

TOWN OF ROCKPORT

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

FOR THE YEAR ENDED JUNE 30, 2008

**TOWN OF ROCKPORT
 FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2008**

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INDEPENDENT AUDITOR'S REPORT

November 14, 2008

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

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, 2008, 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, 2008, 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, CPA

James W. Wadman, CPA

TOWN OF ROCKPORT, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

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, 2008. 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, 2008 by \$14,026,153 (presented as “net assets”). Of this amount, \$3,208,401 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 \$221,835 (a 1.61% increase) for the fiscal year ended June 30, 2008. Net assets of governmental activities increased by \$218,732 (a 2.57% increase), while net assets of business-type activities showed an increase of 3,103 (a .06% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2008, the Town's governmental funds reported a combined ending fund balance of \$3,409,225 with \$1,646,501 being general undesignated fund balance. This undesignated fund balance represents approximately 13.57% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased by \$156,850 (20.07%) 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

71.25% 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-type Activities</i>	<i>Total 2008</i>	<i>Total 2007</i>
Current Assets	3,710,349	633,940	4,344,289	4,337,713
Capital Assets	6,033,481	5,992,704	12,026,185	12,200,822
Total Assets	9,743,830	6,626,644	16,370,474	16,538,535
Current Liabilities	487,407	233,447	720,854	758,896
Other Liabilities	518,467	1,105,000	1,623,467	1,975,321
Total Liabilities	1,005,874	1,338,447	2,344,321	2,734,217
Net Assets:				
Invested in Capital Assets	5,295,958	4,697,704	9,993,662	9,867,623
Restricted	649,391	174,699	824,090	776,179
Unrestricted	2,792,607	415,794	3,208,401	3,160,516
Total Net Assets	8,737,956	5,288,197	14,026,153	13,804,318

Changes in Net Assets

Approximately 86.84 percent of the Town's total revenue came from property and excise taxes, approximately 2.82 percent came from State subsidies and grants, and approximately 10.34 percent came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-like activity assets represents \$464,329 of the total expenses for the fiscal year.

	Governmental Activities	Business-like Activities	Total 2008	Total 2007
Revenues:				
Taxes	11,286,380		11,286,380	10,187,880
Program Revenues		757,058	757,058	700,542
Intergovernmental Revenues	366,892		366,892	415,731
Investment Income	121,185	9,335	130,520	194,037
Other Local Sources	374,186	81,489	455,675	456,484
Transfers	(4,585)	4,585		
Total	12,144,058	852,467	12,996,525	11,954,674
Expenses:				
General Government	1,434,999		1,434,999	1,422,216
Public Safety	801,764		801,764	740,587
Public Works	1,197,395		1,197,395	1,183,359
Health and Social Services	15,965		15,965	36,515
Leisure Time Services	282,457		282,457	325,898
Unclassified	256		256	6,256
Assessments	8,192,490		8,192,490	7,328,420
Capital Outlay				
Sewer System		849,364	849,364	818,393
Total	11,925,326	849,364	12,774,690	11,861,644
Changes in Net Assets	218,732	3,103	221,835	93,030

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 \$3,409,225, an increase of \$99,861 in comparison with the prior year. Approximately 79.88 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 \$17,162,043, net of accumulated depreciation of \$5,135,858 leaving a net book value of \$12,026,185. Current year additions include \$5,720 for salt/sand shed, \$1,400 for fuel tanks, \$10,421 for the public safety building, \$66,560 for a loader, \$35,776 for a Ford F-350, \$23,864 for a police cruiser and \$145,951 for paving. Current year deletions include a 2001 Chevy impala cruiser.

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 04854.

TOWN OF ROCKPORT
STATEMENT OF NET ASSETS
JUNE 30, 2008

Exhibit A

<i>Assets</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Cash and Equivalents	2,127,310	301,087	2,428,397
Investments	1,002,400	102,879	1,105,279
Receivables			
Taxes	502,205		502,205
Tax Liens	63,338		63,338
Accounts	4,523	229,974	234,497
Due from Other Governments	10,573		10,573
Capital Assets:			
Land and Art Work	2,604,186		2,604,186
Other Capital Assets, Net of Depreciation	3,429,295	5,992,704	9,421,999
Total Assets	9,743,830	6,626,644	16,370,474
 <i>Liabilities and Net Assets</i>			
Liabilities			
Accounts Payable	857	15,136	15,993
Payroll Taxes/Deductions	7,092		7,092
Due to Other Governments	2,922		2,922
Accrued Salaries Payable	35,032		35,032
Accrued Interest Payable		15,850	15,850
Deferred Revenue			
Other	14,076	12,461	26,537
Prepaid Taxes	9,731		9,731
Escrow and Security Deposits	8,300		8,300
Compensated Absences Payable	190,341		190,341
Long-term Liabilities:			
Due Within One Year	219,056	190,000	409,056
Due in More Than One Year	518,467	1,105,000	1,623,467
Total Liabilities	1,005,874	1,338,447	2,344,321
Net Assets			
Investment in Capital Assets, net of Related Debt	5,295,958	4,697,704	9,993,662
Restricted Net Assets	649,391	174,699	824,090
Unrestricted	2,792,607	415,794	3,208,401
Total Net Assets	8,737,956	5,288,197	14,026,153
Total Liabilities and Net Assets	9,743,830	6,626,644	16,370,474

