

TOWN OF ROCKPORT, MAINE

*FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES*

*FOR THE YEAR
ENDED JUNE 30, 2013*

James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

James W. Wadman, C.P.A.
Ronald C. Bean, C.P.A.
Kellie M. Bowden, C.P.A.
Wanese L. Lynch, C.P.A.

INDEPENDENT AUDITOR'S REPORT

January 27, 2014

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

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, 2013, 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, 2013, 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.

Other-Matters

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, 2013

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, 2013. 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, 2013 by \$15,711,207 (presented as “net position”). Of this amount, \$3,077,298 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 decreased by \$799,074 (a 4.8% decrease) for the fiscal year ended June 30, 2013. Net position of governmental activities decreased by \$663,982 (a 6.0% decrease), while net position of business-type activities showed a decrease of \$135,092 (a 2.4% decrease).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2013, the Town's governmental funds reported a combined ending fund balance of \$4,093,742 with \$1,848,740 being general unassigned fund balance. This unassigned fund balance represents approximately 13.2% of the total general fund expenditures for the year.

Long-term Debt:

The Town's general long-term debt obligations decreased by \$73,478 (50%) during the current fiscal year. Business-type long-term debt obligations decreased by \$210,000 (42.9%) during the current fiscal year. Existing debt obligations were retired according to schedule. A new capital lease was issued in the amount of \$84,273 for a public works truck with plow.

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

68.4% 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.

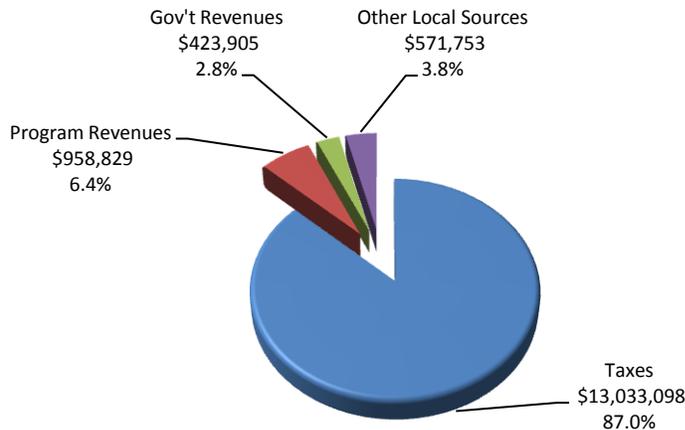
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total 2013</i>	<i>Total 2012</i>
Current Assets	4,610,651	852,178	5,462,829	5,311,204
Capital Assets	6,417,902	4,844,164	11,262,066	12,429,023
Total Assets	11,028,553	5,696,342	16,724,895	17,740,227
Current Liabilities	514,936	90,312	605,248	766,472
Other Liabilities	143,056	245,000	388,056	463,474
Total Liabilities	657,992	335,312	993,304	1,229,946
Prepaid Taxes	20,384			
Total Deferred Inflows of Resources	20,384		20,384	-
Net Position:				
Net Investment in Capital Assets	6,180,635	4,564,164	10,744,799	11,628,278
Restricted	1,690,893	198,217	1,889,110	1,786,365
Unrestricted	2,478,649	598,649	3,077,298	3,095,638
Total Net Position	10,350,177	5,361,030	15,711,207	16,510,281
Total Liabilities, Deferred Inflows of Resources and Net Position	11,028,553	5,696,342	16,704,511	17,740,227

Changes in Net Position

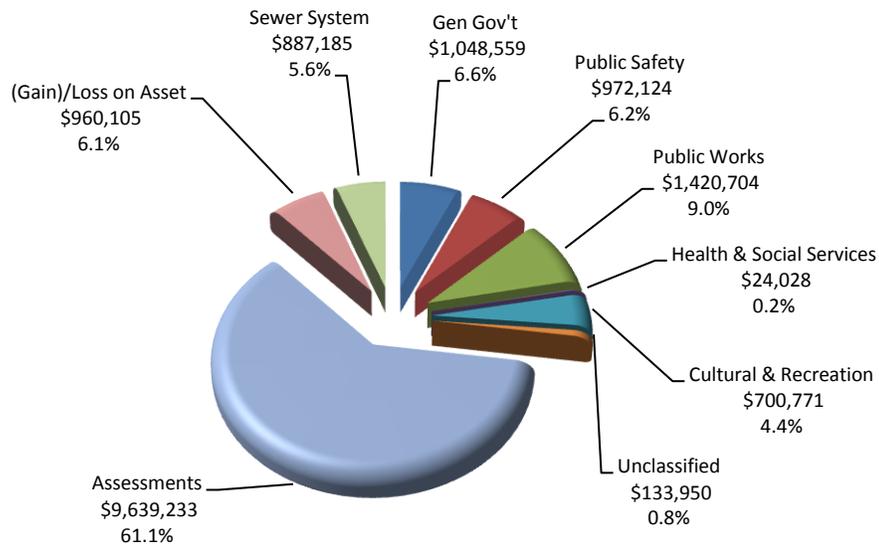
Approximately 85.8 percent of the Town’s total revenue came from property and excise taxes, approximately 4.0 percent came from State subsidies and grants, and approximately 10.2 percent came from services, investment earnings and other sources. Depreciation expense on the Town’s governmental and business-type activity assets represents \$538,760 of the total expenses for the fiscal year.

	Governmental Activities	Business-type Activities	Total 2013	Total 2012
Revenues:				
Taxes	13,033,098		13,033,098	12,894,217
Program Revenues	225,821	733,008	958,829	936,306
Intergovernmental Revenues	423,905		423,905	602,876
Other Local Sources	433,947	137,806	571,753	591,501
Transfers	118,721	(118,721)	-	-
Total	14,235,492	752,093	14,987,585	15,024,900
Expenses:				
General Government	1,048,559		1,048,559	1,128,684
Public Safety	972,124		972,124	969,661
Public Works	1,420,704		1,420,704	1,587,446
Health and Social Services	24,028		24,028	19,746
Cultural and Recreation	700,771		700,771	664,581
Unclassified	133,950		133,950	18,851
Assessments	9,639,233		9,639,233	9,698,611
(Gain)/Loss on Disposal of Assets	960,105		960,105	6,032
Sewer System		887,185	887,185	846,727
Total	14,899,474	887,185	15,786,659	14,940,339
Changes in Net Position	(663,982)	(135,092)	(799,074)	84,561

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, undesignated 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 \$4,093,742, an increase of \$176,032 in comparison with the prior year. Approximately 45.2 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.

