accrued Interest	3,716
Increase (Decrease) in Accounts Payable	7,946
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	107,314
	<hr/> <hr/>

The notes to financial statements are an integral part of this statement.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Rockport have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The Town of Rockport operates under an elected Board of Selectmen and Town Manager form of government. The Town's major operations include public works, public safety, fire protection, health services, recreation and parks, and general administrative services.

For financial reporting purposes the Town includes all organizations, functions and activities in its financial statements for which it exercises oversight responsibility. Oversight responsibility as defined by the Governmental Accounting Standards Board (GASB) includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. Fiduciary activities, whose resources are not available to finance the Town's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Basis of Accounting, Measurement Focus, and Financial Statement Presentation

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting, Measurement Focus, and Financial Statement Presentation (Continued)

have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures (if any), including interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports unearned revenue on its governmental fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The library permanent fund accounts for the Town's library trust funds. Permanent funds account for monies held in trust by the Town, the investment earnings from which may only be used for the operation of the program.

The Town reports the following major proprietary funds:

The sewer fund accounts for the activities of the sewerage operations. The Town operates the sewer collection system and related administrative costs.

Additionally, the Town reports the following fund types:

Fiduciary funds are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the Town's own programs.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting, Measurement Focus, and Financial Statement Presentation (Continued)

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses no meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Fund Equity

1. 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. These investments are not specifically identified with any one fund. Interest is allocated to the individual funds on the basis of average cash balances.

The Town may invest in certificates of deposit, in time deposits, and in any securities in which the state investment officer is authorized to invest pursuant to the Maine Statute 5705 Title 30-A and as provided in the authorized investment guidelines of the Maine Statutes 5711 through 5719 in effect on the date the investment is made.

Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant market information of similar financial instruments. Income from investments held by the individual funds is recorded in the respective funds as it is earned.

2. Receivables and Payables

Transactions between funds that result in outstanding balances are reported as due to/from other funds.

Property taxes receivable not expected to be collected within 60 days from year end are classified as unearned revenue. At June 30, \$275,592 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on September 4, 2013 on property values assessed on April 1. Taxes were due in two installments due on October 15 and April 15, with interest at 7% beginning October 16 and April 16. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Fund Equity (Continued)

3. Inventories

Inventories are valued at cost. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

4. Joint Venture

In addition to entities, which should be included within these financial statements, the Town may enter into agreements with other governments for specific purposes. These agreements are referred to as joint ventures or jointly governed entities. The Town participates in the following joint venture:

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 2014 fiscal year assessment was calculated as follows:

Camden	41.85%
Hope	9.91%
Lincolnville	16.87%
Rockport	31.37%

The Town of Rockport's cost for June 30, 2014 was \$150,685.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	3-50
Infrastructure	50
Equipment	5-20

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Fund Equity (Continued)

6. Compensated Absences

Town employees earn sick leave at the rate of 1 workday for each full calendar month of service, cumulative to a maximum of one hundred days for employees hired prior to September 12, 2005 and 60 days for employees hired after September 12, 2005. Sick leave is vested at only 50% of the accrual.

Vacation privileges are available to regular full-time employees only. Each employee within this classification shall earn vacation time with pay, on the following basis:

10 work days per year after the first completed full year of service through the fourth year of service.

15 work days per year during the 5th through the 14th year of service.

20 work days per year during the 15th year of service and thereafter.

Vacation accrued in excess of twice the amount of annual accrual at the current rate as of the employee's anniversary date of each year shall be lost.

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave in the government-wide financial statements is recorded as an expense and liability of the fund as the benefits accrue to employees. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulated right to receive sick pay benefits.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the bonds-outstanding method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as another financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Under State Law, no municipality can incur debt, which would cause its total outstanding debt, exclusive of debt incurred for school, storm or sanitary sewer, energy facilities, or municipal airports, to exceed 7.50% of its last full state valuation. A municipality may incur debt for schools not exceeding 10%, storm or sanitary sewers 7.50%, and municipal airports, water districts and special purpose districts 3% of its last full state valuation. In no event can the total debt exceed 15% of its last full valuation. Full state valuation is the valuation of taxable property as certified by the State Tax Assessor, adjusted to 100%.

At June 30, the Town of Rockport is in compliance with the above requirements.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Fund Equity (Continued)

8. Fund Balances/Net Position

Fund Balances

In accordance with Government Accounting Standards Board 54, fund balance reporting and governmental fund type definitions, the Town classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through town meeting voting and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the Town Council.

Unassigned – includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balance in other governmental funds.

The Town considers restricted, committed, assigned, and unassigned amounts to be spent in that order when expenditures for which any of those amounts are available.

The Town has identified June 30, 2014 fund balances on the balance sheet as follows:

	<u>General Fund</u>	<u>Library Permanent Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Non-Spendable</u>				
Cemetery Trust Fund			416,974	416,974
Welfare Trust Fund			50,780	50,780
Chatfield Fund		10,076		10,076
Rockport Library Fund		290,969		290,969
Dodge Fund		9,280		9,280
Gardner Fund		22,937		22,937
Total Committed	-	333,262	467,754	801,016

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Fund Equity (Continued)

8. Fund Balances/Net Position (Continued)

Restricted

Walker Park Playground	14,134		
Opera House Donations	1,505		
Rockport Harbor Land Acquisition	2,670		
Miscellaneous Donations	4,212		
Urban Rural Initiative Program Funds	2,020		
Cemetery Trust Fund			130,511
Welfare Trust Fund			352,464
Chatfield Fund		2,844	
Rockport Library Fund		418,607	
Dodge Fund		(1,020)	
Gardner Fund		6,078	
Comprehensive Planning Grant			2,719
State Planning Grant			1,000
Energy Grant Opera House			2,000
Harbor Lighting Grant			20,138
King Foundation Grant			225
General Assistance Heating			398
General Assistance Stewart			867
Legacy Rockport			20,401
Cascade Foundation Grants			6,033
Rotary Club of West Bay			155
Rohrbough Fund			41,908
Boyd Fund			17,512
Ellis Fund			41,742
Sand/Salt Shed			1,611
Jacobs Quarry Path			13,425
Total Restricted	<u>24,541</u>	<u>426,509</u>	<u>653,109</u>

