

TOWN OF ROCKPORT, MAINE

***FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES***

***FOR THE FISCAL YEAR
ENDED JUNE 30, 2007***

**TOWN OF ROCKPORT
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2007**

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INDEPENDENT AUDITOR'S REPORT

December 13, 2007

Members of the Board of Selectmen
Town of Rockport
Rockport, Maine 04856

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Rockport, Maine as of and for the fiscal year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Rockport, Maine's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Rockport, Maine as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2-5 and 30, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rockport, Maine basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statement. The combining and individual nonmajor fund financial statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.

TOWN OF ROCKPORT, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

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, 2007. 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 Assets – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2007 by \$13,804,318 (presented as “net assets”). Of this amount, \$3,160,516 was reported as “unrestricted net assets”. Unrestricted net assets represent the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Assets – The Town's total net assets increased by \$93,030 (a .678% increase) for the fiscal year ended June 30, 2007. Net assets of governmental activities increased by \$249,249 (a 3.01% increase), while net assets of business-type activities showed a decrease of 156,219 (a 2.87% decrease).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2007, the Town's governmental funds reported a combined ending fund balance of \$3,309,364 with \$1,450,944 being general undesignated fund balance. This undesignated fund balance represents approximately 12.52% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased by \$119,350 (13.25%) during the current fiscal year. Existing debt obligations were retired according to schedule

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.

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.

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 immediately following the fund financial statements.

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).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

71.48% of the Town's net assets reflect 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-like Activities</i>	<i>Total 2007</i>	<i>Total 2006</i>
Current Assets	3,756,800	580,913	4,337,713	5,011,300
Capital Assets	5,974,685	6,226,137	12,200,822	11,834,681
Total Assets	9,731,485	6,807,050	16,538,535	16,845,981
Current Liabilities	531,940	226,956	758,896	723,193
Other Liabilities	680,321	1,295,000	1,975,321	2,411,500
Total Liabilities	1,212,261	1,521,956	2,734,217	3,134,693
Net Assets:				
Invested in Capital Assets	5,111,486	4,756,137	9,867,623	9,254,914
Restricted	628,116	148,063	776,179	889,336
Unrestricted	2,779,622	380,894	3,160,516	3,567,038
Total Net Assets	8,519,224	5,285,094	13,804,318	13,711,288

Changes in Net Assets

Approximately 85.22 percent of the Town's total revenue came from property and excise taxes, approximately 3.48 percent came from State subsidies and grants, and approximately 11.30 percent came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-like activity assets represents \$422,344 of the total expenses for the fiscal year.

	Governmental Activities	Business-like Activities	Total 2007	Total 2006
Revenues:				
Taxes	10,187,880		10,187,880	9,856,421
Program Revenues		700,542	700,542	628,668
Intergovernmental Revenues	415,731		415,731	478,206
Investment Income	183,194	10,843	194,037	115,394
Other Local Sources	374,474	82,010	456,484	473,287
Transfers	131,221	(131,221)		
Total	11,292,500	662,174	11,954,674	11,551,976
Expenses:				
General Government	1,422,216		1,422,216	1,374,801
Public Safety	740,587		740,587	767,774
Public Works	1,183,359		1,183,359	1,191,445
Health and Social Services	36,515		36,515	44,817
Leisure Time Services	325,898		325,898	319,270
Unclassified	6,256		6,256	38,913
Assessments	7,328,420		7,328,420	6,873,138
Capital Outlay				
Sewer System		818,393	818,393	711,145
Total	11,043,251	818,393	11,861,644	11,321,303
Changes in Net Assets	249,249	(156,219)	93,030	230,673

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 \$3,309,364, a decrease of \$407,012 in comparison with the prior year. Approximately 69.19 percent of this total amount constitutes undesignated 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.

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-like activities amounts to \$16,954,716, net of accumulated depreciation of \$4,753,894 leaving a net book value of \$12,200,822. Current year additions include \$194,799 for salt/sand shed, \$43,361 for fuel tanks, \$343,942 for the public safety building, \$52,150 for a fire truck, \$111,560 for a dump truck, \$21,097 for a police cruiser and \$17,775 for floats. Current year deletions include the sale of a 1997 plow truck.

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 128, Rockport, ME 04854.

TOWN OF ROCKPORT
STATEMENT OF NET ASSETS
JUNE 30, 2007

Exhibit A

<i>Assets</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Cash and Equivalents	2,140,103	264,649	2,404,752
Investments	1,017,665	85,341	1,103,006
Receivables			
Taxes	411,217		411,217
Tax Liens	58,081		58,081
Accounts	8,354	230,923	239,277
Prepaid Expense	29,375		29,375
Due from Other Governments	92,005		92,005
Capital Assets:			
Land and Art Work	2,604,186		2,604,186
Other Capital Assets, Net of Depreciation	3,370,499	6,226,137	9,596,636
Total Assets	9,731,485	6,807,050	16,538,535
 <i>Liabilities and Net Assets</i>			
Liabilities			
Accounts Payable	109,786	17,480	127,266
Retainage Payable	11,093		11,093
Due to Other Governments	3,026		3,026
Accrued Salaries Payable	31,587		31,587
Accrued Interest Payable		18,899	18,899
Deferred Revenue			
Other	296	15,577	15,873
Prepaid Taxes	5,194		5,194
Escrow and Security Deposits	1,600		1,600
Compensated Absences Payable	186,480		186,480
Long-term Liabilities:			
Due Within One Year	182,878	175,000	357,878
Due in More Than One Year	680,321	1,295,000	1,975,321
Total Liabilities	1,212,261	1,521,956	2,734,217
Net Assets			
Investment in Capital Assets, net of Related Debt	5,111,486	4,756,137	9,867,623
Restricted Net Assets	628,116	148,063	776,179
Unrestricted	2,779,622	380,894	3,160,516
Total Net Assets	8,519,224	5,285,094	13,804,318
Total Liabilities and Net Assets	9,731,485	6,807,050	16,538,535