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

- \$101,022 positive variance in property taxes due to a deferred property tax adjustment of (\$8,737), supplemental taxes of \$16,630 and an error in the certificate of assessment to the approved budget in the amount of \$93,129.
- (\$99,989) negative variance in tax increment financing revenue due to a lower amount needed to fund the demolition of the school building. This is offset by the positive variance of \$95,946 in the Rockport Elementary School expenditures.

- (\$45,609) negative variance in the town manager due to legal fees associated with the resignation of the former town manager.
- (\$24,893) negative variance in Harbor Operations due to an accounts payable of \$24,344 for floats.

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 \$18,715,416, net of accumulated depreciation of \$7,453,350 leaving a net book value of \$11,262,066. Current year additions include \$13,296 for a thermal imaging camera, \$81,273 for a new public works truck with plow, \$6,120 for harbor floats, \$23,995 for a police vehicle, and \$207,224 for paving. The Town also shows a loss on disposal of the Rockport School due to the demolition of the site. The loss from disposal of the asset is \$960,105.

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, 2013

Exhibit A

<i>Assets</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Cash and Equivalents	2,499,876	540,792	3,040,668
Investments	1,452,238		1,452,238
Receivables			
Taxes	648,056		648,056
Tax Liens	96,467		96,467
Accounts	11,666	174,374	186,040
Prepaid Expense	89		89
Due from Other Governments	39,271		39,271
Internal Balances	(137,012)	137,012	-
Capital Assets:			
Land and Art Work	2,858,786		2,858,786
Other Capital Assets, Net of Depreciation	3,559,116	4,844,164	8,403,280
Total Assets	11,028,553	5,696,342	16,724,895
 <i>Liabilities, Deferred Inflows of Resources and Net Position</i>			
Liabilities			
Accounts Payable	161,623	52,699	214,322
Payroll Taxes/Deductions	6,478		6,478
Due to Other Governments	3,042		3,042
Accrued Salaries Payable	34,967		34,967
Accrued Interest Payable		2,613	2,613
Escrow and Security Deposits	10,400		10,400
Compensated Absences Payable	204,215		204,215
Long-term Liabilities:			
Due Within One Year	94,211	35,000	129,211
Due in More Than One Year	143,056	245,000	388,056
Total Liabilities	657,992	335,312	993,304
 Deferred Inflows of Resources			
Prepaid Taxes	20,384		20,384
 Net Position			
Net Investment in Capital Assets	6,180,635	4,564,164	10,744,799
Restricted Net Position	1,690,893	198,217	1,889,110
Unrestricted Net Position	2,478,649	598,649	3,077,298
Total Net Position	10,350,177	5,361,030	15,711,207
Total Liabilities, Deferred Inflows of Resources and Net Position	11,028,553	5,696,342	16,724,895

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

**TOWN OF ROCKPORT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Exhibit B

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-like Activities</u>	<u>Total</u>
<u>Functions/Programs</u>						
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	1,048,559	143,282	14,350	(890,927)		(890,927)
Public Safety	972,124	6,774	15,000	(950,350)		(950,350)
Public Works	1,420,704	11,652	-	(1,409,052)		(1,409,052)
Health and Social Services	24,028		2,020	(22,008)		(22,008)
Cultural and Recreation	700,771	176,703	13,630	(510,438)		(510,438)
Unclassified	133,950			(133,950)		(133,950)
Assessments	9,639,233			(9,639,233)		(9,639,233)
<u>Total Governmental Activities</u>	<u>13,939,369</u>	<u>338,411</u>	<u>45,000</u>	<u>(13,555,958)</u>		<u>(13,555,958)</u>
<u>Business-type Activities</u>						
Wastewater Enterprise	887,185	733,008	127,753		(26,424)	(26,424)
<u>Total Business-type Activities</u>	<u>887,185</u>	<u>733,008</u>	<u>127,753</u>		<u>(26,424)</u>	<u>(26,424)</u>
<u>Total Primary Government</u>	<u>14,826,554</u>	<u>1,071,419</u>	<u>172,753</u>	<u>(13,555,958)</u>		<u>(13,582,382)</u>
<u>General Revenues:</u>						
Taxes						
Property				12,315,054		12,315,054
Auto Excise				648,165		648,165
Boat Excise				13,825		13,825
Intergovernmental Revenues				400,275		400,275
Other Local Sources				356,041	10,053	366,094
Enterprise Transfers				118,721	(118,721)	-
Gain/(Loss) on Disposal of Asset				(960,105)		(960,105)
<u>Total Revenues, Special Items and Transfers</u>				<u>12,891,976</u>	<u>(108,668)</u>	<u>12,783,308</u>
<u>Changes in Net Position</u>						
				(663,982)	(135,092)	(799,074)
<u>Net Position - Beginning</u>				<u>11,014,159</u>	<u>5,496,122</u>	<u>16,510,281</u>
<u>Net Position - Ending</u>				<u>10,350,177</u>	<u>5,361,030</u>	<u>15,711,207</u>

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

TOWN OF ROCKPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

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	2,381,072	60,270	58,534	2,499,876
Investments		598,456	853,782	1,452,238
Receivables				
Taxes	648,056			648,056
Tax Liens	96,467			96,467
Accounts	11,666			11,666
Prepaid Expense	89			89
Due from Other Governments	39,271			39,271
Due from Other Funds	10,663		467,330	477,993
Total Assets	3,187,284	658,726	1,379,646	5,225,656
 <i>Liabilities, Deferred Inflows of Resources and Fund Balances</i>				
<i>Liabilities</i>				
Accounts Payable	161,623			161,623
Due to Other Governments	3,042			3,042
Payroll Taxes/Deductions	6,478			6,478
Accrued Salaries Payable	34,967			34,967
Due to Other Funds	615,005			615,005
Escrow and Security Deposits	10,400			10,400
 Total Liabilities	 831,515		 -	 831,515
 <i>Deferred Inflows of Resources:</i>				
Prepaid Taxes	20,384			20,384
Unearned Property Tax	272,008			272,008
Unearned Other Revenue	8,007			8,007
 Total Deferred Inflows of Resources	 300,399	 -	 -	 300,399
 <i>Fund Balances</i>				
Non-Spendable		313,262	448,879	762,141
Restricted	33,839	345,464	549,449	928,752
Committed	63,586		381,318	444,904
Assigned	109,205			109,205
Unassigned	1,848,740			1,848,740
 Total Fund Balances	 2,055,370	 658,726	 1,379,646	 4,093,742
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 3,187,284	 658,726	 1,379,646	 5,225,656

(Continued)

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

TOWN OF ROCKPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

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

Total Fund Balance	4,093,742
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$3,079,849	<u>6,417,902</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unearned Taxes	280,015
	<u>280,015</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(150,000)
Accrued Compensated Absences	(204,215)
Capital Leases Payable	(87,267)
	<u>(441,482)</u>
Net Position of Governmental Activities	<u><u>10,350,177</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, 2013