Committed

Recreation Reserve	45,438		
Labor Reserve	30,577		
Capital Reserves			443,319
Total Committed	<u>76,015</u>	<u>-</u>	<u>443,319</u>

Assigned

Encumbrances	44,825		
Public Safety Building	106		
Library Operating Fund	22,326		
Police Forfeiture Account	12,579		
Total Assigned	<u>79,836</u>	<u>-</u>	<u>-</u>

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Fund Equity (Continued)

8. Fund Balances/Net Position (Continued)

<i>Unassigned</i>	<u>1,959,775</u>	<u> </u>	<u> </u>	<u>1,959,775</u>
Total	<u>2,140,167</u>	<u>759,771</u>	<u>1,564,182</u>	<u>4,464,120</u>

Net Position

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net position are required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted – This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the General Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles. State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end.

Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at fiscal year end to the extent that they have not been encumbered.

Reserve funds, once established by the Town Meeting, may be expended with approval of the Board of Selectmen for the purpose for which the reserve was established.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments are carried forward to supplement appropriations of the subsequent year. The General Fund reserve for encumbrances totals \$65,740 at June 30 and is detailed in Exhibit A-2.

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town does not currently have a deposit/investment policy, but must comply with the State of Maine statutes beginning at Section 5706.

One or more of the financial institutions holding the Town's cash accounts are participating in the FDIC Transaction Account Guarantee Program. Under the program, as of January 1, 2013, all interest bearing and non-interest bearing accounts, are aggregated and are insured up to \$250,000 in total by the FDIC. Any cash deposits or certificates of deposits in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the Town and thus no custodial risk exists.

At year-end, the government's carrying amount of deposits was \$4,556,602 and the bank balance was \$4,671,573. The bank balance is categorized according to credit risk as follows:

- Category 1 – Insured by Federal depository or credit union insurance.
- Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- Category 3 – Uninsured and uncollateralized.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits (continued)

	<i>Bank Balance</i>	<i>1</i>	<i>Category 2</i>	<i>3</i>
Cash and Equivalents	<u>4,671,573</u>	<u>528,507</u>	<u>4,143,066</u>	<u>-</u>

Investments

Included in the Town's cash equivalents at June 30, 2014, were short-term investments in repurchase agreements issued by a local banking institution. Under these agreements, the Town will be repaid principal plus interest on a specified date which is subsequent to year end. The agreement is guaranteed/collateralized with securities held by the banking institution which exceed the amount of the agreement. To the extent that the banking institution may default on its commitment to these obligations, the Town is at risk of economic loss. Management considers this exposure to be minimal.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (continued)

At June 30, 2014, the Towns investments, maturities and credit ratings are as follows:

Type	June 30, 2014						
	Fair Value	Maturities in Years				Credit Rating	
		Less Than 1	1-5	6-10	More than 10	S&P	Moody's
General City:							
Mutual Funds	44,518	44,518				Not Rated	Not Rated
Equities	1,220,044	1,220,044				Not Rated	Not Rated
US Treasury Obligations	25,311	25,311	-			AAA	Aaa
Mortgage Securities	80		80			Not Rated	Not Rated
Corporate Bonds	15,250		15,250			A+	A1
Corporate Bonds	15,482	15,482				A	A2
Corporate Bonds	15,561			15,561		A-	Baa1
Corporate Bonds	30,260		30,260			A-	Baa2
Corporate Bonds	15,206	15,206				AA-	A-1
Corporate Bonds	14,455		14,455			BBB+	Baa1
Corporate Bonds	10,385		10,385			BBB+	Baa2
Corporate Bonds	25,413		10,436	14,977		BBB	Baa2
Total	1,431,965	1,320,561	80,866	30,538	-		
Wastewater Enterprise Fund:							
Total	-	-	-	-	-		
Total	1,431,965	1,320,561	80,866	30,538	-		

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (continued)

Summary of Deposits and Investment Balances

Following is a reconciliation of the Town's deposit and investment balances as of June 30, 2014:

Deposits and Cash on Hand (including invested repurchase agreement)	<u>\$ 5,988,567</u>			
		Government-wide Statement of Net Position	Business-Type Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 3,115,961	\$ 1,440,641	\$ 4,556,602	
Investments (including repurchase agreement)	<u>\$ 1,431,965</u>	<u>\$ -</u>	<u>\$ 1,431,965</u>	
	<u>\$ 4,547,926</u>	<u>\$ 1,440,641</u>	<u>\$ 5,988,567</u>	

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value		1,009,884,054
Tax Rate (per \$1,000)		12.69
Commitment		<u>12,815,429</u>
Appropriations		14,433,164
Less:		
State Municipal Revenue Sharing	163,000	
Estimated Revenues	1,325,138	
BETE Reimbursement	67,691	
Homestead Reimbursement	<u>61,906</u>	
		<u>1,617,735</u>
Net Assessment for Commitment		<u>12,815,429</u>

Supplemental taxes totaling \$13,615 were committed for collection during the year. Uncollected taxes at June 30 for the current year commitment totaled \$486,313, which represents tax collection of 96.05% of current year commitment. Unpaid liens at June 30 totaled \$70,822.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2014 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		776,141
Special Revenue Funds		
Comprehensive Planning Grant	2,719	
Rotary Club	155	
General Assistance Funds	1,265	
Legacy Rockport	20,401	
State Planning Grant	1,000	
Energy Grant	2,000	
Cascade Foundation	6,033	
Harbor Lighting Grant	20,249	
King Foundation Grant	225	
Capital Projects		
Jacobs Quarry Pathway	13,425	
Sand/Salt Shed	1,611	
Capital Improvement Reserves	443,319	
Wastewater Fund	225,864	
Cemetery Trust Fund	<u>37,875</u>	
Totals	<u><u>776,141</u></u>	<u><u>776,141</u></u>