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

**TOWN OF ROCKPORT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Exhibit B

<i>Functions/Programs</i>	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Changes in Net Assets</i>		
	<i>Expenses</i>	<i>Fees, Fines, and Charges for Services</i>	<i>Operating Grants</i>	<i>Governmental Activities</i>	<i>Business-like Activities</i>	<i>Total</i>
<u>Primary Government</u>						
<i>Governmental Activities</i>						
General Government	1,434,999	208,262		(1,226,737)		(1,226,737)
Public Safety	801,764	15,354		(786,410)		(786,410)
Public Works	1,197,395	21,030	6,335	(1,170,030)		(1,170,030)
Health and Social Services	15,965			(15,965)		(15,965)
Leisure Time Services	282,457	80,750		(201,707)		(201,707)
Unclassified	256			(256)		(256)
Assessments	8,192,490			(8,192,490)		(8,192,490)
<i>Total Governmental Activities</i>	<u>11,925,326</u>	<u>325,396</u>	<u>6,335</u>	<u>(11,593,595)</u>		<u>(11,593,595)</u>
<i>Business-type Activities</i>						
Wastewater Enterprise	849,364	757,058	87,637		(4,669)	(4,669)
<i>Total Business-type Activities</i>	<u>849,364</u>	<u>757,058</u>	<u>87,637</u>		<u>(4,669)</u>	<u>(4,669)</u>
<i>Total Primary Government</i>	<u>12,774,690</u>	<u>1,082,454</u>	<u>93,972</u>	<u>(11,593,595)</u>	<u>(4,669)</u>	<u>(11,598,264)</u>
<i>General Revenues:</i>						
Taxes						
Property				10,581,454		10,581,454
Auto Excise				690,925		690,925
Boat Excise				14,001		14,001
Intergovernmental Revenues				360,557		360,557
Other Local Sources				169,975	3,187	173,162
Transfer to Enterprise Fund				(4,585)	4,585	-
<i>Total Revenues, Special Items and Transfers</i>				<u>11,812,327</u>	<u>7,772</u>	<u>11,820,099</u>
<i>Changes in Net Assets</i>						
				218,732	3,103	221,835
<i>Net Assets - Beginning</i>				<u>8,519,224</u>	<u>5,285,094</u>	<u>13,804,318</u>
<i>Net Assets - Ending</i>				<u>8,737,956</u>	<u>5,288,197</u>	<u>14,026,153</u>

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

TOWN OF ROCKPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

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	1,746,914	179,123	201,273	2,127,310
Investments		511,676	490,724	1,002,400
Receivables				
Taxes	502,205			502,205
Tax Liens	63,338			63,338
Accounts	4,523			4,523
Due from Other Governments	10,573			10,573
Due from Other Funds	7,007		350,434	357,441
Total Assets	2,334,560	690,799	1,042,431	4,067,790
 <i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts Payable	857			857
Due to Other Governments	2,922			2,922
Payroll Taxes/Deductions	7,092			7,092
Accrued Salaries Payable	35,032			35,032
Deferred Revenue				
Property Tax	96,478			96,478
Other	14,076			14,076
Prepaid Taxes	9,731			9,731
Due to Other Funds	477,070		7,007	484,077
Escrow and Security Deposits	8,300			8,300
Total Liabilities	651,558		7,007	658,565
 <i>Fund Balances</i>				
Reserved For:				
Encumbrances	36,501			36,501
Endowments		288,262	361,129	649,391
Unreserved	1,646,501	402,537	367,281	2,416,319
Unreserved, Reported in Nonmajor Special Revenue Funds			307,014	307,014
Total Fund Balances	1,683,002	690,799	1,035,424	3,409,225
Total Liabilities and Fund Balances	2,334,560	690,799	1,042,431	4,067,790

(Continued)

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

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

Total Fund Balance	3,409,225
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$1,923,357	<u>6,033,481</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Deferred Taxes	<u>96,478</u>
	<u>96,478</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(624,650)
Accrued Compensated Absences	(190,341)
Capital Leases Payable	(112,873)
Transfer to Enterprise Fund	<u>126,636</u>
	<u>(801,228)</u>
Net Assets of Governmental Activities	<u><u>8,737,956</u></u>

TOWN OF ROCKPORT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

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	11,343,535			11,343,535
Intergovernmental Revenues	84,963		281,929	366,892
Departmental Revenues	269,776			269,776
Other Local Sources	146,508	(9,715)	88,802	225,595
Total Revenues	11,844,782	(9,715)	370,731	12,205,798
Expenditures				
General Government	1,452,225		16,685	1,468,910
Public Safety	743,544		45,903	789,447
Public Works	1,440,692		7,120	1,447,812
Health and Social Services	13,133		2,832	15,965
Leisure Time Services	232,982	5,902	54,765	293,649
Assessments	8,192,490			8,192,490
Total Expenditures	12,075,066	5,902	127,305	12,208,273
Excess of Revenues Over (Under) Expenditures	(230,284)	(15,617)	243,426	(2,475)
Other Financing Sources (Uses)				
Lease Proceeds	102,336			102,336
Transfers from Other Funds	360,210	-	89,669	449,879
Transfers to Other Funds	(57,629)	(29,880)	(362,370)	(449,879)
Total Other Financing Sources (Uses)	404,917	(29,880)	(272,701)	102,336
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	174,633	(45,497)	(29,275)	99,861
Fund Balance - July 1	1,508,369	736,296	1,064,699	3,309,364
Fund Balance - June 30	1,683,002	690,799	1,035,424	3,409,225