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

TOWN OF ROCKPORT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Exhibit B

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants	Governmental Activities	Business-like Activities	Total
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	1,422,216	184,125		(1,238,091)		(1,238,091)
Public Safety	740,587	9,678		(730,909)		(730,909)
Public Works	1,183,359	10,832	92,587	(1,079,940)		(1,079,940)
Health and Social Services	36,515			(36,515)		(36,515)
Leisure Time Services	325,898	75,270		(250,628)		(250,628)
Unclassified	6,256			(6,256)		(6,256)
Assessments	7,328,420			(7,328,420)		(7,328,420)
<u>Total Governmental Activities</u>	<u>11,043,251</u>	<u>279,905</u>	<u>92,587</u>	<u>(10,670,759)</u>		<u>(10,670,759)</u>
<u>Business-type Activities</u>						
Wastewater Enterprise	818,393	700,542	78,581		(39,270)	(39,270)
<u>Total Business-type Activities</u>	<u>818,393</u>	<u>700,542</u>	<u>78,581</u>		<u>(39,270)</u>	<u>(39,270)</u>
<u>Total Primary Government</u>	<u>11,861,644</u>	<u>980,447</u>	<u>171,168</u>	<u>(10,670,759)</u>		<u>(10,710,029)</u>
<u>General Revenues:</u>						
Taxes						
Property				9,463,114		9,463,114
Auto Excise				711,575		711,575
Boat Excise				13,191		13,191
Intergovernmental Revenues				323,144		323,144
Other Local Sources				277,763	14,272	292,035
Transfer to Enterprise Fund				131,221	(131,221)	
<u>Total Revenues, Special Items and Transfers</u>				<u>10,920,008</u>	<u>(116,949)</u>	<u>10,803,059</u>
<u>Changes in Net Assets</u>						
				249,249	(156,219)	93,030
<u>Net Assets - Beginning</u>				<u>8,269,975</u>	<u>5,441,313</u>	<u>13,711,288</u>
<u>Net Assets - Ending</u>				<u>8,519,224</u>	<u>5,285,094</u>	<u>13,804,318</u>

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

TOWN OF ROCKPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2007

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	1,735,165	136,954	267,984	2,140,103
Investments		599,342	418,323	1,017,665
Receivables				
Taxes	411,217			411,217
Tax Liens	58,081			58,081
Accounts	8,354			8,354
Prepaid Expenses	29,375			29,375
Due from Other Governments	92,005			92,005
Due from Other Funds	6,580		396,065	402,645
Total Assets	2,340,777	736,296	1,082,372	4,159,445
 <i>Liabilities and Fund Balances</i>				
Liabilities				
Accounts Payable	109,786			109,786
Retainage Payable			11,093	11,093
Due to Other Governments	3,026			3,026
Accrued Salaries Payable	31,587			31,587
Deferred Revenue				
Property Tax	153,633			153,633
Other	296			296
Prepaid Taxes	5,194			5,194
Due to Other Funds	527,286		6,580	533,866
Escrow and Security Deposits	1,600			1,600
Total Liabilities	832,408		17,673	850,081
 <i>Fund Balances</i>				
Reserved For:				
Encumbrances	57,425			57,425
Endowments		288,262	339,854	628,116
Unreserved	1,450,944	448,034	390,684	2,289,662
Unreserved, Reported in Nonmajor Special Revenue Funds			334,161	334,161
Total Fund Balances	1,508,369	736,296	1,064,699	3,309,364
Total Liabilities and Fund Balances	2,340,777	736,296	1,082,372	4,159,445

(Continued)

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

TOWN OF ROCKPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2007

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

Total Fund Balance	3,309,364
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$1,712,351	<u>5,974,685</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Deferred Taxes	<u>153,633</u>
	<u>153,633</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(781,500)
Accrued Compensated Absences	(186,480)
Capital Leases Payable	(81,699)
Transfer to Enterprise Fund	131,221
	<u>(918,458)</u>
Net Assets of Governmental Activities	<u><u>8,519,224</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, 2007

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	10,318,548			10,318,548
Intergovernmental Revenues	165,198		250,533	415,731
Departmental Revenues	219,499			219,499
Other Local Sources	146,559	89,257	102,353	338,169
Total Revenues	10,849,804	89,257	352,886	11,291,947
Expenditures				
General Government	1,440,723		15,238	1,455,961
Public Safety	744,015		368,942	1,112,957
Public Works	1,407,523		110,128	1,517,651
Health and Social Services	36,283		232	36,515
Leisure Time Services	257,738	5,525	89,227	352,490
Unclassified	6,000			6,000
Assessments	7,328,420			7,328,420
Total Expenditures	11,220,702	5,525	583,767	11,809,994
Excess of Revenues Over (Under) Expenditures	(370,898)	83,732	(230,881)	(518,047)
Other Financing Sources (Uses)				
Lease Proceeds	111,035			111,035
Transfers from Other Funds	273,360	20,000	404,443	697,803
Transfers to Other Funds	(370,900)	(29,880)	(297,023)	(697,803)
Total Other Financing Sources (Uses)	13,495	(9,880)	107,420	111,035
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(357,403)	73,852	(123,461)	(407,012)
Fund Balance - July 1	1,865,772	662,444	1,188,160	3,716,376
Fund Balance - June 30	1,508,369	736,296	1,064,699	3,309,364

(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, 2007**

Net change in fund balances - total governmental funds (407,012)

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	784,158
Depreciation expense	(188,911)
	<u>595,247</u>

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

Transfer to Enterprise Fund	131,221
Deferred Taxes	(130,668)
	<u>553</u>

Bond proceeds proved current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Lease proceeds received	(111,035)
Capital lease obligation principal payments	78,253
General obligation bond principal payments	119,350
	<u>86,568</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	(26,107)
	<u>(26,107)</u>

Change in net assets of governmental activities 249,249

TOWN OF ROCKPORT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2007

Exhibit E

	<u><i>Wastewater Enterprise</i></u>
<i>Assets</i>	
<i>Current Assets:</i>	
Cash and Equivalents	264,649
Investments	85,341
Receivables	
User Fees, net	230,923
Accounts	
Due from Other Funds	<u>131,221</u>
<i>Total Current Assets</i>	<u>712,134</u>
<i>Noncurrent Assets:</i>	
Capital Assets, net	<u>6,226,137</u>
<i>Total Noncurrent Assets</i>	<u>6,226,137</u>
<i>Total Assets</i>	<u><u>6,938,271</u></u>
<i>Liabilities</i>	
<i>Current Liabilities:</i>	
Accounts Payable	17,480
Due to Other Governments	
Accrued Interest Payable	18,899
Deferred Revenue - Other	15,577
Bonds and Notes Payable	<u>175,000</u>
<i>Total Current Liabilities</i>	<u>226,956</u>
<i>Noncurrent Liabilities:</i>	
Bonds and Notes Payable	<u>1,295,000</u>
<i>Total Noncurrent Liabilities</i>	<u>1,295,000</u>
<i>Total Liabilities</i>	<u>1,521,956</u>
<i>Net Assets</i>	
Invested in Capital Assets, net of related debt	4,756,137
Restricted for:	
Capital Projects	148,063
Unrestricted	<u>512,115</u>
<i>Total Net Assets</i>	<u>5,416,315</u>
<i>Total Liabilities and Net Assets</i>	<u><u>6,938,271</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 ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