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	13,024,361			13,024,361
Intergovernmental Revenues	400,275		23,630	423,905
Departmental Revenues	225,821			225,821
Other Local Sources	250,928	50,895	132,124	433,947
Total Revenues	13,901,385	50,895	155,754	14,108,034
Expenditures				
General Government	1,058,145		4,959	1,063,104
Public Safety	951,319		13,296	964,615
Public Works	1,590,002		7,232	1,597,234
Health and Social Services	22,086		1,942	24,028
Cultural and Recreation	648,535		23,797	672,332
Unclassified	169,450		2,000	171,450
Assessments	9,639,233			9,639,233
Total Expenditures	14,078,770	-	53,226	14,131,996
Excess of Revenues Over (Under) Expenditures	(177,385)	50,895	102,528	(23,962)
Other Financing Sources (Uses)				
Lease Proceeds	81,273			81,273
Transfers from Other Funds	399,292	25,000	107,787	532,079
Transfers to Other Funds	(371,647)	(29,880)	(11,831)	(413,358)
Total Other Financing Sources (Uses)	108,918	(4,880)	95,956	199,994
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(68,467)	46,015	198,484	176,032
Fund Balance - July 1	2,123,837	612,711	1,181,162	3,917,710
Fund Balance - June 30	2,055,370	658,726	1,379,646	4,093,742

(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, 2013

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds 176,032

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	331,908
Gain/(Loss) on Disposal of Assets	(960,105)
Depreciation expense	(309,336)
	<u>(937,533)</u>

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Unearned Revenues	-
Unearned Taxes	8,737
	<u>8,737</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:

Lease proceeds received	(81,273)
Capital lease obligation principal payments	117,251
General obligation bond principal payments	37,500
	<u>73,478</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	15,304
	<u>15,304</u>

Change in net position of governmental activities (663,982)

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

TOWN OF ROCKPORT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2013

Exhibit E

	<u>Wastewater Enterprise</u>
Assets	
Current Assets:	
Cash and Equivalents	540,792
Investments	-
Receivables	
User Fees, net	174,374
Due from Other Funds	<u>137,012</u>
Total Current Assets	<u>852,178</u>
Noncurrent Assets:	
Capital Assets, net	<u>4,844,164</u>
Total Noncurrent Assets	<u>4,844,164</u>
Total Assets	<u><u>5,696,342</u></u>
Liabilities	
Current Liabilities:	
Accounts Payable	52,699
Accrued Interest Payable	2,613
Bonds and Notes Payable	<u>35,000</u>
Total Current Liabilities	<u>90,312</u>
Noncurrent Liabilities:	
Bonds and Notes Payable	<u>245,000</u>
Total Noncurrent Liabilities	<u>245,000</u>
Total Liabilities	<u>335,312</u>
Net Position	
Net Investment in Capital Assets	4,564,164
Restricted for:	
Capital Projects	198,217
Unrestricted	<u>598,649</u>
Total Net Position	<u>5,361,030</u>
Total Liabilities and Net Position	<u><u>5,696,342</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, 2013

Exhibit F

	Wastewater Enterprise
Operating Revenues:	
Charges for Services	729,429
Interest/Fees	3,579
	<hr/>
Total Operating Revenues:	733,008
	<hr/>
Operating Expenses:	
Administration	53,927
Contract Operations	172,052
Camden Treatment	122,317
Rockland Treatment	140,234
Samoset Treatment	74,235
Repairs and Maintenance	50,590
Depreciation and Amortization	229,424
	<hr/>
Total Operating Expenses	842,779
	<hr/>
Net Operating Income	(109,771)
	<hr/>
Nonoperating Revenues (Expenses)	
Interest Revenue	6,017
Other Revenues	4,036
Transfer to General Fund	(118,721)
Engineering Study	(23,831)
Interest Expense	(20,575)
	<hr/>
Total Nonoperating Revenues (Expenses)	(153,074)
	<hr/>
Net Income (Loss) before contributions and transfers	(262,845)
	<hr/>
Capital Contributions	127,753
	<hr/>
Change in Net Position	(135,092)
	<hr/>
Total Net Position - Beginning	5,496,122
	<hr/>
Total Net Position - Ending	5,361,030
	<hr/> <hr/>

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, 2013

Exhibit G

	<u>Wastewater Enterprise</u>
Cash Flows from Operating Activities;	
Received from Customers	733,008
Payments to Suppliers	(587,074)
Payments to Employees	(26,281)
Other Receipts (Payments)	4,036
	<u>123,689</u>
Net Cash Provided by (Used in) Operating Activities	<u>123,689</u>
Cash Flows from Noncapital Financing Activities	
Engineering Study	(23,831)
	<u>(23,831)</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(23,831)</u>
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Capital Debt	(210,000)
Interest Paid on Capital Debt	(20,575)
	<u>(230,575)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(230,575)</u>
Cash Flows from Investing Activities	
Redemption of Investments	352,855
Interest and Dividends	6,017
	<u>358,872</u>
Net Cash Provided by (Used in) Investing Activities	<u>358,872</u>
Net Increase (Decrease) in Cash and Cash Equivalents	228,155
Balances - beginning of the year	<u>312,637</u>
Balances - end of the year	<u><u>540,792</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Net Operating Income (Loss)	(109,771)
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	229,424
(Increase) Decrease in Accounts Receivable	21,285
(Increase) Decrease in Due from Other Funds	(48,090)
Increase (Decrease) in Accrued Interest	(2,242)
Increase (Decrease) in Accounts Payable	33,083
	<u>33,083</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>123,689</u></u>

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

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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*.

For the year ended 6/30/13, the Town of Rockport has implemented GASB #63 and GASB #65, which replaces net assets with net position and created deferrals.

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, 2013

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, 2013**

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, \$272,008 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on August 29, 2012 on property values assessed on April 1. Taxes were due in two installments due on October 15 and April 16, with interest at 7% beginning October 16 and April 17. 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, 2013

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 2013 fiscal year assessment was calculated as follows:

Camden	41.8%
Hope	9.9%
Lincolnville	17.0%
Rockport	31.3%

The Town of Rockport’s cost for June 30, 2013 was \$153,628.