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, the payable are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. The balance represents appropriations for future projects and will be repaid upon need of the funds for those projects.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Governmental Activities;				
<i>Capital assets not being depreciated</i>				
Land	2,850,286			2,850,286
Painting	8,500			8,500
<i>Total capital assets not being depreciated</i>	2,858,786	-	-	2,858,786
<i>Capital assets being depreciated</i>				
Buildings	2,500,876			2,500,876
Equipment	2,730,940	29,701		2,760,641
Infrastructure	1,407,149	495,092		1,902,241
<i>Total capital assets being depreciated</i>	6,638,965	524,793	-	7,163,758
<i>Less accumulated depreciation for</i>				
Buildings	776,775	50,891		827,666
Equipment	1,909,031	169,493		2,078,524
Infrastructure	394,043	136,161		530,204
<i>Total accumulated depreciation</i>	3,079,849	356,545	-	3,436,394
<i>Net capital assets being depreciated</i>	3,559,116	168,248	-	3,727,364
Governmental Activities				
Capital Assets, net	6,417,902	168,248	-	6,586,150

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

D. Capital Assets (continued)

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Business-type Activities;</i>				
<i>Capital assets being depreciated</i>				
Sewer System	9,217,667	93,378		9,311,045
<i>Total capital assets being depreciated</i>	<u>9,217,667</u>	<u>93,378</u>		<u>9,311,045</u>
<i>Less accumulated depreciation for</i>				
Sewer System	4,373,503	229,082		4,602,585
<i>Total accumulated depreciation</i>	<u>4,373,503</u>	<u>229,082</u>		<u>4,602,585</u>
<i>Net capital assets being depreciated</i>	<u>4,844,164</u>	<u>(135,704)</u>		<u>4,708,460</u>
<i>Business-type Activities</i>				
<i>Capital Assets, net</i>	<u>4,844,164</u>	<u>(135,704)</u>		<u>4,708,460</u>

Depreciation expense was charged to functions/programs of the primary government as follows;

Governmental Activities

General Government	11,973
Public Safety	53,360
Public Works, including general infrastructure assets	260,217
Leisure Time Services	<u>30,995</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>356,545</u></u>

E. Capital Leases

The Town is obligated under certain leases accounted for as capital leases. The related obligations are accounted for in Governmental Activities. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30:

<i>Year-Ended June 30,</i>	<i>Minimum Lease Payment</i>
2015	30,159
2016	<u>1,253</u>
Total Minimum Lease Payments	31,412
Less: Amount Representing Interest	<u>(856)</u>
 Present Value of Future Minimum Lease Payments	 <u><u>30,556</u></u>

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

F. Long-Term Debt

1. General Obligation Bonds and Notes. The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and notes currently outstanding are as follows:

<i>Purpose Proprietary</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
2001 TIF Project Bond	11/1/2020	4.676-5.571	<u>245,000</u>
			<u>245,000</u>

<i>General Obligation</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
2006 Salt/Sand Shed	11/1/2016	2.15 - 4.4	<u>112,500</u>
			<u>112,500</u>

Annual debt service requirements to maturity for general and proprietary obligation bonds and notes including interest of \$54,116 are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
2015	40,556	48,018	88,574
2016	38,963	46,031	84,994
2017	37,903	44,045	81,948
2018	-	42,045	42,045
2019		40,032	40,032
2020 - 2021	-	74,023	74,023
Total	<u>117,422</u>	<u>294,194</u>	<u>411,616</u>

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

F. Long-Term Debt (continued)

2. Changes in Long-Term Liabilities

The following is a summary of long-term debt transactions of the Town of Rockport for the fiscal year ended June 30, 2014:

	<i>General Obligation</i>		
	<i>Debt</i>	<i>Proprietary</i>	<i>Total</i>
Long-term Debt payable July 1, 2013	150,000	280,000	430,000
Debt Issued			-
Debt Retired	(37,500)	(35,000)	(72,500)
Long-term Debt payable June 30, 2014	112,500	245,000	357,500

3. Overlapping Debt

The Town's proportionate share of debt of all local government units which provide services within the Town's boundaries, and which must be borne by properties in the Town is summarized as follows:

<i>Units</i>	<i>Net debt outstanding June 30, 2014</i>	<i>Percentage applicable to the Town</i>	<i>Town's proportionate share of debt</i>
School Administrative District No. 28	12,937,254	45.53%	5,890,332
Five Town CSD	7,591,893	37.13%	2,818,870
MCSWC	151,947	31.37%	47,666
Knox County	2,160,000	13.10%	282,897
Totals	22,841,094		9,039,765

The Town's proportionate share of the above debt is paid through annual assessments by the respective units.

G. Permanent Funds

The principal amount of all Permanent Funds is restricted either by law or by terms of individual bequests in that only income earned may be expended. The government's Permanent Funds at June 30 are detailed as follows:

<i>Purpose</i>	<i>Non-spendable</i>	<i>Restricted</i>
Welfare Trust Fund	50,780	352,464
Library Trust Fund	333,262	426,509
Cemetery Trust Fund	416,974	130,511
Totals	801,016	909,484

**TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

H. Contributed Capital

Changes in contributed capital for the year-ended June 30 for the government's Wastewater Enterprise Fund were as follows:

Balance - July 1	4,316,184
Additions	
Debt Service - TIF Fund	138,489
Deductions:	
Depreciation Provided by Contributed Capital	<u>(144,689)</u>
Balance - June 30	<u>4,309,984</u>

NOTE 4 - OTHER INFORMATION

A. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the government expects such amount, if any to be immaterial.