Exhibit F

	<u>Wastewater Enterprise</u>
Operating Revenues:	
Charges for Services	679,220
Entrance Fees	5,000
Interest/Fees	16,322
	<hr/>
Total Operating Revenues:	700,542
	<hr/>
Operating Expenses:	
Administration	40,310
Contract Operations	132,170
Camden Treatment	116,294
Rockland Treatment	121,489
Samoset Treatment	68,445
Repairs and Maintenance	7,727
Depreciation and Amortization	233,433
	<hr/>
Total Operating Expenses	719,868
	<hr/>
Net Operating Income	(19,326)
	<hr/>
Nonoperating Revenues (Expenses)	
Interest Revenue	10,843
Fair Value Increase (Decrease)	3,429
Interest Expense	(98,525)
	<hr/>
Total Nonoperating Revenues (Expenses)	(84,253)
	<hr/>
Net Income (Loss) before contributions and transfers	(103,579)
	<hr/>
Capital Contributions	78,581
	<hr/>
Change in Net Assets	(24,998)
	<hr/>
Total Net Assets - Beginning	5,441,313
	<hr/>
Total Net Assets - Ending	5,416,315
	<hr/> <hr/>
Change in Net Assets	(24,998)
	<hr/>
Amounts reported for business-type activities in the statement of activities are different because:	
Transfers to general fund for TIF funding and contributed capital	(131,221)
	<hr/>
Change in net assets of business-type activities	(156,219)
	<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, 2007

Exhibit G

	<u>Wastewater Enterprise</u>
<i>Cash Flows from Operating Activities;</i>	
Received from Customers	700,542
Payments to Suppliers	(462,939)
Payments to Employees	(23,496)
Other Receipts (Payments)	9,739
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	223,846
	<hr/>
<i>Cash Flows from Noncapital Financing Activities</i>	
Transfers from Other Funds	78,581
	<hr/>
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	78,581
	<hr/>
<i>Cash Flows from Capital and Related Financing Activities</i>	
Purchases of Capital Assets	(4,326)
Principal Paid on Capital Debt	(160,000)
Interest Paid on Capital Debt	(96,929)
	<hr/>
<i>Net Cash Used in Capital and Related Financing Activities</i>	(261,255)
	<hr/>
<i>Cash Flows from Investing Activities</i>	
Redemption of Investments	78,411
Interest and Dividends	7,728
	<hr/>
<i>Net Cash Provided by (Used in) Investing Activities</i>	86,139
	<hr/>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	127,311
	<hr/>
<i>Balances - beginning of the year</i>	137,338
	<hr/>
<i>Balances - end of the year</i>	264,649
	<hr/> <hr/>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>	
Net Operating Income (Loss)	(19,326)
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	233,433
(Increase) Decrease in Accounts Receivable	57,875
(Increase) Decrease in Interfund Balance	15,900
Increase (Decrease) in Accrued Interest	1,596
Increase (Decrease) in Accounts Payable	(65,632)
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	223,846
	<hr/> <hr/>

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

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

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.

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 2007 fiscal year assessment was calculated as follows:

Camden	47.00%
Hope	8.47%
Lincolnville	15.16%
Rockport	29.37%

The Town of Rockport's cost for June 30, 2007 was \$211,362.

In June 1999, GASB issued Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". This statement, known as the "Reporting Model" statement affects the way the Town prepares financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (continued)

Management's Discussion and Analysis

GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Government-wide Financial Statements

The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). The Town has recorded historical infrastructure assets in governmental activities and, accordingly, has recorded depreciation expense on those assets. The Town has recorded these effective June 30, 2006. Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets

The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities). Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net assets of a government will be broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Program Activities

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for example, through user charges or intergovernmental grants).

Budgetary Comparison Schedules

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments may revise their original budgets over the course of the year for a variety of reasons. Under GASB No. 34, governments continue to provide budgetary comparison information in their annual reports. GASB Statement No. 34 requires that the Town add the original budget to the current comparison of the final budget and actual results.

B. Fund Accounting

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (continued)

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of the Town's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the servicing of general long-term debt (debt service fund). The General Fund is used to account for all activities of the general government not accounted in some other fund.

Proprietary funds are established to account for activities for which a fee is charged to external or internal users for goods or services. Their reporting focuses on the determination of operating income and changes in net assets. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other agencies primarily within the Town (internal service funds).

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.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and various 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. 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 standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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 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.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-wide and Fund Financial Statements (continued)

Additionally, the Town reports the following fund types:

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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. 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 imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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. 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 the fund liability is incurred. However, debt service expenditures (if any) 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 and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports deferred revenue on its governmental fund financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred 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 deferred revenue is removed from the balance sheet and the revenue is recognized.

E. Assets, Liabilities and Equity

1. Deposits and Investments

Governmental Accounting Standards Statement No. 40 requires the disclosure of interest rate risk, credit risk, and custodial risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District invests in short term repurchase obligations and short term investments held by a local banking institution. As a means of limiting its exposure credit risk, the District limits its investments to those authorized by Maine State Statutes, which authorize the District to make deposits/investments in insured commercial banks, insured credit unions, and direct debt securities of the United States Government unless such an investment is expressly prohibited by law. For an investment, custodial risk is the risk that in the event of the failure of the counter party the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (continued)

1. Deposits and Investments (continued)

As a means of limiting its exposure to custodial risk, the District requires that, at the time funds are invested, collateral for repurchase agreements be held in the District's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve.