(Continued)

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, 2008

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds	99,861
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	289,692
Depreciation expense	(230,896)
	<u>58,796</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	(4,585)
Deferred Taxes	(57,155)
	<u>(61,740)</u>
Bond proceeds provided 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	(102,336)
Capital lease obligation principal payments	71,162
General obligation bond principal payments	156,850
	<u>125,676</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	(3,861)
Change in net assets of governmental activities	<u><u>218,732</u></u>

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

TOWN OF ROCKPORT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2008

Exhibit E

	<u>Wastewater Enterprise</u>
Assets	
Current Assets:	
Cash and Equivalents	301,087
Investments	102,879
Receivables	
User Fees, net	229,974
Due from Other Funds	<u>126,636</u>
Total Current Assets	<u>760,576</u>
Noncurrent Assets:	
Capital Assets, net	<u>5,992,704</u>
Total Noncurrent Assets	<u>5,992,704</u>
Total Assets	<u><u>6,753,280</u></u>
Liabilities	
Current Liabilities:	
Accounts Payable	15,136
Accrued Interest Payable	15,850
Deferred Revenue - Other	12,461
Bonds and Notes Payable	<u>190,000</u>
Total Current Liabilities	<u>233,447</u>
Noncurrent Liabilities:	
Bonds and Notes Payable	<u>1,105,000</u>
Total Noncurrent Liabilities	<u>1,105,000</u>
Total Liabilities	<u>1,338,447</u>
Net Assets	
Invested in Capital Assets, net of related debt	4,697,704
Restricted for:	
Capital Projects	174,699
Unrestricted	<u>542,430</u>
Total Net Assets	<u>5,414,833</u>
Total Liabilities and Net Assets	<u><u>6,753,280</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, 2008

Exhibit F

	<u><i>Wastewater Enterprise</i></u>
<i>Operating Revenues:</i>	
Charges for Services	732,862
Entrance Fees	15,000
Interest/Fees	9,196
	<hr/>
<i>Total Operating Revenues:</i>	757,058
	<hr/>
<i>Operating Expenses:</i>	
Administration	42,323
Contract Operations	134,821
Camden Treatment	127,846
Rockland Treatment	149,639
Samoset Treatment	64,472
Repairs and Maintenance	5,366
Upgrade Cost Sharing	7,963
Depreciation and Amortization	233,433
	<hr/>
<i>Total Operating Expenses</i>	765,863
	<hr/>
<i>Net Operating Income</i>	(8,805)
	<hr/>
<i>Nonoperating Revenues (Expenses)</i>	
Interest Revenue	9,335
Fair Value Increase (Decrease)	(6,148)
Interest Expense	(83,501)
	<hr/>
<i>Total Nonoperating Revenues (Expenses)</i>	(80,314)
	<hr/>
<i>Net Income (Loss) before contributions and transfers</i>	(89,119)
	<hr/>
Capital Contributions	87,637
	<hr/>
<i>Change in Net Assets</i>	(1,482)
	<hr/>
<i>Total Net Assets - Beginning</i>	5,416,315
	<hr/>
<i>Total Net Assets - Ending</i>	5,414,833
	<hr/> <hr/>
Change in Net Assets	(1,482)
	<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	4,585
	<hr/>
Change in net assets of business-type activities	3,103
	<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, 2008

Exhibit G

	<u>Wastewater Enterprise</u>
<i>Cash Flows from Operating Activities;</i>	
Received from Customers	757,058
Payments to Suppliers	(511,186)
Payments to Employees	(21,244)
Other Receipts (Payments)	3,140
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	227,768
	<hr/>
<i>Cash Flows from Noncapital Financing Activities</i>	
Transfers from Other Funds	87,637
	<hr/>
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	87,637
	<hr/>
<i>Cash Flows from Capital and Related Financing Activities</i>	
Purchases of Capital Assets	
Principal Paid on Capital Debt	(175,000)
Interest Paid on Capital Debt	(83,502)
	<hr/>
<i>Net Cash Used in Capital and Related Financing Activities</i>	(258,502)
	<hr/>
<i>Cash Flows from Investing Activities</i>	
Redemption of Investments	(29,800)
Interest and Dividends	9,335
	<hr/>
<i>Net Cash Provided by (Used in) Investing Activities</i>	(20,465)
	<hr/>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	36,438
	<hr/>
<i>Balances - beginning of the year</i>	264,649
	<hr/>
<i>Balances - end of the year</i>	301,087
	<hr/> <hr/>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>	
Net Operating Income (Loss)	(8,805)
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	233,433
(Increase) Decrease in Accounts Receivable	3,948
(Increase) Decrease in Interfund Balance	4,585
Increase (Decrease) in Accrued Interest	(3,049)
Increase (Decrease) in Accounts Payable	(2,344)
	<hr/>
<i>Net Cash Provided by (Used in) Operating Activities</i>	227,768
	<hr/> <hr/>

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

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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 2008 fiscal year assessment was calculated as follows:

Camden	43.96%
Hope	8.72%
Lincolnville	16.50%
Rockport	30.83%

The Town of Rockport's cost for June 30, 2008 was \$206,429.