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, 2013

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, 2013

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, 2013 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			398,099	398,099
Welfare Trust Fund			50,780	50,780
Chatfield Fund		10,076		10,076
Rockport Library Fund		270,969		270,969
Dodge Fund		9,280		9,280
Gardner Fund		22,937		22,937
Total Committed	-	313,262	448,879	762,141

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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	1,499		
Rockport Harbor Land Acquisition	2,670		
Miscellaneous Donations	4,200		
Urban Rural Initiative Program Funds	560		
Municipal Revenue Sharing	4,053		
Public Safety Building	106		
Woodward Party Donations	6,617		
Cemetery Trust Fund			80,133
Welfare Trust Fund			312,599
Chatfield Fund		1,392	
Rockport Library Fund		343,367	
Dodge Fund		(1,955)	
Gardner Fund		2,660	
Comprehensive Planning Grant			2,719
State Planning Grant			1,000
Energy Grant Opera House			2,000
General Assistance Heating			181
General Assistance Stewart			1,675
Legacy Rockport			21,476
Cascade Foundation Grant			21,830
Rotary Club of West Bay			1,095
Rohrbough Fund			37,095
Boyd Fund			15,605
Ellis Fund			37,005
Sand/Salt Shed			1,611
Jacobs Quarry Path			13,425
Total Restricted	<u>33,839</u>	<u>345,464</u>	<u>549,449</u>

Committed

Recreation Reserve	39,280		
Labor Reserve	24,306		
Capital Reserves			381,318
Total Committed	<u>63,586</u>	<u>-</u>	<u>381,318</u>

Assigned

Encumbrances	65,740		
Library Operating Fund	30,886		
Police Forfeiture Account	12,579		
Total Assigned	<u>109,205</u>	<u>-</u>	<u>-</u>

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Fund Balances/Net Position (Continued)

<u>Unassigned</u>	<u>1,848,740</u>	<u> </u>	<u> </u>	<u>1,848,740</u>
Total	<u>2,055,370</u>	<u>658,726</u>	<u>1,379,646</u>	<u>4,093,742</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 – invested in capital assets, net of related debt; 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 portions 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, 2013

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, all noninterest bearing checking accounts include demand deposit accounts and any transaction account that has unlimited withdrawals and cannot earn interest are fully guaranteed by the FDIC for the entire amount. Also through December 31, 2013, IOLTA accounts and NOW accounts that do not earn more than .25% interest are fully guaranteed by the FDIC for the entire amount as long as the depository institution participates in the Transaction Account Guarantee (TAG) program. For interest bearing accounts, the Town's cash deposits, including certificates of deposits, are insured up to \$250,000 per custodian 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.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

A. Deposits and Investments (Continued)

Deposits (continued)

At year-end, the government's carrying amount of deposits was \$3,040,668 and the bank balance was \$3,059,746. 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.

	<i>Bank Balance</i>	<i>1</i>	<i>Category 2</i>	<i>3</i>
Cash and Equivalents	<u>3,059,746</u>	<u>225,658</u>	<u>2,834,088</u>	<u>-</u>

Investments

Included in the Town's cash equivalents at June 30, 2013, 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, 2013

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

A. Deposits and Investments (Continued)

Investments (continued)

At June 30, 2013, the Towns investments, maturities and credit ratings are as follows:

Type	June 30, 2013						Credit Rating	
	Fair Value	Maturities in Years				S&P	Moody's	
		Less Than 1	1-5	6-10	More than 10			
General City:								
Mutual Funds	257,793	257,793					Not Rated	Not Rated
Equities	1,026,218	1,026,218					Not Rated	Not Rated
US Treasury Obligations	50,770	25,348	25,422				AAA	Aaa
Mortgage Securities	112	9	103				Not Rated	Not Rated
Corporate Bonds	15,610		15,610				A+	A1
Corporate Bonds	16,034		16,034				A	A2
Corporate Bonds	14,502		14,502				A-	Baa2
Corporate Bonds	10,420		10,420				BBB+	Baa2
Corporate Bonds	50,281	50,281					BBB	BAA1
Corporate Bonds	10,498		10,498				BBB	Baa2
Total	<u>1,452,238</u>	<u>1,359,649</u>	<u>92,589</u>	<u>-</u>	<u>-</u>			
Wastewater Enterprise Fund:								
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			
Total	<u>1,452,238</u>	<u>1,359,649</u>	<u>92,589</u>	<u>-</u>	<u>-</u>			

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013:

Deposits and Cash on Hand (including invested repurchase agreement)	<u>\$ 4,492,906</u>		
	Government-wide Statement of Net Position	Business-Type Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 2,499,876	\$ 540,792	\$ 3,040,668
Investments (including repurchase agreement)	<u>\$ 1,452,238</u>	<u>\$ -</u>	<u>\$ 1,452,238</u>
	<u>\$ 3,952,114</u>	<u>\$ 540,792</u>	<u>\$ 4,492,906</u>

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value	1,007,241,594
Tax Rate (per \$1,000)	12.21
Commitment	<u>12,298,420</u>
Appropriations	14,047,506
Less:	
State Municipal Revenue Sharing	181,606
Estimated Revenues	1,549,203
Error in Estimated Revenues	(93,125)
BETE Reimbursement	50,983
Homestead Reimbursement	<u>60,419</u>
	<u>1,749,086</u>
Net Assessment for Commitment	<u>12,298,420</u>

Supplemental taxes totaling \$16,630 were committed for collection during the year. Uncollected taxes at June 30 for the current year commitment totaled \$645,305, which represents tax collection of 94.75% of current year commitment. Unpaid liens at June 30 totaled \$96,467.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013 were as follows:

	<u><i>Interfund Receivable</i></u>	<u><i>Interfund Payable</i></u>
General Fund	10,663	615,005
Special Revenue Funds		
Comprehensive Planning Grant	2,719	
Rotary Club	1,095	
General Assistance Funds	1,857	
Legacy Rockport	21,475	
State Planning Grant	1,000	
Energy Grant	2,000	
Cascade Foundation	21,830	
Capital Projects		
Jacobs Quarry Pathway	13,425	
Sand/Salt Shed	1,611	
Capital Improvement Reserves	381,318	
Wastewater Fund	137,012	
Cemetery Trust Fund	19,000	
	<u>615,005</u>	<u>615,005</u>
Totals	<u><u>615,005</u></u>	<u><u>615,005</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, 2013

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

D. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<i>Beginning</i>			<i>Ending</i>
	<i>Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance</i>
<i>Governmental Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	2,850,286			2,850,286
Painting	8,500			8,500
	<hr/>			
<i>Total capital assets not being depreciated</i>	2,858,786	-	-	2,858,786
 <i>Capital assets being depreciated</i>				
Buildings	4,916,652		(2,415,776)	2,500,876
Equipment	2,606,256	124,684		2,730,940
Infrastructure	1,199,925	207,224		1,407,149
	<hr/>			
<i>Total capital assets being depreciated</i>	8,722,833	331,908	(2,415,776)	6,638,965
 <i>Less accumulated depreciation for</i>				
Buildings	2,181,555	50,891	(1,455,671)	776,775
Equipment	1,745,213	163,818		1,909,031
Infrastructure	299,416	94,627		394,043
	<hr/>			
<i>Total accumulated depreciation</i>	4,226,184	309,336	(1,455,671)	3,079,849
	<hr/>			
<i>Net capital assets being depreciated</i>	4,496,649	22,572	(960,105)	3,559,116
	<hr/>			
<i>Governmental Activities</i>				
<i>Capital Assets, net</i>	7,355,435	22,572	(960,105)	6,417,902
	<hr/> <hr/>			