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 deferred revenue. At June 30, \$153,633 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on October 12, 2006 on property values assessed on April 1. Taxes were due in two installments due on November 15 and May 15, with interest at 11% beginning November 16 and May 16. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

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. Capital Assets

Capital assets, which property, plant, equipment, and infrastructure (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 is 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, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued)

5. Compensated Absences

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.

6. 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. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

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.

7. Fund Equity/Net Assets

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. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose.

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 unreserved 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.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (continued)

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 \$57,425 at June 30 and is detailed in Exhibit A-2.

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash and Equivalents

At year-end, the government's carrying amount of deposits was \$2,404,752 and the bank balance was \$2,595,942. 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.

	Bank Balance	Category		
		1	2	3
Cash and Equivalents	<u>2,595,942</u>	<u>99,029</u>	<u>2,496,913</u>	<u>-</u>

Included in the Town's cash equivalents at June 30, 2007, 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. At June 30, 2007, the Town held investments in repurchase agreements as follows:

Amount	Interest Rate	Maturity Date	Collateral Pledged	
			Underlying Securities	Fair Value
\$ 2,588,000	5.50%	7/1/07	SEC 167 GNMA Pool #884019	\$ 2,496,913

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

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

Investments

Investments made by the Town are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk into three categories as follows:

- Category 1 - Insured or registered, or securities held by the government or its agent in the government's name.
- Category 2 - Uninsured and unregistered, with securities held by the counter party's trust department or agent in the government's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name.

	<i>Category 2</i>	<i>Fair Value</i>
U.S. Government Obligations	81,316	81,316
Corporate Bonds	62,551	62,551
Common and Preferred Stock	837,426	837,426
	<u>981,293</u>	981,293
Mutual Funds		<u>121,713</u>
Total Investments		<u><u>1,103,006</u></u>

C. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value	920,514,300
Tax Rate (per \$1,000)	<u>10.20</u>
Commitment	<u><u>9,389,246</u></u>
Appropriations	10,952,442
Less:	
State Municipal Revenue Sharing	198,064
Estimated Revenues	1,306,465
Homestead Reimbursement	<u>58,667</u>
	<u>1,563,196</u>
Net Assessment for Commitment	<u><u>9,389,246</u></u>

Supplemental taxes totaling \$20,957 were committed for collection during the year. Uncollected taxes at June 30 for the current year commitment totaled \$411,000, which represents tax collection of 95.62% of current year commitment. Unpaid liens at June 30 totaled \$58,081.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

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

D. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2007 were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	6,580	527,286
Special Revenue Funds		
Municipal Revenue Sharing	3,621	
Local Road Assistance	29,987	
Comprehensive Planning Grant	2,719	
Reserves / Special Projects	257,082	
Library Operating		6,580
Other Special Revenues	42,394	
Capital Projects		
Jacobs Quarry Pathway	15,425	
Sand/Salt Shed	11,667	
Public Works Fuel Tank	6,639	
Public Safety Building	19,179	
Wastewater Fund	131,221	
Cemetery Permanent Fund	7,352	
Totals	<u>533,866</u>	<u>533,866</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. \$52,910 of the above balances is expected to be repaid during the next year. The remainder 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, 2007

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

E. Capital Assets (continued)

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Governmental Activities;				
<i>Capital assets not begin depreciated</i>				
Land	2,595,686			2,595,686
<i>Capital assets being depreciated</i>				
Buildings	1,825,086	582,101		2,407,187
Equipment	1,990,066	202,582	63,000	2,129,648
Infrastructure	554,515			554,515
<i>Total capital assets being depreciated</i>	4,369,667	784,683	63,000	5,091,350
<i>Less accumulated depreciation for</i>				
Buildings	446,973	36,967		483,940
Equipment	1,117,659	140,854	62,475	1,196,038
Infrastructure	21,283	11,090		32,373
<i>Total accumulated depreciation</i>	1,585,915	188,911	62,475	1,712,351
<i>Net capital assets being depreciated</i>	2,783,752	595,772		3,378,999
Governmental Activities				
Capital Assets, net	5,379,438	595,772		5,974,685

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

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

E. Capital Assets (continued)

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Business-type Activities;				
<i>Capital assets being depreciated</i>				
Sewer System	9,200,877	4,328		9,205,205
<i>Total capital assets being depreciated</i>	<u>9,200,877</u>	<u>4,328</u>		<u>9,205,205</u>
<i>Less accumulated depreciation for</i>				
Sewer System	2,745,634	233,434		2,979,068
<i>Total accumulated depreciation</i>	<u>2,745,634</u>	<u>233,434</u>		<u>2,979,068</u>
<i>Net capital assets being depreciated</i>	<u>6,455,243</u>	<u>(229,106)</u>		<u>6,226,137</u>
Business-type Activities Capital Assets, net	<u><u>6,455,243</u></u>	<u><u>(229,106)</u></u>		<u><u>6,226,137</u></u>

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

Governmental Activities

General Government	11,166
Public Safety	45,101
Public Works, including general infrastructure assets	109,225
Unclassified	256
Leisure Time Services	<u>23,163</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>188,911</u></u>

F. 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:

<u>Year-Ended June 30,</u>	<u>Minimum Lease Payment</u>
2008	29,753
2009	29,754
2010	<u>29,754</u>
Total Minimum Lease Payments	89,261
Less: Amount Representing Interest	<u>(7,562)</u>
Present Value of Future Minimum Lease Payments	<u><u>81,699</u></u>

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

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

G. 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>
1992 Sewer Improvements	11/1/2012	5.90-6.35	220,000
1992 Sewer Improvements	11/1/2012	5.90-6.75	760,000
2001 TIF Project Bond	11/1/2020	4.676-5.571	<u>490,000</u>
			<u>1,470,000</u>

<i>General Obligation</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
2000 Cemetery Land Bond	11/1/2010	4.675-5.301	116,000
2002 Harbor Building	11/1/2011	3.073-4.198	183,000
2005 Revaluation Bond	10/14/2008	4.25	107,500
2006 Salt/Sand Shed	11/1/2016	2.15 - 4.4	<u>375,000</u>
			<u>781,500</u>

Annual debt service requirements to maturity for general and proprietary obligation bonds and notes including interest of \$512,632 are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
2008	188,571	261,552	450,123
2009	181,836	265,091	446,927
2010	121,385	257,866	379,251
2011	116,730	259,942	376,672
2012	83,549	246,435	329,984
2013-2017	204,159	420,916	625,075
2018-2022		156,100	156,100
Total	<u>896,230</u>	<u>1,867,902</u>	<u>2,764,132</u>