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, 2008

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, 2008

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, 2008

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, 2008

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, \$96,478 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on August 16, 2007 on property values assessed on April 1. Taxes were due in two installments due on November 1 and May 1, with interest at 12% beginning November 2 and May 2. 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, 2008

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, 2008

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 \$36,501 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 \$2,428,397 and the bank balance was \$2,516,888. 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>2,516,887</u>	<u>108,730</u>	<u>2,408,157</u>	<u>-</u>

Included in the Town's cash equivalents at June 30, 2008, 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, 2008, the Town held investments in repurchase agreements as follows:

Amount	Interest Rate	Maturity Date	Underlying Securities	Fair Value
\$ 1,863,000	2.02%	8/20/08	SEC 83 FNMA DISC NT 313588B79	\$ 1,858,156
\$ 250,000	2.02%	7/28/08	SEC 414 FNMA DISC NT 313588ZY4	\$ 237,370

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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

B. 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	87,631	87,631
Corporate Bonds	55,213	55,213
Common and Preferred Stock	912,824	912,824
	<u>1,055,668</u>	1,055,668
Mutual Funds		<u>49,611</u>
Total Investments		<u>1,105,279</u>

C. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value		936,676,000
Tax Rate (per \$1,000)		<u>11.24</u>
Commitment		<u>10,528,238</u>
Appropriations		11,968,909
Less:		
State Municipal Revenue Sharing	181,486	
Estimated Revenues	71,518	
Homestead Reimbursement	<u>1,187,667</u>	
		<u>1,440,671</u>
Net Assessment for Commitment		<u>10,528,238</u>

Supplemental taxes totaling \$1,411 were committed for collection during the year. Uncollected taxes at June 30 for the current year commitment totaled \$502,226, which represents tax collection of 95.23% of current year commitment. Unpaid liens at June 30 totaled \$63,338.

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008 were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	7,007	477,070
Special Revenue Funds		
Municipal Revenue Sharing	12,117	
Local Road Assistance	24,959	
Comprehensive Planning Grant	2,719	
Reserves / Special Projects	232,645	
Library Operating		7,007
Other Special Revenues	38,114	
Capital Projects		
Jacobs Quarry Pathway	15,425	
Sand/Salt Shed	5,947	
Public Works Fuel Tank	5,239	
Public Safety Building	106	
Cascade Foundation Harbor Gift	9,163	
Wastewater Fund	126,636	
Cemetery Permanent Fund	4,000	
Totals	<u>484,077</u>	<u>484,077</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. \$11,007 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, 2008

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

E. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Governmental Activities;				
<i>Capital assets not</i>				
<i>begin depreciated</i>				
Land	2,595,686			2,595,686
 <i>Capital assets being</i>				
<i>depreciated</i>				
Buildings	2,407,187	17,541		2,424,728
Equipment	2,129,648	126,200	(19,890)	2,235,958
Infrastructure	554,515	145,951		700,466
Total capital assets				
<i>being depreciated</i>	5,091,350	289,692	(19,890)	5,361,152
 <i>Less accumulated</i>				
<i>depreciation for</i>				
Buildings	483,940	47,145		531,085
Equipment	1,196,038	158,066	(19,890)	1,334,214
Infrastructure	32,373	25,685		58,058
Total accumulated				
<i>depreciation</i>	1,712,351	230,896	(19,890)	1,923,357
Net capital assets				
<i>being depreciated</i>	3,378,999	58,796		3,437,795
Governmental Activities				
Capital Assets, net	5,974,685	58,796		6,033,481

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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	9,205,205			9,205,205
<i>Total capital assets being depreciated</i>	9,205,205	-		9,205,205
 <i>Less accumulated depreciation for</i>				
Sewer System	2,979,068	233,433		3,212,501
<i>Total accumulated depreciation</i>	2,979,068	233,433		3,212,501
<i>Net capital assets being depreciated</i>	6,226,137	(233,433)		5,992,704
Business-type Activities Capital Assets, net	<u>6,226,137</u>	<u>(233,433)</u>		<u>5,992,704</u>

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

Governmental Activities

General Government	11,166
Public Safety	55,332
Public Works, including general infrastructure assets	139,499
Unclassified	256
Leisure Time Services	<u>24,643</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>230,896</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:

<i>Year-Ended June 30,</i>	<i>Minimum Lease Payment</i>
2009	67,434
2010	<u>53,010</u>
Total Minimum Lease Payments	120,444
Less: Amount Representing Interest	<u>(7,571)</u>
Present Value of Future Minimum Lease Payments	<u><u>112,873</u></u>

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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	190,000
1992 Sewer Improvements	11/1/2012	5.90-6.75	650,000
2001 TIF Project Bond	11/1/2020	4.676-5.571	<u>455,000</u>
			<u>1,295,000</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	87,000
2002 Harbor Building	11/1/2011	3.073-4.198	146,400
2005 Revaluation Bond	10/14/2008	4.25	53,750
2006 Salt/Sand Shed	11/1/2016	2.15 - 4.4	<u>337,500</u>
			<u>624,650</u>

Annual debt service requirements to maturity for general and proprietary obligation bonds and notes including interest of \$394,359 are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary</i>	<i>Total</i>
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	44,306	232,817	277,123
2014-2018	159,853	230,144	389,997
2019-2021		114,055	114,055
Total	<u>707,659</u>	<u>1,606,350</u>	<u>2,314,009</u>

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008:

	<i>General</i>		
	<i>Debt</i>	<i>Proprietary</i>	<i>Total</i>
<i>Long-term Debt payable July 1, 2007</i>	781,500	1,470,000	2,251,500
Debt Issued			-
Debt Retired	(156,850)	(175,000)	(331,850)
<i>Long-term Debt payable June 30, 2008</i>	<u>624,650</u>	<u>1,295,000</u>	<u>1,919,650</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:

<i>Units</i>	<i>Net debt outstanding June 30, 2008</i>	<i>Percentage applicable to the Town</i>	<i>Town's proportionate share of debt</i>
School Administrative District No. 28	3,921,938	48.57%	1,904,885
Five Town CSD	18,994,938	29.57%	5,616,803
MCSWC	196,294	30.83%	60,517
Knox County	<u>853,107</u>	13.29%	<u>113,336</u>
Totals	<u>23,966,277</u>		<u>7,695,542</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	219,220
Library Trust Fund	288,262	402,537
Cemetery Trust Fund	<u>310,349</u>	<u>41,758</u>
Totals	<u>649,391</u>	<u>663,515</u>

TOWN OF ROCKPORT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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,	4,525,291
Additions	
Debt Service - TIF Fund	87,637
Deductions:	
Depreciation Provided by Contributed Capital	<u>(144,689)</u>
Balance - June 30	<u><u>4,468,239</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, 2008

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, 2006, 2007, and 2008, was \$27,193, \$25,431, and \$26,816 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 \$322 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, 2008 was \$4,688.

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, 2008.

TOWN OF ROCKPORT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

Exhibit H

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	11,272,238	11,272,238	11,343,535	71,297
Intergovernmental Revenues	73,768	73,768	84,963	11,195
Departmental Revenues	222,247	222,247	269,776	47,529
Other Local Sources	111,420	111,420	146,508	35,088
Total Revenues	11,679,673	11,679,673	11,844,782	165,109
Expenditures (Net of Departmental Revenues)				
General Government	1,494,335	1,494,335	1,462,780	31,555
Public Safety	745,489	745,489	743,544	1,945
Public Works	1,223,431	1,325,767	1,409,093	(83,326)
Health and Social Services	12,213	12,213	13,133	(920)
Leisure Time Services	241,964	241,964	233,102	8,862
Assessments	8,194,477	8,194,477	8,192,490	1,987
Total Expenditures	11,911,909	12,014,245	12,054,142	(39,897)
Excess Revenues Over Expenditures	(232,236)	(334,572)	(209,360)	125,212
Other Financing Sources				
Lease Proceeds		102,336	102,336	
Transfers from Other Funds	289,236	289,236	360,210	(70,974)
Transfers to Other Funds	(57,000)	(57,000)	(57,629)	629
Total Other Financing Sources	232,236	334,572	404,917	(70,345)
Net Change in Fund Balance	-	-	195,557	195,557
Beginning Fund Balances - Budgetary Basis			1,450,944	
Ending Fund Balances - Budgetary Basis			1,646,501	
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			36,501	
Ending Fund Balances - GAAP Basis			1,683,002	

TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2008

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under)</i> <i>Budget</i>
Taxes			
Property	10,528,238	10,586,804	58,566
Auto Excise	700,000	690,925	(9,075)
Boat Excise	12,000	14,001	2,001
Interest/Fees on Taxes/Liens	32,000	51,805	19,805
	<u>11,272,238</u>	<u>11,343,535</u>	<u>71,297</u>
Intergovernmental Revenues			
State of Maine			
General Assistance	1,500	3,557	2,057
Homestead Reimbursement	71,518	71,698	180
Tree Growth		107	107
Election Reimbursement Fees		1,933	1,933
All Other	1,200	1,122	(78)
Administration	2,850	2,105	(745)
	<u>222,247</u>	<u>269,776</u>	<u>47,529</u>

TOWN OF ROCKPORT
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2008

Exhibit A-1
Page 2 of 2

	<u>Estimated</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other Local Sources			
Interest on Investments	40,000	58,994	18,994
Payment in Lieu of Taxes		9,300	9,300
Opera House	14,000	13,917	(83)
Cable TV Franchise	22,500	24,501	2,001
PBMC Traffic Light	1,820	3,817	1,997
Old County Road Traffic Light	2,300	2,459	159
WW Reimb. Wage & Benefits	23,400	24,255	855
MMA Insurance Dividend	6,000	6,911	911
Library Insurance Reimbursement		614	614
All Other	1,400	1,740	340
	<u>111,420</u>	<u>146,508</u>	<u>35,088</u>
Other Financing Sources			
Lease Proceeds	102,336	102,336	
Reserves		70,974	70,974
Municipal Revenue Sharing	200,000	200,000	
Urban Rural Initiative Program	69,236	69,236	
Cemetery Trust Funds	20,000	20,000	
	<u>391,572</u>	<u>462,546</u>	<u>70,974</u>
Total Revenues and Other Financing Sources	12,071,245	<u><u>12,307,328</u></u>	<u><u>236,083</u></u>
Beginning Fund Balance Used			
Total	<u><u>12,071,245</u></u>		