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

D. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities;				
<i>Capital assets being depreciated</i>				
Sewer System	9,217,667			9,217,667
Total capital assets being depreciated	9,217,667	-		9,217,667
<i>Less accumulated depreciation for</i>				
Sewer System	4,144,079	229,424		4,373,503
Total accumulated depreciation	4,144,079	229,424		4,373,503
Net capital assets being depreciated	5,073,588	(229,424)		4,844,164
Business-type Activities				
Capital Assets, net	5,073,588	(229,424)		4,844,164

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

Governmental Activities

General Government	11,973
Public Safety	50,107
Public Works, including general infrastructure assets	216,261
Leisure Time Services	30,995
Total Depreciation Expense - Governmental Activities	309,336

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:

Year-Ended June 30,	Minimum Lease Payment
2014	59,335
2015	30,159
2016	1,253
Total Minimum Lease Payments	90,747
Less: Amount Representing Interest	(3,480)
Present Value of Future Minimum Lease Payments	87,267

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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>280,000</u>
			<u>280,000</u>
			<u>280,000</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>150,000</u>
			<u>150,000</u>

Annual debt service requirements to maturity for general and proprietary obligation bonds and notes including interest of \$74,052 are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
2014	42,431	50,005	92,436
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 - 2021	-	114,055	114,055
Total	<u>159,853</u>	<u>344,199</u>	<u>504,052</u>

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013:

	General Obligation		
	Debt	Proprietary	Total
Long-term Debt payable July 1, 2012	187,500	490,000	677,500
Debt Issued			-
Debt Retired	(37,500)	(210,000)	(247,500)
Long-term Debt payable June 30, 2013	<u>150,000</u>	<u>280,000</u>	<u>430,000</u>

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:

Units	Net debt outstanding June 30, 2013	Percentage applicable to the Town	Town's proportionate share of debt
School Administrative District No. 28	13,831,726	45.53%	6,297,585
Five Town CSD	8,571,346	36.85%	3,158,541
MCSWC	116,758	31.30%	36,545
Knox County	<u>2,500,000</u>	13.15%	<u>328,743</u>
Totals	<u>25,019,830</u>		<u>9,821,414</u>

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:

Purpose	Non-spendable	Restricted
Welfare Trust Fund	50,780	312,599
Library Trust Fund	313,262	345,464
Cemetery Trust Fund	<u>398,099</u>	<u>80,133</u>
Totals	<u>762,141</u>	<u>738,196</u>

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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	4,333,120
Additions	
Debt Service - TIF Fund	127,753
Deductions:	
Depreciation Provided by Contributed Capital	<u>(144,689)</u>
Balance - June 30	<u><u>4,316,184</u></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, 2013

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, Two Central Plaza, Augusta, Maine 04333-0046 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, 2011, 2012, and 2013, was \$30,138, \$29,714 and \$35,487 respectively.

Maine Public Employees Retirement System Consolidated Plan regular employees are required to contribute 6.5% of their annual covered salary to the plan. The Town is required to contribute an actuarially determined rate. The current rate is 2.8% 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, 2013 was \$12,307.

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, 2013.

**TOWN OF ROCKPORT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

Exhibit H

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	12,926,295	12,926,295	13,024,361	98,066
Intergovernmental Revenues	116,952	116,952	168,468	51,516
Departmental Revenues	225,738	225,738	225,821	83
Other Local Sources	202,560	202,560	187,351	(15,209)
Total Revenues	13,471,545	13,471,545	13,606,001	134,456
Expenditures (Net of Departmental Revenues)				
General Government	953,116	953,116	1,022,846	(69,730)
Public Safety	961,123	961,123	946,266	14,857
Public Works	1,496,116	1,577,389	1,568,269	9,120
Health and Social Services	18,528	18,528	22,086	(3,558)
Cultural and Recreation	606,066	606,066	604,901	1,165
Unclassified	265,396	265,396	169,450	95,946
Assessments	9,654,119	9,654,119	9,639,233	14,886
Total Expenditures	13,954,464	14,035,737	13,973,051	62,686
Excess Revenues Over Expenditures	(482,919)	(564,192)	(367,050)	197,142
Other Financing Sources				
Lease Proceeds	-	81,273	81,273	-
Transfers from Other Funds	465,961	465,961	360,752	105,209
Transfers to Other Funds	(93,042)	(93,042)	(93,042)	-
Total Other Financing Sources	372,919	454,192	348,983	105,209
Net Change in Fund Balance	(110,000)	(110,000)	(18,067)	91,933
Beginning Fund Balances - Budgetary Basis			1,866,913	
Ending Fund Balances - Budgetary Basis			1,848,846	
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			65,740	
Ending Fund Balances - GAAP Basis			1,914,586	

TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under)</i> <i>Budget</i>
Taxes			
Property	12,205,295	12,306,317	101,022
Auto Excise	650,000	648,165	(1,835)
Boat Excise	13,000	13,825	825
Interest/Fees on Taxes/Liens	58,000	56,054	(1,946)
	<u>12,926,295</u>	<u>13,024,361</u>	<u>98,066</u>
Intergovernmental Revenues			
State of Maine			
General Assistance	4,930	8,047	3,117
Homestead Reimbursement	60,419	60,419	-
BETE Reimbursement	50,983	50,983	-
Veterans Reimbursement	-	3,623	3,623
Tree Growth Reimbursement	-	3,728	3,728
Gas Tax Refund	20	-	(20)
FEMA Reimbursement	-	41,297	41,297
Snowmobile Reimbursement	600	371	(229)
	<u>116,952</u>	<u>168,468</u>	<u>51,516</u>
Departmental Revenues			
Police			
Grants	-	1,425	1,425
All Other	6,000	4,393	(1,607)
Animal Control	2,200	956	(1,244)
Planning			
Building Permits	55,000	42,674	(12,326)
Plumbing Permits	7,000	6,798	(202)
Planning Board Fees	5,000	5,995	995
All Other	2,105	2,891	786
Harbor Fees			
Moorings	57,575	57,985	410
Tie Offs	10,400	12,025	1,625
Winter Boat Storage	4,600	7,628	3,028
Lease Income	5,844	125	(5,719)
Schooner Berthing	4,500	7,461	2,961
All Other	18,150	23,920	5,770
Public Works			
Cemetery - Sale of Lots	4,000	2,225	(1,775)
All Other-Public Works	4,300	5,526	1,226

TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit A-1
Page 2 of 2

	<u>Estimated</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Departmental Revenues (Continued)			
Town Clerk			
Clerk Fees	21,000	30,929	9,929
Agent Fees	10,000	545	(9,455)
Election Reimbursement Fees	3,000	-	(3,000)
All Other	3,750	1,585	(2,165)
Town Manager	-	115	115
Finance	904	205	(699)
Assessing	-	461	461
Town Office	410	9,954	9,544
	<u>225,738</u>	<u>225,821</u>	<u>83</u>
Other Local Sources			
Interest on Investments	6,000	7,518	1,518
Payment in Lieu of Taxes	15,000	11,200	(3,800)
Opera House	22,000	15,008	(6,992)
Cable TV Franchise	31,000	30,343	(657)
PBMC Traffic Light	1,660	1,974	314
Old County Road Traffic Light	1,810	1,927	117
WW Reimb. Wage, Benefits, Other	38,442	36,857	(1,585)
MMA Insurance Dividend/Reimbursement	4,200	2,726	(1,474)
Sale of TAP	-	250	250
Library Reimbursements	77,498	67,559	(9,939)
Harbor Walk Reimbursement	2,000	2,000	-
Grant Reimbursement	-	3,400	3,400
Rockport Elementary School	2,950	6,589	3,639
	<u>202,560</u>	<u>187,351</u>	<u>(15,209)</u>
Other Financing Sources			
Lease Proceeds	81,273	81,273	-
Municipal Revenue Sharing	189,939	184,719	(5,220)
Urban Rural Initiative Program Funds	57,312	57,312	-
TIF Sewer Retained Earnings	218,710	118,721	(99,989)
	<u>547,234</u>	<u>360,752</u>	<u>(105,209)</u>
Total Revenues and Other Financing Sources	14,018,779	<u>13,966,753</u>	<u>29,247</u>
Beginning Fund Balance Used	<u>110,000</u>		
Total	<u>14,128,779</u>		

**TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
JUNE 30, 2013**

*Exhibit A-2
Page 1 of 2*

	<i>Encumbered from 6/30/12</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/14</i>	<i>(Over) Under Budget</i>
General Government					
Administration		27,270	51,376		(24,106)
Town Manager		214,103	259,712		(45,609)
Town Clerk	15,600	187,226	182,578	15,600	4,648
Planning and Community Development		183,893	189,342		(5,449)
Finance Department		84,565	78,171		6,394
Assessing		111,831	120,891		(9,060)
Town Office Building		95,228	93,951		1,277
Tax Billing		5,500	5,413		87
Insurances		43,500	41,412		2,088
	<u>15,600</u>	<u>953,116</u>	<u>1,022,846</u>	<u>15,600</u>	<u>(69,730)</u>
Public Safety					
Police Department		480,240	468,020		12,220
Fire Department	9,153	305,698	315,249	4,100	(4,498)
Animal Control		10,649	10,030		619
Emergency Management		1,849	1,694		155
Street Lights		58,710	55,805		2,905
Public Safety Building		21,817	18,361		3,456
County Dispatch and E-911		82,160	82,160		-
	<u>9,153</u>	<u>961,123</u>	<u>951,319</u>	<u>4,100</u>	<u>14,857</u>
Public Works					
Public Works Department	38,500	1,369,652	1,387,160	16,767	4,225
Sanitation		155,928	155,928		-
Cemeteries		51,809	46,914		4,895
	<u>38,500</u>	<u>1,577,389</u>	<u>1,590,002</u>	<u>16,767</u>	<u>9,120</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, 2013**

	<i>Encumbered from 6/30/12</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/14</i>	<i>(Over) Under Budget</i>
Health and Social Services					
General Assistance	-	18,528	22,086	-	(3,558)
Cultural and Recreation					
Recreation and Parks	1,398	69,531	48,639	18,213	4,077
Library		325,664	296,623	11,060	17,981
Opera House	3,450	86,553	88,279		1,724
Conservation Commission		5,665	3,389		2,276
Harbor Operations		118,653	143,546		(24,893)
Unclassified	4,848	606,066	580,476	29,273	1,165
Debt Service		44,306	44,306		-
Rockport Elementary School		221,090	125,144		95,946
Assessments		265,396	169,450		95,946
MSAD #28		5,129,275	5,129,275		-
Knox County		854,034	854,034		-
CSD School Assessment		3,468,378	3,468,378		-
Tax Increment Financing		127,753	127,753		-
Overlay		74,679	59,793		14,886
Operating Transfers Out and Other Uses		9,654,119	9,639,233		14,886
Legacy Rockport	10,640		10,640		-
Reserves	933	93,042	93,975		-
	11,573	93,042	104,615		-
Totals	79,674	14,128,779	14,080,027	65,740	62,686

TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit A-3

Unassigned Fund Balance, July 1	1,866,807	
Unassigned Fund Balance, June 30	<u>1,848,740</u>	
Increase (Decrease)		<u><u>(18,067)</u></u>

Analysis of Change

Additions		
Budget Summary		
Revenue Surplus (Exhibit A-1)	29,247	
Unexpended Balance of Appropriations (Exhibit A-2)	<u>62,686</u>	
		91,933
Deductions		
Fund Balance Used to Fund Appropriations		<u>(110,000)</u>
Increase (Decrease)		<u><u>(18,067)</u></u>

**TOWN OF ROCKPORT
GENERAL RESTRICTED/COMMITTED ACCOUNTS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2013**

<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			41,549		
Investments	4,053	560		4,200	2,670
Due From Other Funds					
Total Assets	4,053	560	41,549	4,200	2,670
 <i>Liabilities & Fund Balances</i>					
Liabilities					
Due to Other Funds			10,663		
Total Liabilities	-	-	10,663	-	-
Fund Balances					
Restricted	4,053	560		4,200	2,670
Committed			30,886		
Assigned					
Total Fund Balances	4,053	560	30,886	4,200	2,670
Total Liabilities and Fund Balances	4,053	560	41,549	4,200	2,670