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

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

G. Long-Term Debt (continued)

2. Changes in Long-Term Liabilities

The following summary of long-term debt transactions of the Town of Rockport for the fiscal year ended June 30, 2007:

Long-term Debt payable July 1, 2006	900,850
Debt Issued	
Debt Retired	<u>(119,350)</u>
Long-term Debt payable June 30, 2007	<u><u>781,500</u></u>

4. Overlapping Debt

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

<i>Units</i>	<i>Net debt outstanding June 30, 2007</i>	<i>Percentage applicable to the Town</i>	<i>Town's proportionate share of debt</i>
School Administrative District No. 28	4,475,917	48.57%	2,173,953
Consolidated School District	20,837,838	29.57%	6,161,749
MCSWC	253,789	29.37%	74,538
Knox County	<u>1,239,643</u>	13.92%	<u>172,619</u>
Totals	<u><u>26,807,187</u></u>		<u><u>8,582,858</u></u>

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

H. Permanent Funds

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

<i>Purpose</i>	<i>Nonexpendable</i>	<i>Expendable</i>
Welfare Trust Fund	50,780	221,000
Library Trust Fund	288,262	448,034
Cemetery Trust Fund	<u>289,074</u>	<u>64,175</u>
Totals	<u><u>628,116</u></u>	<u><u>733,209</u></u>

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

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

I. 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,	4,591,400
Additions	
Debt Service - TIF Fund	78,580
Deductions:	
Depreciation Provided by Contributed Capital	<u>(144,689)</u>
Balance - June 30	<u>4,525,291</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 employees 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, 2007

NOTE 4 - OTHER INFORMATION (Continued)

B. Pension Plans (continued)

Plan Description (continued)

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

The Maine State 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 State 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, 2005, 2006, and 2007, was \$27,819, \$27,193, and \$25,431 respectively.

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 1.5% for employers, less a monthly credit of \$419 for its Initial Unfunded Unpooled Actuarial Liability (IUUAL). The contribution requirements of plan members and the Town are established by the Maine State Retirement System Board of Trustees. The Town's contribution for the fiscal year ended June 30, 2007 was \$7,845.

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, 2007.

TOWN OF ROCKPORT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

Exhibit H

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	10,305,310	10,305,310	10,318,548	13,238
Intergovernmental Revenues	79,817	165,046	165,198	152
Departmental Revenues	227,415	227,415	219,499	(7,916)
Other Local Sources	66,540	66,540	146,559	80,019
Total Revenues	10,679,082	10,764,311	10,849,804	85,493
Expenditures (Net of Departmental Revenues)				
General Government	1,390,377	1,390,377	1,418,162	(27,785)
Public Safety	747,785	737,785	734,215	3,570
Public Works	1,163,521	1,346,052	1,375,377	(29,325)
Health and Social Services	36,913	36,913	36,283	630
Leisure Time Services	253,731	261,464	255,338	6,126
Unclassified		6,000	6,000	-
Assessments	7,313,115	7,313,115	7,328,420	(15,305)
Total Expenditures	10,905,442	11,091,706	11,153,795	(62,089)
Excess Revenues Over Expenditures	(226,360)	(327,395)	(303,991)	23,404
Other Financing Sources				
Lease Proceeds		111,035	111,035	-
Transfers from Other Funds	273,360	273,360	273,360	-
Transfers to Other Funds	(355,000)	(365,000)	(365,000)	-
Total Other Financing Sources	(81,640)	19,395	19,395	-
Net Change in Fund Balance	(308,000)	(308,000)	(284,596)	23,404
Beginning Fund Balances - Budgetary Basis	1,058,300	1,058,300	1,735,540	677,240
Ending Fund Balances - Budgetary Basis	750,300	750,300	1,450,944	700,644
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			57,425	57,425
Ending Fund Balances - GAAP Basis	750,300	750,300	1,508,369	758,069

TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2007

Exhibit A-1
Page 1 of 2

	<u>Estimated</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Taxes			
Property	9,587,310	9,540,870	(46,440)
Auto Excise	675,000	711,575	36,575
Boat Excise	13,000	13,191	191
Interest/Fees on Taxes/Liens	30,000	52,912	22,912
	<u>10,305,310</u>	<u>10,318,548</u>	<u>13,238</u>
Intergovernmental Revenues			
State of Maine			
General Assistance	1,500	3,218	1,718
Homestead Reimbursement	58,667	58,667	
Tree Growth	900	2,111	1,211
Veterans Reimbursement	3,500	2,405	(1,095)
Gas Tax Refund	250	210	(40)
Ship Grant	7,733	7,733	
Federal			
Planning Grant	6,000	6,000	
FEMA	86,496	84,854	(1,642)
	<u>165,046</u>	<u>165,198</u>	<u>152</u>
Departmental Revenues			
Police			
Sale of Vehicles	4,000	4,000	
All Other	7,350	3,719	(3,631)
Animal Control	1,800	1,923	123
Fire	100	36	(64)
Planning			
Building Permits	98,000	61,358	(36,642)
Plumbing Permits	9,000	5,277	(3,723)
Planning Board Fees	14,000	27,300	13,300
All Other		200	200
Harbor Fees			
Moorings	30,715	30,336	(379)
Tie Offs	8,400	9,678	1,278
Winter Boat Storage	3,120	3,411	291
Lease Income	5,000	5,000	
All Other	17,430	19,470	2,040
Public Works			
Cemetery - Sale of Lots	1,500	175	(1,325)
All Other	3,000	6,850	3,850
Town Clerk			
Clerk Fees	11,000	17,854	6,854
Agent Fees	8,500	10,627	2,127
Judgments & Miscellaneous Settlements		5,000	5,000
All Other	1,200	1,129	(71)
Administration	3,300	6,156	2,856
	<u>227,415</u>	<u>219,499</u>	<u>(7,916)</u>

TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2007

Exhibit A-1
Page 2 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under)</i> <i>Budget</i>
Other Local Sources			
Interest on Investments	30,000	62,162	32,162
Payment in Lieu of Taxes		7,900	7,900
Opera House	12,500	14,773	2,273
Cable TV Franchise		23,140	23,140
PBMC Traffic Light	1,820	3,746	1,926
Old County Road Traffic Light	1,820	61	(1,759)
WW Reimb. Wage & Benefits	15,000	25,694	10,694
MMA Insurance Dividend	4,000	8,757	4,757
Sale of Town Owned Property		133	133
All Other	1,400	193	(1,207)
	<u>66,540</u>	<u>146,559</u>	<u>80,019</u>
Other Financing Sources			
Lease Proceeds	111,035	111,035	
Municipal Revenue Sharing	198,064	198,064	
Urban Rural Initiative Program	54,396	54,396	
Snowmobile Reimbursement	900	900	
Cemetery Trust Funds	20,000	20,000	
	<u>384,395</u>	<u>384,395</u>	
Total Revenues and Other Financing Sources	11,148,706	<u><u>11,234,199</u></u>	<u><u>85,493</u></u>
Beginning Fund Balance Used	<u>308,000</u>		
Total	<u><u>11,456,706</u></u>		

TOWN OF ROCKPORT

GENERAL FUND

STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES

FOR THE YEAR ENDED JUNE 30, 2007

	Encumbered from 6/30/06	Appropriations	Expenditures Net of Refund	Encumbered to 6/30/08	(Over) Under Budget
General Government					
Selectmen		5,450	5,270		180
Video Technician		2,000	2,329		(329)
Recording Secretary		6,000	4,566		1,434
Legal	11,240	40,000	51,299	7,728	(7,787)
Town Manager		85,050	86,026		(976)
Secretary		34,247	34,160		87
Town Clerk		117,026	113,442		3,584
Finance Director		57,410	76,782		(19,372)
Assessor	9,050	94,987	107,134		(3,097)
Other Administration		50,150	47,121		3,029
Employee Benefits		522,000	498,623		23,377
Municipal Building		121,753	143,314		(21,561)
Planning and Development		133,935	131,950		1,985
GIS		5,765	5,760		5
Revaluation	20,687	50,604	60,603	10,688	
Insurances		54,000	51,869		2,131
TAN Interest		5,000	15,726		(10,726)
MMA Dues		5,000	4,749		251
	40,977	1,390,377	1,440,723	18,416	(27,785)
Public Safety					
Police Department		354,657	362,930		(8,273)
Fire Department	9,800	137,366	141,755		5,411
Animal Control Officer		8,868	7,686		1,182
Emergency Medical		1,800	1,500		300
Street Lights		54,000	50,800		3,200
Traffic Lights		5,360	4,436		924
Hydrant Rental		104,800	103,974		826
Camden First Aid Association		19,000	19,000		
County Dispatch and E-911		51,934	51,934		
	9,800	737,785	744,015		3,570
Public Works					
Public Works Department	1,402	1,080,530	1,107,779	1,402	(27,249)
Sanitation		213,862	213,662		200
Cemeteries	69,753	51,660	86,082	37,607	(2,276)
	71,155	1,346,052	1,407,523	39,009	(29,325)

TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2007

	Encumbered from 6/30/06	Appropriations	Expenditures Net of Refund	Encumbered to 6/30/08	(Over) Under Budget
Health and Social Services					
General Assistance		12,052	12,673		(621)
Community Services		4,000	4,000		
Provider Services		20,861	19,610		1,251
		36,913	36,283		630
Leisure Time Services					
Recreation and Parks	2,400	50,409	51,932		877
Library		115,557	110,445		5,112
Harbor Floats		31,733	33,000		(1,267)
Harbor Operations		63,765	62,361		1,404
	2,400	261,464	257,738		6,126
Unclassified					
Planning Grant		6,000	6,000		
		6,000	6,000		
Assessments					
MSAD #28		4,166,676	4,166,676		
Knox County		829,075	829,075		
CSD School Assessment		2,198,160	2,198,160		
Tax Increment Financing		62,681	78,581		(15,900)
Overlay		56,523	55,928		595
		7,313,115	7,328,420		(15,305)
Operating Transfers Out					
Reserves					
Labor		10,000	10,000		
Harbor		5,000	5,000		
Recreation Capital Improvement		4,000	4,000		
Police		2,000	2,000		
Public Safety Building	5,900	344,000	349,900		
	5,900	365,000	370,900		
Totals	130,232	11,456,706	11,591,602	57,425	(62,089)

TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF CHANGES IN UNRESERVED - UNDESIGNATED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

Exhibit A-3

Unreserved - Undesignated Fund Balance, July 1	1,735,540	
Unreserved - Undesignated Fund Balance, June 30	<u>1,450,944</u>	
Increase (Decrease)		<u><u>(284,596)</u></u>

Analysis of Change

Additions		
Budget Summary		
Revenue Surplus (Exhibit A-1)	85,493	
Unexpended Balance of Appropriations (Exhibit A-2)	<u>(62,089)</u>	
		23,404
Deductions		
Fund Balance Used to Fund Appropriations		<u>(308,000)</u>
Increase (Decrease)		<u><u>(284,596)</u></u>

TOWN OF ROCKPORT
 ALL SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 FOR THE YEAR ENDED JUNE 30, 2007

Exhibit B-1

<i>Assets</i>	<i>Municipal Revenue Sharing</i>	<i>Library Operating Fund</i>	<i>Local Road Assistance</i>	<i>Comprehensive Planning Grant</i>	<i>Reserves/ Special Projects</i>	<i>Other Special Revenue Funds (Exhibit B-2)</i>	<i>Total</i>
Cash and Equivalents		9,136				11,066	20,202
Investments						48,428	48,428
Due from Other Funds	3,621		29,987	2,719	257,082	42,394	335,803
Total Assets	3,621	9,136	29,987	2,719	257,082	101,888	404,433
<i>Liabilities & Fund Balances</i>							
Liabilities							
Due to Other Funds		6,580					6,580
Total Liabilities	-	6,580	-	-	-	-	6,580
<i>Fund Balances</i>							
Fund Balances							
Unreserved							
Designated for Subsequent Years' Expenditures		2,556	29,987	2,719	257,082	101,888	292,344
Undesignated	3,621						105,509
Total Fund Balances	3,621	2,556	29,987	2,719	257,082	101,888	397,853
Total Liabilities & Fund Balances	3,621	9,136	29,987	2,719	257,082	101,888	404,433