**TOWN OF ROCKPORT
GENERAL FUND**

*Exhibit A-2
Page 1 of 2*

**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2008**

	<i>Encumbered from 6/30/07</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/09</i>	<i>(Over) Under Budget</i>
General Government					
Selectmen		200	33		167
Video Technician		2,000	3,060		(1,060)
Recording Secretary		4,000	2,720		1,280
Legal	7,728	37,000	26,724	7,728	10,276
Town Manager		89,500	89,371		129
Secretary		35,350	35,420		(70)
Town Clerk		119,439	120,082		(643)
Finance Director		60,285	54,619		5,666
Assessor		73,809	69,979		3,830
Other Administration		52,250	51,130		1,120
Employee Benefits		537,501	516,201		21,300
Municipal Building		142,957	138,534	2,641	1,782
Planning and Code Administration		136,899	137,474		(575)
GIS		6,600	4,915		1,685
Technology		56,521	51,326	3,202	1,993
Revaluation	10,688	47,662	58,296		54
Tax Billing		4,500	4,356		144
Insurances		54,462	51,849		2,613
Election Machines		13,000		13,000	-
Rent of Election Machines		2,400		2,400	-
TAN Interest		13,000	31,150		(18,150)
MMA Dues		5,000	4,986		14
	<u>18,416</u>	<u>1,494,335</u>	<u>1,452,225</u>	<u>28,971</u>	<u>31,555</u>
Public Safety					
Police Department		381,245	384,427		(3,182)
Fire Department		110,326	107,339		2,987
Animal Control Officer		8,868	7,387		1,481
Emergency Management		1,800	1,649		151
Street Lights		54,000	51,531		2,469
Traffic Lights		5,840	8,912		(3,072)
Hydrant Rental		104,800	103,689		1,111
Camden First Aid Association		19,000	19,000		-
County Dispatch and E-911		59,610	59,610		-
	<u>-</u>	<u>745,489</u>	<u>743,544</u>	<u>-</u>	<u>1,945</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, 2008**

	<i>Encumbered from 6/30/07</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/09</i>	<i>(Over) Under Budget</i>
Public Works					
Public Works Department	1,402	1,070,178	1,148,868	7,410	(84,698)
Sanitation		208,929	208,729		200
Cemeteries	37,607	46,660	83,095		1,172
Health and Social Services					
General Assistance	39,009	1,325,767	1,440,692	7,410	(83,326)
		12,213	13,133		(920)
		12,213	13,133		(920)
Leisure Time Services					
Recreation and Parks		59,285	55,254		4,031
Library		119,798	116,112		3,686
Harbor Operations		62,881	61,616	120	1,145
Assessments					
MSAD #28	-	241,964	232,982	120	8,862
Knox County		4,711,099	4,711,099		-
CSD School Assessment		870,695	870,694		1
Tax Increment Financing		2,500,701	2,500,701		-
Overlay		61,001	87,637		(26,636)
		50,981	22,359		28,622
Operating Transfers Out					
Reserves					
Public Safety Capital Project			629		(629)
Accrued Benefits Reserve		10,000	10,000		-
Equipment Reserve		8,000	8,000		-
Apparatus Replacement Reserve		30,000	30,000		-
Harbormaster Boat Reserve		2,500	2,500		-
Harbor Reserve		2,500	2,500		-
Opera House Reserve		4,000	4,000		-
		57,000	57,629		(629)
Totals	57,425	12,071,245	12,132,695	36,501	(40,526)

TOWN OF ROCKPORT

Exhibit A-3

GENERAL FUND

**STATEMENT OF CHANGES IN UNRESERVED - UNDESIGNATED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008**

Unreserved - Undesignated Fund Balance, July 1	1,450,944	
Unreserved - Undesignated Fund Balance, June 30	<u>1,646,501</u>	
Increase (Decrease)		<u><u>195,557</u></u>

Analysis of Change

Additions		
Budget Summary		
Revenue Surplus (Exhibit A-1)	236,083	
Unexpended Balance of Appropriations (Exhibit A-2)	<u>(40,526)</u>	
		195,557
Deductions		
Fund Balance Used to Fund Appropriations		<u>-</u>
Increase (Decrease)		<u><u>195,557</u></u>

**TOWN OF ROCKPORT
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2008**

<i>Assets</i>	<i>Municipal Revenue Sharing</i>	<i>Library Operating Fund</i>	<i>Local Road Assistance</i>	<i>Comprehensive Planning Grant</i>	<i>Cascade Foundation Harbor Gift</i>	<i>Reserves/ Special Projects</i>	<i>Other Special Revenue Funds (Exhibit B-2)</i>	<i>Total</i>
Cash and Equivalents		17,818					14,540	32,358
Investments							41,532	41,532
Due from Other Funds	12,117		24,959	2,719	9,163	232,645	38,114	319,717
Total Assets	12,117	17,818	24,959	2,719	9,163	232,645	94,186	393,607
<i>Liabilities & Fund Balances</i>								
Liabilities								
Due to Other Funds		7,007						7,007
Total Liabilities	-	7,007	-	-	-	-	-	7,007
<i>Fund Balances</i>								
Fund Balances								
Unreserved								
Designated for Subsequent Years' Expenditures		10,811	24,959	2,719	9,163	232,645	94,186	280,297
Undesignated	12,117							106,303
Total Fund Balances	12,117	10,811	24,959	2,719	9,163	232,645	94,186	386,600
Total Liabilities & Fund Balances	12,117	17,818	24,959	2,719	9,163	232,645	94,186	393,607

**TOWN OF ROCKPORT
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2008**

Exhibit B-2

<i>Assets</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>Rohrbough Fund</i>	<i>Boyd Fund</i>	<i>Total</i>
Cash and Equivalents						10,129	4,411	14,540
Investments						28,933	12,599	41,532
Due From Other Funds	1,465	6,673	3,262	14,134	12,580			38,114
Total Assets	1,465	6,673	3,262	14,134	12,580	39,062	17,010	94,186
<i>Liabilities & Fund Balances</i>								
Liabilities								
Due to Other Funds								-
Total Liabilities	-	-	-	-	-	-	-	-
<i>Fund Balances</i>								
Fund Balances								
Unreserved								
Designated for Subsequent Years' Expenditures								
Undesignated	1,465	6,673	3,262	14,134	12,580	39,062	17,010	94,186
Total Fund Balances	1,465	6,673	3,262	14,134	12,580	39,062	17,010	94,186