**TOWN OF ROCKPORT
 GENERAL RESTRICTED/COMMITTED ACCOUNTS
 COMBINING BALANCE SHEET
 FOR THE YEAR ENDED JUNE 30, 2013**

<i>Assets</i>	<i>Opera House Donations</i>	<i>Police Forfeiture Account</i>	<i>Walker Park Playground</i>	<i>Woodward Party Donations</i>	<i>G/F Recreation Reserve</i>	<i>G/F Labor Reserve</i>	<i>Total</i>
Cash and Equivalents							41,549
Investments							-
Due From Other Funds	1,499	12,579	14,134	6,617	39,280	24,306	109,898
Total Assets	1,499	12,579	14,134	6,617	39,280	24,306	151,447
Liabilities & Fund Balances							
Liabilities							
Due to Other Funds							10,663
Total Liabilities	-	-	-	-	-	-	10,663
Fund Balances							
Restricted	1,499		14,134	6,617	39,280	24,306	33,733
Committed		12,579					63,586
Assigned							43,465
Total Fund Balances	1,499	12,579	14,134	6,617	39,280	24,306	140,784
Total Liabilities and Fund Balances	1,499	12,579	14,134	6,617	39,280	24,306	151,447

**TOWN OF ROCKPORT
GENERAL RESTRICTED/COMMITTED ACCOUNTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	Municipal Revenue Sharing	U.R.I.P. Funds	Library Operating Fund	Miscellaneous Donations	Rockport Harbor Land Acquisition	Opera House Donations
Revenues						
Intergovernmental Revenues	176,387	55,420	51,481	1,000		5
Local Sources						
Total Revenues	176,387	55,420	51,481	1,000	-	5
Expenditures						
General Government						
Harbor Operations			67,559	500		
Library Operations						
Total Expenditures	-	-	67,559	500	-	-
Excess of Revenues Over (Under) Expenditures	176,387	55,420	(16,078)	500	-	5
Other Financing Sources (Uses)						
Transfers from Other Funds			33,540			
Transfers to Other Funds	(184,720)	(57,312)	(25,000)			
Total Other Financing Sources (Uses)	(184,720)	(57,312)	8,540	-	-	-
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(8,333)	(1,892)	(7,538)	500	-	5
Fund Balance - July 1	12,386	2,452	38,424	3,700	2,670	1,494
Fund Balance - June 30	4,053	560	30,886	4,200	2,670	1,499

**TOWN OF ROCKPORT
GENERAL RESTRICTED/COMMITTED ACCOUNTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

**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						231,807
Local Sources			10,760	144	187	63,577
Total Revenues	-	-	10,760	144	187	295,384
Expenditures						
General Government			4,143		31,156	35,299
Harbor Operations					500	500
Library Operations						67,559
Total Expenditures	-	-	4,143	-	31,156	103,358
Excess of Revenues Over (Under) Expenditures	-	-	6,617	144	(30,969)	192,026
Other Financing Sources (Uses)						
Transfers from Other Funds					5,000	38,540
Transfers to Other Funds						(267,032)
Total Other Financing Sources (Uses)	-	-	-	-	5,000	(228,492)
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	6,617	144	(25,969)	(36,466)
Fund Balance - July 1	12,579	14,134	-	39,136	50,275	177,250
Fund Balance - June 30	12,579	14,134	6,617	39,280	24,306	140,784

**TOWN OF ROCKPORT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

**Exhibit B-1
Page 1 of 2**

<i>Assets</i>	<i>Energy Grant</i>	<i>Comprehensive Planning Grant</i>	<i>State Planning Grant</i>	<i>Energy Grant Opera House</i>	<i>General Assistance Heating</i>	<i>General Assistance Stewart</i>	<i>Legacy Rockport Donation</i>
Cash and Equivalents							
Investments							
Due From Other Funds	2,000	2,719	1,000	181	1,675	21,476	
Total Assets	2,000	2,719	1,000	181	1,675	21,476	
<i>Liabilities & Fund Balances</i>							
<i>Liabilities</i>							
Due to Other Funds							
Total Liabilities	-	-	-	-	-	-	-
<i>Fund Balances</i>							
Fund Balances Restricted	2,000	2,719	1,000	181	1,675	21,476	
Total Liabilities and Fund Balances	2,000	2,719	1,000	181	1,675	21,476	

**TOWN OF ROCKPORT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

**Exhibit B-1
Page 2 of 2**

<i>Assets</i>	<i>Davis Foundation Grant</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				3,394	1,428	3,386	8,208
Investments				33,701	14,177	33,619	81,497
Due From Other Funds		1,095	21,830				51,976
Total Assets	-	1,095	21,830	37,095	15,605	37,005	141,681
<i>Liabilities & Fund Balances</i>							
<i>Liabilities</i>							
Due to Other Funds							-
Total Liabilities	-	-	-	-	-	-	-
<i>Fund Balances</i>							
Fund Balances							
Restricted		1,095	21,830	37,095	15,605	37,005	141,681
Total Liabilities and Fund Balances	-	1,095	21,830	37,095	15,605	37,005	141,681

TOWN OF ROCKPORT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Energy Grant	Comprehensive Planning Grant	Harbor & Shore Planning Grant	Harbor SHIP Grant	State Planning Grant	Energy Grant Opera House	General Assistance Heating	General Assistance Stewart
Revenues								
Intergovernmental Donations	2,000		6,500	5,130			20	1,000
Local Sources								4
Total Revenues	2,000	-	6,500	5,130	-	-	20	1,004
Expenditures								
Construction				-				
Repairs & Maintenance								
General Assistance			6,500	5,130	1,250	1,234		
Professional Services								
Equipment								
Other								
Total Expenditures	-	-	6,500	5,130	1,250	1,234	-	-
Excess of Revenues Over (Under) Expenditures	2,000	-	-	-	(1,250)	(1,234)	20	1,004
Other Financing Sources (Uses)								
Transfers from Other Funds								
Transfers to Other Funds						(8,171)		
Total Other Financing Sources (Uses)	-	-	-	-	-	(8,171)	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,000	-	-	-	(1,250)	(9,405)	20	1,004
Fund Balance - July 1		2,719	-	-	2,250	9,405	161	671
Fund Balance - June 30	2,000	2,719	-	-	1,000	-	181	1,675

**TOWN OF ROCKPORT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Legacy Rockport	Davis Foundation Grant	Rotary Club of West Bay	Cascade Foundation Grant	Rohrbough Fund	Boyd Fund	Ellis Fund	Total
Revenues								
Intergovernmental	10,000							23,630
Donations	4,350		1,000	15,000				21,370
Local Sources	55		6	64	2,895	1,225	2,891	7,140
Total Revenues	14,405	-	1,006	15,064	2,895	1,225	2,891	52,140
Expenditures								
Construction								-
Repairs & Maintenance								-
General Assistance			1,942					1,942
Professional Services	500	9,943		13,296				18,193
Equipment								19,660
Other	3,209							3,209
Total Expenditures	3,709	9,943	1,942	13,296	-	-	-	43,004
Excess of Revenues Over (Under) Expenditures	10,696	(9,943)	(936)	1,768	2,895	1,225	2,891	9,136
Other Financing Sources (Uses)								
Transfers from Other Funds	10,640							10,640
Transfers to Other Funds					(1,440)	(720)	(1,500)	(11,831)
Total Other Financing Sources (Uses)	10,640	-	-	-	(1,440)	(720)	(1,500)	(1,191)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	21,336	(9,943)	(936)	1,768	1,455	505	1,391	7,945
Fund Balance - July 1	140	9,943	2,031	20,062	35,640	15,100	35,614	133,736
Fund Balance - June 30	21,476	-	1,095	21,830	37,095	15,605	37,005	141,681