**TOWN OF ROCKPORT
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007**

Exhibit B-2

<i>Assets</i>	<i>Snowmobile Fund</i>	<i>Opera House Donations</i>	<i>Rockport Harbor Land Acquisition</i>	<i>Rotary Club of West Bay</i>	<i>Walker Park Playground</i>	<i>Police Department</i>	<i>Police Regionalization Study</i>	<i>Library Funds</i>	<i>Total</i>
Cash and Equivalents								11,066	11,066
Investments								48,428	48,428
Due from Other Funds	328	1,408	6,538	4,198	14,134	10,013	5,775		42,394
Total Assets	328	1,408	6,538	4,198	14,134	10,013	5,775	59,494	101,888
<i>Liabilities & Fund Balances</i>									
<i>Liabilities</i>									
Due to Other Funds									-
Total Liabilities	-	-	-	-	-	-	-	-	-
<i>Fund Balances</i>									
Fund Balances									
Unreserved									
Designated for Subsequent Years' Expenditures									
Undesignated	328	1,408	6,538	4,198	14,134	10,013	5,775	59,494	101,888
Total Fund Balances	328	1,408	6,538	4,198	14,134	10,013	5,775	59,494	101,888

**TOWN OF ROCKPORT
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007**

	Municipal Revenue Sharing	Library Operating Fund	Local Road Assistance	Comprehensive Planning Grant	Cascade Foundation Harbor Gift	Reserves/Special Projects (Exhibit B-5)	Other Special Revenue Funds (Exhibit B-4)	Total
Revenues								
Intergovernmental Revenues	175,765		63,236				11,532	250,533
Local Sources		32,585			10,000	16,151	9,042	67,778
Total Revenues	175,765	32,585	63,236	-	10,000	16,151	20,574	318,311
Expenditures								
General Government						11,318	3,920	15,238
Public Safety						23,600	1,400	25,000
Public Works						8,750		8,750
Health & Social Services							232	232
Harbor			10,000			5,384		15,384
Leisure Time Services						3,620		3,620
Library Operations		69,767					456	70,223
Total Expenditures	-	69,767	-	-	10,000	52,672	6,008	138,447
Excess of Revenues Over (Under)	175,765	(37,182)	63,236	-	-	(36,521)	14,566	179,864
Expenditures								
Other Financing Sources (Uses)								
Transfers from Other Funds		32,040				21,000		53,040
Transfers to Other Funds	(198,064)	(20,000)	(54,396)			(1,503)	(3,060)	(277,023)
Total Other Financing Sources (Uses)	(198,064)	12,040	(54,396)	-	-	19,497	(3,060)	(223,983)
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(22,299)	(25,142)	8,840	-	-	(17,024)	11,506	(44,119)
Fund Balance - July 1	25,920	27,698	21,147	2,719		274,106	90,382	441,972
Fund Balance - June 30	3,621	2,556	29,987	2,719	-	257,082	101,888	397,853

**TOWN OF ROCKPORT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES
 OTHER SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007**

	<i>Snowmobile Fund</i>	<i>Opera House Donations</i>	<i>Rockport Harbor Land Acquisition</i>	<i>Rotary Club of West Bay</i>	<i>Walker Park Playground</i>	<i>Police Department</i>	<i>Police Regionalization Study</i>	<i>Library Funds</i>	<i>Total</i>
Revenues									
Intergovernmental Donations	557			1,500		5,200	5,775		11,532
Local Sources			167					7,375	1,500
Total Revenues	557	-	167	1,500	-	5,200	5,775	7,375	20,574
Expenditures									
Equipment Repairs & Maintenance		3,920				1,400			1,400
General Assistance				232				456	3,920
Other									232
Total Expenditures	-	3,920	-	232	-	1,400	-	456	456
Excess of Revenues Over (Under) Expenditures	557	(3,920)	167	1,268	-	3,800	5,775	6,919	14,566
Other Financing Sources (Uses)									
Transfers from Other Funds	(900)							(2,160)	(3,060)
Transfers to Other Funds									
Total Other Financing Sources (Uses)	(900)	-	-	-	-	-	-	(2,160)	(3,060)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(343)	(3,920)	167	1,268		3,800	5,775	4,759	11,506
Fund Balance - July 1	671	5,328	6,371	2,930	14,134	6,213		54,735	90,382
Fund Balance - June 30	328	1,408	6,538	4,198	14,134	10,013	5,775	59,494	101,888

**TOWN OF ROCKPORT
RESERVES/SPECIAL PROJECTS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2007**

Exhibit B-5

	<i>Balance July 1</i>	<i>Revenues</i>	<i>Transfer In (Transfers Out)</i>	<i>Expenditures</i>	<i>Balance June 30</i>
Lime Kiln	492	27			519
Municipal Office	503		(503)		-
Part-Time Clerk	5,123	285			5,408
Police Department Equipment	7,228	1,257	2,000		10,485
Recreation	50,717	2,832	4,000	(3,620)	53,929
Fire Equipment	72,388	4,755		(23,600)	53,543
Opera House Building	4,000	222			4,222
Public Safety Building	1,000		(1,000)		-
Cramer Locomotive	2,966	165			3,131
Camden/Rockport Transportation					
Master Plan	2,732	152			2,884
Public Works	71,246	3,463		(8,750)	65,959
Conservation	8,130	439		(200)	8,369
Tax Maps	383			(383)	-
Training	358			(358)	-
Video Equipment	3,388	121		(1,218)	2,291
Marine Park	2,278	105	5,000	(5,384)	1,999
Opera House Repairs & Maintenance	2,384	132			2,516
Veteran's Memorial	201	11			212
Labor/Accrued Benefits	38,239	2,166	10,000	(9,159)	41,246
Street Light Adoption	350	19			369
Totals	274,106	16,151	19,497	(52,672)	257,082