The government is a defendant in various lawsuits which results from the normal course of its operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the government.

B. Pension Plans

Plan Description

The Town's employees are covered under the Maine State Retirement System, ICMA, and VALIC deferred compensation plans, and IRA's of the employee's choice.

The ICMA and VALIC are qualified pension plans created in accordance with Internal Revenue Code Section 457. The plans, available to all Town employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plans are administered by an independent company, and the Town remits all compensation deferred to this administrator for investment as requested by the participant employees. All compensation deferred and funded under the plan, all investments purchased and all income attributable thereto are held in trust for the exclusive benefit of participants and their beneficiaries.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - OTHER INFORMATION (CONTINUED)

B. Pension Plans (continued)

Plan Description (continued)

The Town participates in the Maine Public Employees Retirement System Consolidated Plan for Participating Districts (Consolidated Plan) which is a cost sharing multiple-employer defined benefit pension plans.

The Maine Public Employees Retirement System (System) is a body corporate and politic and an incorporated public instrumentality of the State. Under Title 5 M.R.S.A. the System is the administrator of retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System issues a financial report that includes the financial statements and required supplementary information for the plans. That report may be obtained by writing to Maine Public Employees Retirement System, PO Box 349, Augusta, Maine 04332-0349 or by calling 1-800-451-9800.

Funding Policy

Under the ICMA, VALIC, and IRA plans, covered employees contribute 5% of their salary to the plan with the Town contributing 4.5%. The Town's contribution for the fiscal year ended June 30, 2012, 2013, and 2014 was \$29,714, \$35,487 and \$28,971 respectively.

Maine Public Employees Retirement System Consolidated Plan regular employees are required to contribute 7% of their annual covered salary to the plan. The Town is required to contribute an actuarially determined rate. The current rate is 3.4% for employers for its Initial Unfunded Unpooled Actuarial Liability (IUUAL) less a monthly credit of 0. The contribution requirements of plan members and the Town are established by the Maine Public Employees Retirement System Board of Trustees. The Town's contribution for the fiscal year ended June 30, 2014 was \$15,855.

C. Risk Management

The town is exposed to various risks of loss related to torts; theft of, damage and destruction of assets; errors and omissions; and natural disasters for which the town participated in public entity risk pools sponsored by the Maine Municipal Association (MMA) for workers' compensation, and property damage.

Workers' Compensation - MMA's workers' compensation self-insured trust retains \$400,000 of risk and purchases excess insurance for claims which exceed \$400,000 up to a maximum coverage of \$2,000,000. All participants are jointly and severally liable; therefore, if collected claims exceed collective contributions the trust has a right to assess additional contributions to its members.

Property and Casualty - MMA's Self-Funded Risk Management Pool (Pool) was created to establish and administer a risk management service and to bring about prevention or lessening of casualty and property losses to member towns. The town pays an annual premium to the Pool for various coverage and services. The Pool retains loss of property risk which exceeds \$1,000 up to a maximum coverage of \$100,000 and purchases an additional \$200,000,000 per occurrence. The Pool retains the first \$100,000 liability coverage per occurrence and purchases excess insurance for claims which exceed \$100,000 up to a maximum of \$1,000,000 per occurrence and \$5,000,000 aggregate annual coverage, and crime coverage which exceeds \$1,000 up to a maximum coverage of \$250,000.

Based on the coverage provided by the pools described above, the town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2014.

TOWN OF ROCKPORT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit H

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	13,537,429	13,537,429	13,615,264	77,835
Intergovernmental Revenues	137,222	155,222	161,600	6,378
Departmental Revenues	215,588	215,588	248,122	32,534
Other Local Sources	220,452	220,452	195,612	(24,840)
Total Revenues	14,110,691	14,128,691	14,220,598	91,907
Expenditures (Net of Departmental Revenues)				
General Government	986,639	1,034,639	1,006,426	28,213
Public Safety	1,032,150	1,032,150	1,022,966	9,184
Public Works	1,569,716	1,569,716	1,663,392	(93,676)
Health and Social Services	22,383	22,383	21,768	615
Cultural and Recreation	653,970	653,970	565,394	88,576
Unclassified	50,106	50,106	48,735	1,371
Assessments	9,962,757	9,962,757	9,842,578	120,179
Total Expenditures	14,277,721	14,325,721	14,171,259	154,462
Excess Revenues Over Expenditures	(167,030)	(197,030)	49,339	246,369
Other Financing Sources				
Transfers from Other Funds	222,473	252,473	217,139	35,334
Transfers to Other Funds	(155,443)	(155,443)	(155,443)	-
Total Other Financing Sources	67,030	97,030	61,696	35,334
Net Change in Fund Balance	(100,000)	(100,000)	111,035	211,035
Beginning Fund Balances - Budgetary Basis			1,848,740	
Ending Fund Balances - Budgetary Basis			1,959,775	
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			44,931	
Ending Fund Balances - GAAP Basis			2,004,706	

TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under)</i> <i>Budget</i>
Taxes			
Property	12,815,429	12,823,256	7,827
Auto Excise	650,000	718,788	68,788
Boat Excise	14,000	13,651	(349)
Interest/Fees on Taxes/Liens	58,000	59,569	1,569
	<u>13,537,429</u>	<u>13,615,264</u>	<u>77,835</u>
Intergovernmental Revenues			
State of Maine			
General Assistance	7,025	7,824	799
Homestead Reimbursement	61,906	61,906	-
BETE Reimbursement	67,691	67,863	172
Veterans Reimbursement	-	3,689	3,689
Tree Growth Reimbursement	-	1,825	1,825
Gas Tax Refund	-	16	16
Fiber Optics Grants	18,000	18,000	-
Snowmobile Reimbursement	600	477	(123)
	<u>155,222</u>	<u>161,600</u>	<u>6,378</u>
Departmental Revenues			
Police			
Grants	-	810	810
All Other	5,600	14,569	8,969
Animal Control	800	2,280	1,480
Planning			
Building Permits	45,000	54,726	9,726
Plumbing Permits	7,000	9,113	2,113
Planning Board Fees	5,000	9,300	4,300
All Other	1,845	3,559	1,714
Harbor Fees			
Moorings	58,000	56,644	(1,356)
Tie Offs	13,000	12,350	(650)
Winter Boat Storage	7,500	7,469	(31)
Lease Income	6,275	6,900	625
Schooner Berthing	4,500	3,225	(1,275)
All Other	20,650	22,687	2,037
Public Works			
Cemetery - Sale of Lots	4,000	3,275	(725)
All Other-Public Works	1,000	4,564	3,564

TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit A-1
Page 2 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under)</i> <i>Budget</i>
Departmental Revenues (Continued)			
Town Clerk			
Clerk Fees	21,000	24,601	3,601
Agent Fees	7,500	6,212	(1,288)
Election Reimbursement Fees	3,000	1,991	(1,009)
All Other	2,600	1,930	(670)
Town Manager	-	785	785
Finance	208	687	479
Assessing	100	275	175
Parks & Recreation	500	-	(500)
Fire Department	-	20	20
Town Office	510	150	(360)
	<u>215,588</u>	<u>248,122</u>	<u>32,534</u>
Other Local Sources			
Interest on Investments	6,000	7,467	1,467
Payment in Lieu of Taxes	15,000	12,200	(2,800)
Opera House	23,500	12,786	(10,714)
Cable TV Franchise	30,000	31,771	1,771
PBMC Traffic Light	1,665	4,108	2,443
Old County Road Traffic Light	1,870	2,014	144
WW Reimb. Wage, Benefits, Other	47,334	44,854	(2,480)
MMA Insurance Dividend/Reimbursement	2,600	2,669	69
Sale of TAP	-	500	500
Library Reimbursements	91,633	76,893	(14,740)
Rockport Elementary School	850	350	(500)
	<u>220,452</u>	<u>195,612</u>	<u>(24,840)</u>
Other Financing Sources			
Municipal Revenue Sharing	167,053	131,719	(35,334)
Urban Rural Initiative Program Funds	55,420	55,420	-
Downtown TIF	30,000	30,000	-
	<u>252,473</u>	<u>217,139</u>	<u>(35,334)</u>
Total Revenues and Other Financing Sources	<u>14,381,164</u>	<u>14,437,737</u>	<u>56,573</u>
Beginning Fund Balance Used	<u>100,000</u>		
Total	<u>14,481,164</u>		

**TOWN OF ROCKPORT
GENERAL FUND**

*Exhibit A-2
Page 1 of 2*

**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
JUNE 30, 2014**

	<i>Encumbered from 6/30/13</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/15</i>	<i>(Over) Under Budget</i>
General Government					
Administration		79,438	94,234		(14,796)
Town Manager		200,307	209,247		(8,940)
Town Clerk	15,600	197,679	195,061	1,789	16,429
Planning and Community Development		194,356	185,853	3,400	5,103
Finance Department		93,159	82,813		10,346
Assessing		116,441	101,702		14,739
Town Office Building		101,649	95,471		6,178
Tax Billing		5,500	5,627		(127)
Insurances		46,110	46,829		(719)
	<u>15,600</u>	<u>1,034,639</u>	<u>1,016,837</u>	<u>5,189</u>	<u>28,213</u>
Public Safety					
Police Department		504,727	497,821		6,906
Fire Department	4,100	354,564	344,297	9,345	5,022
Animal Control		11,129	10,454		675
Emergency Management		1,850	1,636		214
Street Lights		57,685	60,074		(2,389)
Public Safety Building	106	18,127	19,371	106	(1,244)
County Dispatch and E-911		84,068	84,068		-
	<u>4,206</u>	<u>1,032,150</u>	<u>1,017,721</u>	<u>9,451</u>	<u>9,184</u>
Public Works					
Public Works Department	16,767	1,358,675	1,458,995	14,331	(97,884)
Sanitation		157,385	154,612		2,773
Cemeteries		53,656	52,221		1,435
	<u>16,767</u>	<u>1,569,716</u>	<u>1,665,828</u>	<u>14,331</u>	<u>(93,676)</u>

**TOWN OF ROCKPORT
GENERAL FUND**

Exhibit A-2
Page 2 of 2

**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	<i>Encumbered from 6/30/13</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/15</i>	<i>(Over) Under Budget</i>
Health and Social Services					
General Assistance	-	22,383	21,768	-	615
Cultural and Recreation					
Recreation and Parks	18,213	58,061	61,457	-	14,817
Library	11,060	361,555	317,743	15,060	39,812
Opera House		63,674	65,409		(1,735)
Conservation Commission		5,695	3,909		1,786
Harbor Operations		164,985	130,189	900	33,896
	<u>29,273</u>	<u>653,970</u>	<u>578,707</u>	<u>15,960</u>	<u>88,576</u>
Unclassified					
Debt Service		42,431	42,431		-
Rockport Elementary School		7,675	6,304		1,371
		<u>50,106</u>	<u>48,735</u>		<u>1,371</u>
Assessments					
MSAD #28		5,165,453	5,165,453		-
Knox County		886,566	886,566		-
CSD School Assessment		3,617,749	3,617,749		-
Tax Increment Financing		138,489	138,489		-
Overlay		154,500	34,321		120,179
		<u>9,962,757</u>	<u>9,842,578</u>		<u>120,179</u>
Operating Transfers Out and Other Uses					
Downtown TIF		25,088	25,088		-
Harbor Lighting Grant		30,000	30,000		-
Reserves		100,355	100,355		-
		<u>155,443</u>	<u>155,443</u>		<u>-</u>
Totals	<u>65,846</u>	<u>14,481,164</u>	<u>14,347,617</u>	<u>44,931</u>	<u>154,462</u>

TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit A-3

Unassigned Fund Balance, July 1	1,848,740	
Unassigned Fund Balance, June 30	<u>1,959,775</u>	
Increase (Decrease)		<u><u>111,035</u></u>

Analysis of Change

Additions		
Budget Summary		
Revenue Surplus (Exhibit A-1)	56,573	
Unexpended Balance of Appropriations (Exhibit A-2)	<u>154,462</u>	
		211,035
Deductions		
Fund Balance Used to Fund Appropriations		<u>(100,000)</u>
Increase (Decrease)		<u><u>111,035</u></u>

**TOWN OF ROCKPORT
 GENERAL RESTRICTED/COMMITTED ACCOUNTS
 COMBINING BALANCE SHEET
 FOR THE YEAR ENDED JUNE 30, 2014**

<i>Assets</i>	<i>Municipal Revenue Sharing</i>	<i>U.R.I.P. Funds</i>	<i>Library Operating Fund</i>	<i>Miscellaneous Donations</i>	<i>Rockport Harbor Land Acquisition</i>
Cash and Equivalents	-	-	31,856	-	-
Investments	-	-	-	-	-
Due From Other Funds	-	2,020	-	4,212	2,670
Total Assets	-	2,020	31,856	4,212	2,670
Liabilities & Fund Balances					
Liabilities					
Due to Other Funds	-	-	9,530	-	-
Total Liabilities	-	-	9,530	-	-
Fund Balances					
Restricted	-	2,020	-	4,212	2,670
Committed	-	-	22,326	-	-
Assigned	-	-	-	-	-
Total Fund Balances	-	2,020	22,326	4,212	2,670
Total Liabilities and Fund Balances	-	2,020	31,856	4,212	2,670

**TOWN OF ROCKPORT
 GENERAL RESTRICTED/COMMITTED ACCOUNTS
 COMBINING BALANCE SHEET
 FOR THE YEAR ENDED JUNE 30, 2014**

*Exhibit A-4
 Page 2 of 2*

<i>Assets</i>	<i>Opera House Donations</i>	<i>Police Forfeiture Account</i>	<i>Walker Park Playground</i>	<i>G/F Recreation Reserve</i>	<i>G/F Labor Reserve</i>	<i>Total</i>
Cash and Equivalents						31,856
Investments						-
Due From Other Funds	1,505	12,579	14,134	45,438	30,577	113,135
Total Assets	1,505	12,579	14,134	45,438	30,577	144,991
 <i>Liabilities & Fund Balances</i>						
Liabilities						
Due to Other Funds						9,530
Total Liabilities	-	-	-	-	-	9,530
 <i>Fund Balances</i>						
Restricted	1,505		14,134	45,438	30,577	24,541
Committed		12,579				76,015
Assigned						34,905
Total Fund Balances	1,505	12,579	14,134	45,438	30,577	135,461
Total Liabilities and Fund Balances	1,505	12,579	14,134	45,438	30,577	144,991

**TOWN OF ROCKPORT
GENERAL RESTRICTED/COMMITTED ACCOUNTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	Municipal Revenue Sharing	U.R.I.P. Funds	Library Operating Fund	Miscellaneous Donations	Rockport Harbor Land Acquisition	Opera House Donations
Revenues						
Intergovernmental Revenues	127,666	56,880	54,792	12		6
Local Sources						
Total Revenues	127,666	56,880	54,792	12	-	6
Expenditures						
General Government						
Harbor Operations			76,892			
Library Operations			76,892			
Total Expenditures	-	-	76,892	-	-	-
Excess of Revenues Over (Under) Expenditures	127,666	56,880	(22,100)	12	-	6
Other Financing Sources (Uses)						
Transfers from Other Funds			33,540			
Transfers to Other Funds	(131,719)	(55,420)	(20,000)			
Total Other Financing Sources (Uses)	(131,719)	(55,420)	13,540	-	-	-
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(4,053)	1,460	(8,560)	12	-	6
Fund Balance - July 1	4,053	560	30,886	4,200	2,670	1,499
Fund Balance - June 30	-	2,020	22,326	4,212	2,670	1,505

**TOWN OF ROCKPORT
GENERAL RESTRICTED/COMMITTED ACCOUNTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

Exhibit A-5
Page 2 of 2

	Police Forfeiture Account	Walker Park Playground	Woodward Party Donations	G/F Recreation Reserve	G/F Labor Reserve	Total
Revenues						
Intergovernmental Revenues				158	120	184,546
Local Sources						55,088
Total Revenues	-	-	-	158	120	239,634
Expenditures						
General Government			6,617		8,849	15,466
Harbor Operations						-
Library Operations						76,892
Total Expenditures	-	-	6,617	-	8,849	92,358
Excess of Revenues Over (Under) Expenditures	-	-	(6,617)	158	(8,729)	147,276
Other Financing Sources (Uses)						
Transfers from Other Funds				6,000	15,000	54,540
Transfers to Other Funds						(207,139)
Total Other Financing Sources (Uses)	-	-	-	6,000	15,000	(152,599)
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	(6,617)	6,158	6,271	(5,323)
Fund Balance - July 1	12,579	14,134	6,617	39,280	24,306	140,784
Fund Balance - June 30	12,579	14,134	-	45,438	30,577	135,461