TOWN OF ROCKPORT
ALL CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

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	381,318	396,354
Total Assets	1,611	13,425	381,318	396,354
 <i>Liabilities & Fund Balances</i>				
Liabilities				
Retainage Payable				-
Total Liabilities	-	-	-	-
Fund Balances				
Restricted	1,611	13,425		15,036
Committed			381,318	381,318
Total Fund Balances	1,611	13,425	381,318	396,354
Total Liabilities & Fund Balances	-	13,425	381,318	396,354

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, 2013

	<i>Sand/ Salt Shed</i>	<i>Jacobs Quarry Pathway</i>	<i>Capital Improvement Reserves</i>	<i>Total</i>
Revenues				
Local Sources			6,873	6,873
Total Revenues	-	-	6,873	6,873
Expenditures				
Public Works			7,232	7,232
Harbor Operations			990	990
Other		2,000		2,000
Total Expenditures	-	2,000	8,222	10,222
Excess of Revenues Over (Under) Expenditures	-	(2,000)	(1,349)	(3,349)
Other Financing Sources (Uses)				
Transfers from Other Funds			97,147	97,147
Transfers to Other Funds				-
Total Other Financing Sources (Uses)	-	-	97,147	97,147
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	(2,000)	95,798	93,798
Fund Balance - July 1	1,611	15,425	285,520	302,556
Fund Balance - June 30	1,611	13,425	381,318	396,354

**TOWN OF ROCKPORT
CAPITAL IMPROVEMENT PROJECTS - RESERVES
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2013**

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	13,991	61	5,000		19,052
Town Office Building Reserve	-	-	10,000		10,000
Police Department Equipment	7,277	5,808			13,085
Fire Equipment	218,029	882	30,000		248,911
Opera House Building	3,934	17	27,897		31,848
Public Works	10,088	11		(7,232)	2,867
Video Equipment	1,717	6			1,723
Harbor Float	6,576	26	1,500	(990)	7,112
Harbor Boat Reserve	8,517	35	1,400		9,952
Downtown TIF District Reserve	9,122	-	19,750		28,872
Harbor Boat Engine	6,269	27	1,600		7,896
Totals	285,520	6,873	97,147	(8,222)	381,318

TOWN OF ROCKPORT
COMBINING BALANCE SHEET
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

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	28,097	22,229	60,270	110,596
Investments	431,135	341,150	598,456	1,370,741
Due From Other Funds	19,000			19,000
Total Assets	<u>478,232</u>	<u>363,379</u>	<u>658,726</u>	<u>1,500,337</u>
Fund Balances				
Non-spendable	398,099	50,780	313,262	762,141
Restricted	80,133	312,599	345,464	738,196
Total Fund Balances	<u>478,232</u>	<u>363,379</u>	<u>658,726</u>	<u>1,500,337</u>

TOWN OF ROCKPORT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit D-2

	<u>Cemetery</u>	<u>Welfare</u>	<u>Library</u>	<u>Total</u>
Revenues				
Local Sources	10,925			10,925
Investment Income	8,303	6,570	10,792	25,665
Change in Fair Value	39,605	31,338	40,103	111,046
	<u>58,833</u>	<u>37,908</u>	<u>50,895</u>	<u>147,636</u>
Expenditures				
Professional Services			-	-
Cemetery				-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>58,833</u>	<u>37,908</u>	<u>50,895</u>	<u>147,636</u>
Other Financing Sources (Uses)				
Transfers from Other Funds			25,000	25,000
Transfers to Other Funds	-		(29,880)	(29,880)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(4,880)</u>	<u>(4,880)</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	58,833	37,908	46,015	142,756
Fund Balance - July 1	<u>419,399</u>	<u>325,471</u>	<u>612,711</u>	<u>1,357,581</u>
Fund Balance - June 30	<u>478,232</u>	<u>363,379</u>	<u>658,726</u>	<u>1,500,337</u>

**TOWN OF ROCKPORT
 COMBINING BALANCE SHEET
 ALL LIBRARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

Exhibit D-3

<i>Assets</i>	<u><i>Chatfield Fund</i></u>	<u><i>Rockport Library</i></u>	<u><i>Dodge Fund</i></u>	<u><i>Gardner Fund</i></u>	<u><i>Total</i></u>
Cash and Equivalents	1,049	56,209	670	2,342	60,270
Investments	<u>10,419</u>	<u>558,127</u>	<u>6,655</u>	<u>23,255</u>	<u>598,456</u>
Total Assets	<u><u>11,468</u></u>	<u><u>614,336</u></u>	<u><u>7,325</u></u>	<u><u>25,597</u></u>	<u><u>658,726</u></u>
<i>Fund Balances</i>					
Fund Balances					
Non-spendable	10,076	270,969	9,280	22,937	313,262
Restricted	<u>1,392</u>	<u>343,367</u>	<u>(1,955)</u>	<u>2,660</u>	<u>345,464</u>
Total Fund Balances	<u><u>11,468</u></u>	<u><u>614,336</u></u>	<u><u>7,325</u></u>	<u><u>25,597</u></u>	<u><u>658,726</u></u>

TOWN OF ROCKPORT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
LIBRARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

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	189	10,062	120	421	10,792
Change in Fair Value	708	37,372	452	1,571	40,103
	<u>897</u>	<u>47,434</u>	<u>572</u>	<u>1,992</u>	<u>50,895</u>
Expenditures					
Professional Services	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>897</u>	<u>47,434</u>	<u>572</u>	<u>1,992</u>	<u>50,895</u>
Other Financing Sources (Uses)					
Transfers from Other Funds		25,000			25,000
Transfers to Other Funds	(480)	(28,200)	(300)	(900)	(29,880)
Total Other Financing Sources (Uses)	<u>(480)</u>	<u>(3,200)</u>	<u>(300)</u>	<u>(900)</u>	<u>(4,880)</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>417</u>	<u>44,234</u>	<u>272</u>	<u>1,092</u>	<u>46,015</u>
Fund Balance - July 1	<u>11,051</u>	<u>570,102</u>	<u>7,053</u>	<u>24,505</u>	<u>612,711</u>
Fund Balance - June 30	<u>11,468</u>	<u>614,336</u>	<u>7,325</u>	<u>25,597</u>	<u>658,726</u>