**TOWN OF ROCKPORT
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008**

	<i>Municipal Revenue Sharing</i>	<i>Library Operating Fund</i>	<i>Local Road Assistance</i>	<i>Comprehensive Planning Grant</i>	<i>Cascade Foundation Harbor Gift</i>	<i>Reserves/ Special Projects (Exhibit B-5)</i>	<i>Other Special Revenue Funds (Exhibit B-4)</i>	<i>Total</i>
Revenues								
Intergovernmental Revenues	208,496		64,208				9,225	281,929
Local Sources		28,982			10,000	25,329	5,602	69,913
Total Revenues	208,496	28,982	64,208	-	10,000	25,329	14,827	351,842
Expenditures								
General Government						16,685	-	16,685
Public Safety						18,550	16,933	35,483
Health & Social Services						201	2,631	2,832
Harbor					837	356		1,193
Leisure Time Services							328	328
Library Operations		52,767					477	53,244
Total Expenditures	-	52,767	-	-	837	35,792	20,369	109,765
Excess of Revenues Over (Under) Expenditures	208,496	(23,785)	64,208	-	9,163	(10,463)	(5,542)	242,077
Other Financing Sources (Uses)								
Transfers from Other Funds		32,040				57,000		89,040
Transfers to Other Funds	(200,000)		(69,236)			(70,974)	(2,160)	(342,370)
Total Other Financing Sources (Uses)	(200,000)	32,040	(69,236)	-	-	(13,974)	(2,160)	(253,330)
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	8,496	8,255	(5,028)	-	9,163	(24,437)	(7,702)	(11,253)
Fund Balance - July 1	3,621	2,556	29,987	2,719		257,082	101,888	397,853
Fund Balance - June 30	12,117	10,811	24,959	2,719	9,163	232,645	94,186	386,600

**TOWN OF ROCKPORT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
OTHER SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Showmobile Fund	Opera House Donations	Rockport Harbor Land Acquisition	Rotary Club of West Bay	Walker Park Playground	Police Department	Police Regionalization Study	Rohrbough Fund	Boyd Fund	Total
Revenues										
Intergovernmental							9,225			9,225
Donations		57	135	1,500		4,500				1,500
Local Sources				195				(546)	(239)	4,102
Total Revenues	-	57	135	1,695	-	4,500	9,225	(546)	(239)	14,827
Expenditures										
Equipment						1,933				1,933
Repairs & Maintenance										-
General Assistance				2,631			15,000	332	145	2,631
Professional Services	328									15,477
Other										328
Total Expenditures	328	-	-	2,631	-	1,933	15,000	332	145	20,369
Excess of Revenues Over (Under) Expenditures	(328)	57	135	(936)	-	2,567	(5,775)	(878)	(384)	(5,542)
Other Financing Sources (Uses)										
Transfers from Other Funds								(1,440)	(720)	(2,160)
Transfers to Other Funds										
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	(1,440)	(720)	(2,160)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(328)	57	135	(936)	-	2,567	(5,775)	(2,318)	(1,104)	(7,702)
Fund Balance - July 1	328	1,408	6,538	4,198	14,134	10,013	5,775	41,380	18,114	101,888
Fund Balance - June 30	-	1,465	6,673	3,262	14,134	12,580	-	39,062	17,010	94,186

**TOWN OF ROCKPORT
RESERVES/SPECIAL PROJECTS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2008**

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	519	21	(540)		-
Part-Time Clerk	5,408	102		(5,510)	-
Police Department Equipment	10,485	9,585		(4,364)	15,706
Recreation	53,929	2,184	(113)		56,000
Fire Equipment	53,543	3,146	30,000	(11,862)	74,827
Opera House Building	4,222	315	6,617		11,154
Cramer Locomotive	3,131	126			3,257
Camden/Rockport Transportation					
Master Plan	2,884	117	(3,001)		-
Public Works	65,959	2,960	(58,919)		10,000
Conservation	8,369	336		(2,324)	6,381
Video Equipment	2,291	93		(700)	1,684
Marine Park	1,999	169		(356)	4,312
Harbor Boat Reserve		101	2,500		2,601
Opera House Repairs & Maintenance	2,516	101	(2,617)		-
Veteran's Memorial	212	5	(16)	(201)	-
Labor/Accrued Benefits	41,246	5,953	10,000	(10,476)	46,723
Street Light Adoption	369	15	(384)		-
Totals	257,082	25,329	(13,973)	(35,793)	232,645

**TOWN OF ROCKPORT
 ALL CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2008**

Exhibit C-1

<i>Assets</i>	<i>Sand/ Salt Shed</i>	<i>Public Works Fuel Tank</i>	<i>Jacobs Quarry Pathway</i>	<i>Public Safety Building</i>	<i>Totals</i>
Due from Other Funds	5,947	5,239	15,425	106	26,717
Total Assets	5,947	5,239	15,425	106	26,717
 <i>Liabilities & Fund Balances</i>					
Liabilities					
Retainage Payable					-
Total Liabilities	-	-	-	-	-
Fund Balances					
Unreserved					
Designated for Subsequent Years' Expenditures	5,947	5,239	15,425	106	26,717
Total Fund Balances	5,947	5,239	15,425	106	26,717
Total Liabilities & Fund Balances	5,947	5,239	15,425	106	26,717