**TOWN OF ROCKPORT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014**

*Exhibit B-1
Page 1 of 2*

<i>Assets</i>	<i>Energy Grant</i>	<i>Comprehensive Planning Grant</i>	<i>Harbor Lighting Grant</i>	<i>King Foundation Grant</i>	<i>State Planning Grant</i>	<i>General Assistance Heating</i>	<i>General Assistance Stewart</i>
Cash and Equivalents							
Investments							
Due From Other Funds	2,000	2,719	20,249	225	1,000	398	867
Total Assets	2,000	2,719	20,249	225	1,000	398	867
<i>Liabilities & Fund Balances</i>							
Liabilities							
Accounts Payable			111				
Due to Other Funds							
Total Liabilities	-	-	111	-	-	-	-
<i>Fund Balances</i>							
Fund Balances							
Restricted	2,000	2,719	20,138	225	1,000	398	867
Total Liabilities and Fund Balances	2,000	2,719	20,249	225	1,000	398	867

**TOWN OF ROCKPORT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014**

<i>Assets</i>	<i>Legacy Rockport Donation</i>	<i>Rotary Club of West Bay</i>	<i>Cascade Foundation Grant</i>	<i>Rohrbough Fund</i>	<i>Boyd Fund</i>	<i>Ellis Fund</i>	<i>Total</i>
Cash and Equivalents				1,765	737	1,758	4,260
Investments				40,143	16,775	39,984	96,902
Due From Other Funds	20,401	155	6,033				54,047
Total Assets	20,401	155	6,033	41,908	17,512	41,742	155,209
<i>Liabilities & Fund Balances</i>							
Liabilities							
Accounts Payable							111
Due to Other Funds							-
Total Liabilities							111
<i>Fund Balances</i>							
Fund Balances							
Restricted	20,401	155	6,033	41,908	17,512	41,742	155,098
Total Liabilities and Fund Balances	20,401	155	6,033	41,908	17,512	41,742	155,209

TOWN OF ROCKPORT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Energy Grant	Comprehensive Planning Grant	Harbor Lighting Grant	King Foundation Grant	State Planning Grant	General Assistance Heating	General Assistance Stewart
Revenues							
Intergovernmental						850	
Donations				25,000		1	4
Local Sources							
Total Revenues	-	-	-	25,000	-	851	4
Expenditures							
Construction			9,751				
Repairs & Maintenance						634	812
General Assistance							
Professional Services				24,775			
Equipment			111				
Other							
Total Expenditures	-	-	9,862	24,775	-	634	812
Excess of Revenues Over (Under) Expenditures	-	-	(9,862)	225	-	217	(808)
Other Financing Sources (Uses)							
Transfers from Other Funds			30,000				
Transfers to Other Funds							
Total Other Financing Sources (Uses)	-	-	30,000	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	20,138	225	-	217	(808)
Fund Balance - July 1	2,000	2,719	-		1,000	181	1,675
Fund Balance - June 30	2,000	2,719	20,138	225	1,000	398	867

**TOWN OF ROCKPORT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

Exhibit B-2
Page 2 of 2

	Legacy Rockport	Rotary Club of West Bay	Cascade Foundation Grants	Rohrbough Fund	Boyd Fund	Ellis Fund	Total
Revenues							
Intergovernmental							
Donations	200		33,000				59,050
Local Sources	16	1	64	6,253	2,627	6,237	15,203
Total Revenues	216	1	33,064	6,253	2,627	6,237	74,253
Expenditures							
Construction							9,751
Repairs & Maintenance							-
General Assistance		941					2,387
Professional Services	244						244
Equipment			48,861				73,636
Other	1,047						1,158
Total Expenditures	1,291	941	48,861	-	-	-	87,176
Excess of Revenues Over (Under) Expenditures	(1,075)	(940)	(15,797)	6,253	2,627	6,237	(12,923)
Other Financing Sources (Uses)							
Transfers from Other Funds							30,000
Transfers to Other Funds				(1,440)	(720)	(1,500)	(3,660)
Total Other Financing Sources (Uses)	-	-	-	(1,440)	(720)	(1,500)	26,340
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,075)	(940)	(15,797)	4,813	1,907	4,737	13,417
Fund Balance - July 1	21,476	1,095	21,830	37,095	15,605	37,005	141,681
Fund Balance - June 30	20,401	155	6,033	41,908	17,512	41,742	155,098

**TOWN OF ROCKPORT
 ALL CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2014**

Exhibit C-1

<i>Assets</i>	<i>Sand/ Salt Shed</i>	<i>Jacobs Quarry Pathway</i>	<i>Capital Improvement Reserves</i>	<i>Totals</i>
Due from Other Funds	1,611	13,425	443,319	458,355
Total Assets	1,611	13,425	443,319	458,355
 <i>Liabilities & Fund Balances</i>				
<i>Liabilities</i>				
Retainage Payable				-
Total Liabilities	-	-	-	-
 <i>Fund Balances</i>				
Restricted	1,611	13,425		15,036
Committed			443,319	443,319
Total Fund Balances	1,611	13,425	443,319	458,355
Total Liabilities & Fund Balances	-	13,425	443,319	458,355

**TOWN OF ROCKPORT
ALL CAPITAL PROJECT FUNDS**

Exhibit C-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	<i>Sand/ Salt Shed</i>	<i>Jacobs Quarry Pathway</i>	<i>Capital Improvement Reserves</i>	<i>Total</i>
Revenues				
Local Sources			1,739	1,739
Total Revenues	-	-	1,739	1,739
Expenditures				
General Government			10,882	10,882
Opera House			1,946	1,946
Other			1,353	1,353
Total Expenditures	-	-	14,181	14,181
Excess of Revenues Over (Under)				
Expenditures	-	-	(12,442)	(12,442)
Other Financing Sources (Uses)				
Transfers from Other Funds			104,443	104,443
Transfers to Other Funds			(30,000)	(30,000)
Total Other Financing Sources (Uses)	-	-	74,443	74,443
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	62,001	62,001
Fund Balance - July 1	1,611	13,425	381,318	396,354
Fund Balance - June 30	1,611	13,425	443,319	458,355