**TOWN OF ROCKPORT
ALL CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007**

Exhibit C-1

<i>Assets</i>	<u><i>Sand/Salt Shed</i></u>	<u><i>Public Works Fuel Tank</i></u>	<u><i>Jacobs Quarry Pathway</i></u>	<u><i>Public Safety Building</i></u>	<u><i>Totals</i></u>
Due from Other Funds	<u>11,667</u>	<u>6,639</u>	<u>15,425</u>	<u>19,179</u>	<u>52,910</u>
Total Assets	<u>11,667</u>	<u>6,639</u>	<u>15,425</u>	<u>19,179</u>	<u>52,910</u>
 <i>Liabilities & Fund Balances</i>					
Liabilities					
Retainage Payable	<u></u>	<u></u>	<u></u>	<u>11,093</u>	<u>11,093</u>
Total Liabilities	<u></u>	<u></u>	<u></u>	<u>11,093</u>	<u>11,093</u>
Fund Balances					
Unreserved					
Designated for Subsequent Years' Expenditures	<u>11,667</u>	<u>6,639</u>	<u>15,425</u>	<u>8,086</u>	<u>41,817</u>
Total Fund Balances	<u>11,667</u>	<u>6,639</u>	<u>15,425</u>	<u>8,086</u>	<u>41,817</u>
Total Liabilities & Fund Balances	<u>11,667</u>	<u>6,639</u>	<u>15,425</u>	<u>19,179</u>	<u>52,910</u>

**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, 2007**

	<u>Sand/Salt Shed</u>	<u>Public Works Fuel Tank</u>	<u>Jacobs Quarry Pathway</u>	<u>Public Safety Building</u>	<u>Total</u>
Revenues					
Local Sources				625	625
Total Revenues	-	-	-	625	625
Expenditures					
Construction	33,726	42,971		327,310	404,007
Engineering	11,748			10,710	22,458
Paving	11,543				11,543
Other		390		5,922	6,312
Total Expenditures	57,017	43,361	-	343,942	444,320
Excess of Revenues Over (Under) Expenditures	(57,017)	(43,361)	-	(343,317)	(100,378)
Other Financing Sources (Uses)					
Transfers from Other Funds				351,403	351,403
Transfers to Other Funds					
Total Other Financing Sources (Uses)	-	-	-	351,403	351,403
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(57,017)	(43,361)	-	8,086	(92,292)
Fund Balance - July 1	68,684	50,000	15,425		134,109
Fund Balance - June 30	11,667	6,639	15,425	8,086	41,817

**TOWN OF ROCKPORT
 COMBINING BALANCE SHEET
 ALL PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007**

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	138,757	109,025	136,954	384,736
Investments	207,140	162,755	599,342	969,237
Due from Other Funds	<u>7,352</u>			<u>7,352</u>
Total Assets	<u><u>353,249</u></u>	<u><u>271,780</u></u>	<u><u>736,296</u></u>	<u><u>1,361,325</u></u>
Fund Balances				
Reserved for Endowments	289,074	50,780	288,262	628,116
Unreserved	<u>64,175</u>	<u>221,000</u>	<u>448,034</u>	<u>733,209</u>
Total Fund Balances	<u><u>353,249</u></u>	<u><u>271,780</u></u>	<u><u>736,296</u></u>	<u><u>1,361,325</u></u>

TOWN OF ROCKPORT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

Exhibit D-2

	<u>Cemetery</u>	<u>Welfare</u>	<u>Library</u>	<u>Total</u>
Revenues				
Local Sources	2,175			2,175
Investment Income	14,827	10,900	21,291	47,018
Change in Fair Value	2,271	3,777	67,966	74,014
	<u>19,273</u>	<u>14,677</u>	<u>89,257</u>	<u>123,207</u>
Expenditures				
Professional Services			5,525	5,525
Cemetery	1,000			1,000
Total Expenditures	<u>1,000</u>	<u>-</u>	<u>5,525</u>	<u>6,525</u>
Excess of Revenues Over (Under) Expenditures	<u>18,273</u>	<u>14,677</u>	<u>83,732</u>	<u>116,682</u>
Other Financing Sources (Uses)				
Transfers from Other Funds			20,000	20,000
Transfers to Other Funds	(20,000)		(29,880)	(49,880)
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>-</u>	<u>(9,880)</u>	<u>(29,880)</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>(1,727)</u>	<u>14,677</u>	<u>73,852</u>	<u>86,802</u>
Fund Balance - July 1	<u>354,976</u>	<u>257,103</u>	<u>662,444</u>	<u>1,274,523</u>
Fund Balance - June 30	<u>353,249</u>	<u>271,780</u>	<u>736,296</u>	<u>1,361,325</u>

TOWN OF ROCKPORT
 COMBINING BALANCE SHEET
 ALL LIBRARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

Exhibit D-3

Assets	Chatfield Fund	Rockport Library	Dodge Fund	Gardner Fund	Rohrbough Fund	Boyd Fund	Total
Cash and Equivalents	2,419	127,796	1,536	5,203	7,697	3,369	148,020
Investments	10,584	559,265	6,723	22,770	33,683	14,745	647,770
Total Assets	13,003	687,061	8,259	27,973	41,380	18,114	795,790
Fund Balances							
Fund Balances	10,076	245,969	9,280	22,937			288,262
Reserved for Endowments	2,927	441,092	(1,021)	5,036	41,380	18,114	507,528
Unreserved							
Total Fund Balances	13,003	687,061	8,259	27,973	41,380	18,114	795,790

**TOWN OF ROCKPORT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
LIBRARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

Exhibit D-4

	Chatfield Fund	Rockport Library	Dodge Fund	Gardner Fund	Rohrbough Fund	Boyd Fund	Total
Revenues							
Local Sources							
Investment Income	385	19,838	244	824	1,223	537	23,051
Change in Fair Value	1,228	63,329	779	2,630	3,900	1,715	73,581
	1,613	83,167	1,023	3,454	5,123	2,252	96,632
Expenditures							
Professional Services	100	5,148	63	214	317	139	5,981
Total Expenditures	100	5,148	63	214	317	139	5,981
Excess of Revenues Over (Under) Expenditures	1,513	78,019	960	3,240	4,806	2,113	90,651
Other Financing Sources (Uses)							
Transfers from Other Funds		20,000					20,000
Transfers to Other Funds	(480)	(28,200)	(300)	(900)	(1,440)	(720)	(32,040)
Total Other Financing Sources (Uses)	(480)	(8,200)	(300)	(900)	(1,440)	(720)	(12,040)
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	1,033	69,819	660	2,340	3,366	1,393	78,611
Fund Balance - July 1	11,970	617,242	7,599	25,633	38,014	16,721	717,179
Fund Balance - June 30	13,003	687,061	8,259	27,973	41,380	18,114	795,790