**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, 2008**

	<i>Sand/ Salt Shed</i>	<i>Public Works Fuel Tank</i>	<i>Jacobs Quarry Pathway</i>	<i>Public Safety Building</i>	<i>Total</i>
Revenues					
Local Sources				1,811	1,811
Total Revenues	-	-	-	1,811	1,811
Expenditures					
Construction	5,720				5,720
Sign				2,330	2,330
Other		1,400		8,090	9,490
Total Expenditures	5,720	1,400	-	10,420	17,540
Excess of Revenues Over (Under) Expenditures	(5,720)	(1,400)	-	(8,609)	(7,120)
Other Financing Sources (Uses)					
Transfers from Other Funds				629	629
Transfers to Other Funds					-
Total Other Financing Sources (Uses)	-	-	-	629	629
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(5,720)	(1,400)	-	(7,980)	(15,100)
Fund Balance - July 1	11,667	6,639	15,425	8,086	41,817
Fund Balance - June 30	5,947	5,239	15,425	106	26,717

**TOWN OF ROCKPORT
 COMBINING BALANCE SHEET
 ALL PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008**

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	95,130	73,785	179,123	348,038
Investments	252,977	196,215	511,676	960,868
Due from Other Funds	<u>4,000</u>			<u>4,000</u>
Total Assets	<u><u>352,107</u></u>	<u><u>270,000</u></u>	<u><u>690,799</u></u>	<u><u>1,312,906</u></u>
Fund Balances				
Reserved for Endowments	310,349	50,780	288,262	649,391
Unreserved	<u>41,758</u>	<u>219,220</u>	<u>402,537</u>	<u>663,515</u>
Total Fund Balances	<u><u>352,107</u></u>	<u><u>270,000</u></u>	<u><u>690,799</u></u>	<u><u>1,312,906</u></u>

TOWN OF ROCKPORT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

Exhibit D-2

	<u>Cemetery</u>	<u>Welfare</u>	<u>Library</u>	<u>Total</u>
Revenues				
Local Sources	21,275	17		21,292
Investment Income	12,744	9,928	20,325	42,997
Change in Fair Value	<u>(15,161)</u>	<u>(11,725)</u>	<u>(30,040)</u>	<u>(56,926)</u>
	<u>18,858</u>	<u>(1,780)</u>	<u>(9,715)</u>	<u>7,363</u>
Expenditures				
Professional Services			5,902	5,902
Cemetery				-
Total Expenditures	<u>-</u>	<u>-</u>	<u>5,902</u>	<u>5,902</u>
Excess of Revenues Over (Under) Expenditures	<u>18,858</u>	<u>(1,780)</u>	<u>(15,617)</u>	<u>1,461</u>
Other Financing Sources (Uses)				
Transfers from Other Funds			-	-
Transfers to Other Funds	<u>(20,000)</u>		<u>(29,880)</u>	<u>(49,880)</u>
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>-</u>	<u>(29,880)</u>	<u>(49,880)</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(1,142)	(1,780)	(45,497)	(48,419)
Fund Balance - July 1	<u>353,249</u>	<u>271,780</u>	<u>736,296</u>	<u>1,361,325</u>
Fund Balance - June 30	<u>352,107</u>	<u>270,000</u>	<u>690,799</u>	<u>1,312,906</u>

**TOWN OF ROCKPORT
 COMBINING BALANCE SHEET
 ALL LIBRARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008**

Exhibit D-3

<i>Assets</i>	<i>Chaffield Fund</i>	<i>Rockport Library</i>	<i>Dodge Fund</i>	<i>Gardner Fund</i>	<i>Total</i>
Cash and Equivalents	3,176	167,063	2,018	6,866	179,123
Investments	9,071	477,225	5,766	19,614	511,676
Total Assets	12,247	644,288	7,784	26,480	690,799
<i>Fund Balances</i>					
Fund Balances					
Reserved for Endowments	10,076	245,969	9,280	22,937	288,262
Unreserved	2,171	398,319	(1,496)	3,543	402,537
Total Fund Balances	12,247	644,288	7,784	26,480	690,799

**TOWN OF ROCKPORT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 LIBRARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008**

Exhibit D-4

	Chatfield Fund	Rockport Library	Dodge Fund	Gardner Fund	Total
Revenues					
Local Sources					
Investment Income	359	18,966	228	772	20,325
Change in Fair Value	(531)	(28,031)	(337)	(1,141)	(30,040)
	(172)	(9,065)	(109)	(369)	(9,715)
Expenditures					
Professional Services	104	5,508	66	224	5,902
Total Expenditures	104	5,508	66	224	5,902
Excess of Revenues Over (Under) Expenditures	(276)	(14,573)	(175)	(593)	(15,617)
Other Financing Sources (Uses)					
Transfers from Other Funds	(480)	(28,200)	(300)	(900)	(29,880)
Transfers to Other Funds					-
Total Other Financing Sources (Uses)	(480)	(28,200)	(300)	(900)	(29,880)
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(756)	(42,773)	(475)	(1,493)	(45,497)
Fund Balance - July 1	13,003	687,061	8,259	27,973	736,296
Fund Balance - June 30	12,247	644,288	7,784	26,480	690,799