**TOWN OF ROCKPORT
 CAPITAL IMPROVEMENT PROJECTS - RESERVES
 SCHEDULE OF ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2014**

Exhibit C-3

	<i>Balance July 1</i>	<i>Revenues</i>	<i>Transfer In (Transfers Out)</i>	<i>Expenditures</i>	<i>Balance June 30</i>
Computer Reserve	19,052	77	5,000	(10,882)	13,247
Town Office Building Reserve	10,000	29			10,029
Police Department Equipment	13,085	63	5,000		18,148
Fire Equipment	248,911	977	30,000		279,888
Opera House Building	31,848	180	25,000	(1,946)	55,082
Public Works	2,867	10			2,877
Video Equipment	1,723	4		(1,353)	374
Harbor Float	7,112	326	11,355		18,793
Harbor Boat Reserve	9,952	40	1,400		11,392
Downtown TIF District Reserve	28,872		(4,912)		23,960
Harbor Boat Engine	7,896	33	1,600		9,529
Totals	381,318	1,739	74,443	(14,181)	443,319

**TOWN OF ROCKPORT
 COMBINING BALANCE SHEET
 ALL PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014**

Exhibit D-1

<i>Assets</i>	<u><i>Cemetery</i></u>	<u><i>Welfare</i></u>	<u><i>Library</i></u>	<u><i>Total</i></u>
Cash and Equivalents	170,600	134,972	31,990	337,562
Investments	339,010	268,272	727,781	1,335,063
Due From Other Funds	37,875			37,875
Total Assets	<u>547,485</u>	<u>403,244</u>	<u>759,771</u>	<u>1,710,500</u>
Fund Balances				
Non-spendable	416,974	50,780	333,262	801,016
Restricted	130,511	352,464	426,509	909,484
Total Fund Balances	<u>547,485</u>	<u>403,244</u>	<u>759,771</u>	<u>1,710,500</u>

TOWN OF ROCKPORT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit D-2

	<u>Cemetery</u>	<u>Welfare</u>	<u>Library</u>	<u>Total</u>
Revenues				
Local Sources	18,875			18,875
Investment Income	16,460	13,025	7,805	37,290
Change in Fair Value	33,918	26,840	103,120	163,878
	<u>69,253</u>	<u>39,865</u>	<u>110,925</u>	<u>220,043</u>
Expenditures				
Professional Services			-	-
Cemetery				-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under)				
Expenditures	<u>69,253</u>	<u>39,865</u>	<u>110,925</u>	<u>220,043</u>
Other Financing Sources (Uses)				
Transfers from Other Funds			20,000	20,000
Transfers to Other Funds	-	-	(29,880)	(29,880)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(9,880)</u>	<u>(9,880)</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>69,253</u>	<u>39,865</u>	<u>101,045</u>	<u>210,163</u>
Fund Balance - July 1	<u>478,232</u>	<u>363,379</u>	<u>658,726</u>	<u>1,500,337</u>
Fund Balance - June 30	<u><u>547,485</u></u>	<u><u>403,244</u></u>	<u><u>759,771</u></u>	<u><u>1,710,500</u></u>

**TOWN OF ROCKPORT
 COMBINING BALANCE SHEET
 ALL LIBRARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014**

Exhibit D-3

<i>Assets</i>	<u>Chatfield Fund</u>	<u>Rockport Library</u>	<u>Dodge Fund</u>	<u>Gardner Fund</u>	<u>Total</u>
Cash and Equivalents	544	29,876	348	1,222	31,990
Investments	<u>12,376</u>	<u>679,700</u>	<u>7,912</u>	<u>27,793</u>	<u>727,781</u>
Total Assets	<u><u>12,920</u></u>	<u><u>709,576</u></u>	<u><u>8,260</u></u>	<u><u>29,015</u></u>	<u><u>759,771</u></u>
 <i>Fund Balances</i>					
Fund Balances					
Non-spendable	10,076	290,969	9,280	22,937	333,262
Restricted	<u>2,844</u>	<u>418,607</u>	<u>(1,020)</u>	<u>6,078</u>	<u>426,509</u>
Total Fund Balances	<u><u>12,920</u></u>	<u><u>709,576</u></u>	<u><u>8,260</u></u>	<u><u>29,015</u></u>	<u><u>759,771</u></u>

TOWN OF ROCKPORT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
LIBRARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit D-4

	<i>Chatfield Fund</i>	<i>Rockport Library</i>	<i>Dodge Fund</i>	<i>Gardner Fund</i>	<i>Total</i>
Revenues					
Local Sources					
Investment Income	136	7,279	87	303	7,805
Change in Fair Value	1,796	96,161	1,148	4,015	103,120
	<u>1,932</u>	<u>103,440</u>	<u>1,235</u>	<u>4,318</u>	<u>110,925</u>
Expenditures					
Professional Services	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>1,932</u>	<u>103,440</u>	<u>1,235</u>	<u>4,318</u>	<u>110,925</u>
Other Financing Sources (Uses)					
Transfers from Other Funds		20,000			20,000
Transfers to Other Funds	(480)	(28,200)	(300)	(900)	(29,880)
Total Other Financing Sources (Uses)	<u>(480)</u>	<u>(8,200)</u>	<u>(300)</u>	<u>(900)</u>	<u>(9,880)</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>1,452</u>	<u>95,240</u>	<u>935</u>	<u>3,418</u>	<u>101,045</u>
Fund Balance - July 1	<u>11,468</u>	<u>614,336</u>	<u>7,325</u>	<u>25,597</u>	<u>658,726</u>
Fund Balance - June 30	<u>12,920</u>	<u>709,576</u>	<u>8,260</u>	<u>29,015</u>	<u>759,771</u>